

RITA Medical Systems Announces Third Quarter, Nine-Month Results

U.S. Sales Up 64 Percent Over Year-Earlier Period; Loss Narrows to \$0.18

MOUNTAIN VIEW, Calif., Oct. 23 /PRNewswire-FirstCall/ --

RITA Medical Systems, Inc. (Nasdaq: RITA) today announced results for its third quarter and nine months ended September 30, 2002. U.S. sales for this year's third quarter increased 64 percent when compared to the year-earlier period. Worldwide sales increased 20 percent over the year-earlier period.

Sales for the third quarter of 2002 were \$4.5 million with a net loss of \$2.7 million, or a loss per share of \$0.18, compared to sales in the prior year's third quarter of \$3.7 million with a net loss of \$3.1 million, or a loss per share of \$0.21. U.S. sales for the third quarter were 77 percent of total sales, up from 56 percent of sales for the same period in 2001 and

73 percent of sales for the second quarter of 2002. Disposable sales for the third quarter of this year represented 79 percent of total sales, up from

71 percent in the previous quarter.

Gross margin in the third quarter of 2002 increased to 61 percent from

60 percent in the same period last year. This increase was principally due to higher margin U.S. sales and higher average selling prices of the Company's disposable devices.

Barry Cheskin, RITA's President and Chief Executive Officer, commented, Third quarter results showed strong operational progress. The loss per share narrowed considerably from \$0.25 in this year's second quarter to \$0.18 in this year's third quarter. This follows from positive gross margin trends and operating expenses being held tightly under control. Top line was impacted by the traditional summer slowdown, as expected, as well as by the previously reported temporary disruption in the supply of an accessory device used with our products, which we expect to be resolved by year end.

Cheskin added, Since the last earnings release, the company achieved several very significant milestones. We got clearance from the FDA for our new bone application, opening up a large new market for us in addition to our core liver cancer market. We had survival data presented at the American College of Surgeons which showed that patients with unresectable liver cancer had a survival rate at three years which was around 4-6 times greater with RITA than without it. We had a favorable decision from the U.S. Patent and Trademark Office on our patent interference with Boston Scientific. In addition, we also got approval in Japan for our second generation disposable product.

The balance sheet at September 30, 2002, showed cash, equivalents, and marketable securities of \$15.3 million, a current ratio of 6.3:1, total assets of \$27.1 million, shareholders' equity of \$23.3 million and no long-term debt.

Webcast Information

Management will host a conference call to be broadcast live on the Internet today at 11:30 a.m. EDT (Eastern). Those interested in listening to the live webcast may do so by going to the Investors/Calendar of Events section of the Company's website at <http://www.ritamedical.com> / or at <http://www.viavid.com> /.

About RITA Medical Systems, Inc.

RITA Medical Systems develops, manufactures and markets innovative products for patients with solid cancerous or benign tumors. The proprietary RITA system uses radiofrequency energy to heat tissue to a high enough temperature to ablate it or cause cell death. While the Company's current