

ISOTIS N.V. ANNOUNCES FIRST QUARTER RESULTS 2002

Sharp increase in product sales to EUR 430,000

Bilthoven, The Netherlands, May 16, 2002 – Biomedical company IsoTis N.V. (Euronext Amsterdam: ISO), a leader in the field of substitution medicine, today announces its results for the first quarter ended 31 March 2002.

Highlights Q1 2002

- Encouraging preliminary results from VivescOs™, second-generation tissue engineered bone, feasibility study
- Commercial agreements with Smith & Nephew, Sulzer and BionX for medical devices
- Product sales EUR 430,000
- CE mark and European launch for OsSatura™ PCP, bone filler with PolyActive core
- US warehouse opened
- Secured EUR 7.2 million finance facility for tissue engineering plant in Heerlen/Aachen
- Cash and cash equivalents of EUR 64.4 million at March 31, 2002
- Net loss EUR 3.4 million in line with budget

Course of events Q1 2002

Tissue engineered bone

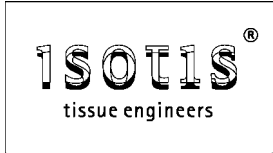
VivesOs™, the tissue engineered bone program, is on course to initiate a multicenter clinical trial for jaw augmentation in the second half of 2002 with the enrolment of up to 80 patients divided over three or more international centers. Preliminary results from the patient study in maxillofacial surgery, initiated early in 2001, indicate the formation of tissue engineered bone. The feasibility study's endpoints are primarily directed at safety, surgical technique, and optimizing culturing procedures. In all areas the outcome has been satisfactory. Data from the hip revision study that was initiated at the end of 2000 are expected later this year.

Tissue engineered cartilage

At the end of Q1 2002, the first patients were treated with IsoTis first generation tissue engineered cartilage, CellActive™ Cartilage. CellActive Cartilage will start contributing to product sales as of Q2 2002. The product is marketed in Spain resulting from the agreement, signed at the end of 2001, with one of the major Spanish tissue banks. Research and development in IsoTis' second-generation tissue engineered cartilage (VivesCart™) program is making excellent progress and is on track to achieve the required fit between biomaterial scaffolds and proliferated autologous cells.

Tissue engineered skin

IsoTis currently supplies hospitals in Germany, Switzerland, and Austria with CellActive™ Skin (autologous keratinocyte sheets), for the treatment of severe burn wounds. Since the launch of CellActive Skin in late 2001, IsoTis has cultured epidermal autografts for 10 patients.



Biomedical devices

In February, IsoTis announced that it had signed three commercial agreements relating to PolyActive™, IsoTis' proprietary biodegradable co-polymer system. The agreements with Smith & Nephew and Sulzer Medica France are for the production of cement restrictors based upon PolyActive, and the products will be sold globally. In addition, IsoTis agreed to supply BionX with PolyActive resin for the production of synthetic finger joints and to collaborate with BionX on several orthopaedic products based on PolyActive. These contracts will contribute to revenues in 2002 through development fees and product sales. In Q1 IsoTis obtained the CE mark for OsSatura™ PCP a synthetic bone filler with a core of IsoTis' biodegradable PolyActive co-polymer and a coating of calcium phosphate. IsoTis had previously launched a related product in November 2001, OsSatura™ PCH, which has a hard calcium phosphate core covered by a softer and rapidly degrading layer of calcium phosphate.

In Q1 2002, IsoTis rented a warehouse facility in the US which is expected to substantially decrease IsoTis' product distribution costs.

Management

In the course of 2002, the company's founders, CEO Clemens van Blitterswijk and VP Biomaterials Klaas de Groot, intend to once again focus their expertise entirely on the company's research programs. Both founders feel IsoTis has reached the maturity, size, and commercial focus that would benefit from different leadership and management. A search for their succession has been initiated, and is expected to be concluded before the end of 2002. Van Blitterswijk and De Groot will retain their positions on the Management Board until their successors can be appointed.

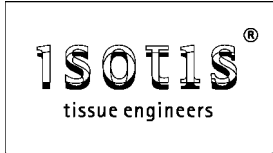
Clemens van Blitterswijk, President and Chief Executive Officer, IsoTis N.V. commented:

"The good commercial and clinical results reported for the first quarter of 2002, signal a new phase in the company's development. IsoTis is starting to generate substantial product sales, and has demonstrated the safety and efficacy of VivescOs™, one of its core products, which is now less than 24 months away from market launch. The company has an excellent cash position, an experienced management team, and, overall, a very capable group of people covering all vital disciplines. As commercialisation, production up scaling, and clinical development become increasingly important, I feel strongly that leadership with a different background should guide the company through the next stage. A search process has therefore been initiated, and an appointment is anticipated before year end. The appointment of a new CEO will allow Klaas de Groot and myself to concentrate with renewed energy on further developing IsoTis' product pipeline with new technologies and products, thereby ensuring the sustained growth of the company."

In addition, the Supervisory Board announces that it will nominate Mr. Aart Brouwer as an additional member of the Supervisory Board at the Annual General Shareholders Meeting to be held today. Pending shareholder approval, Mr. Brouwer will be appointed to the Supervisory Board following which he will replace Mr. Richard van Oostrom as chairman. Mr. Brouwer has set up and led Amgen's European operations since 1989. Having acted as chairman since 1997, Mr. Van Oostrom will remain as a regular Supervisory Board member.

Details of Q1 2002 results

Total revenues for the three months ended March 31, 2002 increased by 121% to EUR 887,657 (Q1 2001: EUR 401,181). Revenues from the sale of small medical devices and first generation tissue engineered products were EUR 430,051, while revenues from government grants accounted for EUR 417,900.



As forecasted, costs and expenses increased at a pace significantly below that of 2001 and are consistent with the company's tight cost control and stringent budget management. The increase is primarily attributable to the continued focus on research and development and sales and marketing. Total costs and expenses amounted to EUR 4.8 million (Q1 2001: EUR 3.8 million) resulting in an operating loss of EUR 3.9 million (Q1 2001: EUR 3.4 million).

Net loss for the first three months of 2002 was EUR 3.4 million, compared to a net loss of EUR 2.6 million in the same period of 2001. As of March 31, 2002 IsoTis had cash and cash equivalents of EUR 64.4 million, compared to EUR 67.7 million at December 31, 2001.

IsoTis secured a EUR 7.2 million finance facility for the construction of the new tissue engineering plant between Heerlen and Aachen from Rabobank and LIOF. Construction of the plant is expected to start in H2, 2002. It should be operational in the course of 2004.

Outlook

Management expects revenues for the entire year 2002 to be in line with revenues reported over the first quarter. Management also reiterates that it believes this cash position to be sufficient for the company to execute its business plan until estimated break-even in late 2004 or early 2005.

IsoTis N.V.

Founded in 1996, IsoTis is a biomedical company based in Bilthoven, The Netherlands. IsoTis' mission is to increase the quality of life by fulfilling the need for human tissue and organ replacement with its hybrid technologies that are based on materials science, tissue engineering and biotechnology. IsoTis aspires to become a global leader in substitution medicine, through constant innovation, focused commercialization and a dominant intellectual property position. Since the inception of the company, IsoTis raised total equity of approximately EUR 106 million and has become Europe's foremost tissue engineering company. IsoTis is listed on Euronext (Amsterdam), and trades under the symbol ISO.

IsoTis presently employs 138 people. In addition to its in-house scientific teams, IsoTis has R&D agreements in various fields of materials science and tissue engineering with some 15 leading academic research and clinical institutes, such as MIT (Cambridge, USA), Tsinghua University (China), the University (hospitals) of Leiden, Maastricht, Twente, and Utrecht (the Netherlands).

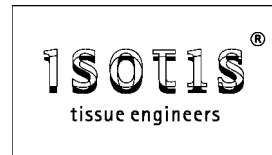
For further information, contact:

IsoTis:

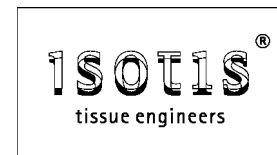
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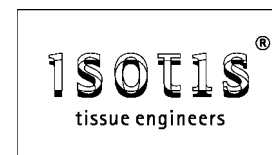
(Certain statements in this Press Release are “forward-looking statements”, including those that refer to management’s plans and expectations for future operations, prospects and financial condition. Such statements are based on the current expectations of the management of IsoTis N.V. only. Reliance should not be placed on these statements because, by their nature, they are subject to known and unknown risks and can be affected by factors that are beyond the control of IsoTis. Actual results could differ materially from current expectations due to a number of risk factors and uncertainties, including but not limited to the timely commencement and success of the Company’s clinical trials and research endeavors, delays in receiving U.S. FDA or other regulatory approvals (a.o. EMEA, CE), market acceptance of the Company’s products, development of competing therapies and/or technologies, the terms of any future strategic alliances, and the need for additional capital. For a more detailed description of the risk factors and uncertainties affecting the Company, refer to the Company’s reports filed from time to time with Euronext Amsterdam N.V. IsoTis is not obligated to update or revise any forward-looking statements, whether as a result of new information or otherwise.)



ISOTIS N.V.

STATEMENT OF OPERATIONS (amounts in Euro)

	3 months ended March, 31	
	2002	2001
	(unaudited)	
Revenues		
Sales	430,051	14,706
Government grants	417,900	386,475
Royalties	39,706	-
Total revenues	887,657	401,181
Costs and expenses		
Research and development	2,156,084	1,527,355
Marketing and selling	704,767	408,988
General and administrative	1,427,281	1,487,738
Depreciation and amortization	505,012	399,882
Total costs and expenses	4,793,144	3,823,963
Loss from operations	(3,905,487)	(3,422,782)
Net interest income	492,401	806,566
Net loss before taxes	(3,413,086)	(2,616,216)
Provision for income tax	-	-
Net loss	(3,413,086)	(2,616,216)
Proforma basic and diluted net loss per share	(0.17)	(0.13)
Weighted average ordinary shares outstanding	19,743,196	19,620,478



ISOTIS N.V.

STATEMENT OF CASH FLOWS (amounts in Euro)

3 months ended March, 31	
2002	2001

(unaudited)

Cash flows from operational activities

Net loss	(3,413,086)	(2,616,216)
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*Adjustments to reconcile net loss
to net cash used in operating activities:*

Depreciation and amortization	505,012	399,882
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Change in operating assets and liabilities

Stock	(9,586)	-
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Trade receivables	(266,086)	(28,216)
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Other current assets	14,812	34,238
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Deferred revenue	(118,907)	(187,161)
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Trade and other payables	150,930	267,100
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Net cash flows used in operating activities	(3,136,911)	(2,130,373)
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Cash flows from investing activities

Purchase of property, plant and equipment	(108,423)	(468,767)
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Net cash flows used in investing activities	(108,423)	(468,767)
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Cash flows from financing activities

Proceeds from the issuance of ordinary shares	94,740	5,862
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Proceeds from interest-bearing loans and borrowings	-	113,445
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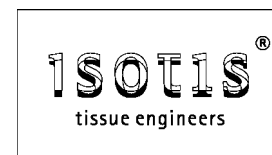
Repayments of interest-bearing loans and borrowings	(114,072)	(68,818)
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Net cash provided by (used in) financing activities	(19,332)	50,489
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Net increase (decrease) in cash and cash equivalents	(3,264,666)	(2,548,651)
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Cash and cash equivalents at the beginning of the period	67,698,205	79,669,531
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Cash and cash equivalents at the end of the period	64,433,539	77,120,880
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ISOTIS N.V.

BALANCE SHEET (amounts in Euro)

	March 31, 2002	December 31, 2001
	(unaudited)	
ASSETS		
Non-Current Assets		
Intangible assets	494,068	505,558
Property, plant and equipment	5,882,829	6,267,928
Total Non-Current Assets	6,376,897	6,773,486
Current Assets		
Stock	9,586	-
Trade receivables	327,786	61,700
Other current assets	1,304,500	1,319,312
Cash and cash equivalents	64,433,539	67,698,205
Total Current Assets	66,075,411	69,079,217
Total Assets	72,452,308	75,852,703
EQUITY AND LIABILITIES		
Equity		
Ordinary shares	97,569,318	97,474,578
Accumulated losses	(28,936,283)	(25,523,197)
Total equity	68,633,035	71,951,381
Non-Current Liabilities		
Interest-bearing loans and borrowings	377,426	476,003
Current Liabilities		
Current portion of interest-bearing loans and borrowings	366,325	381,820
Deferred revenue	166,959	285,866
Trade and other payables	2,908,563	2,757,633
Total Current Liabilities	3,441,847	3,425,319
Total Equity and Liabilities	72,452,308	75,852,703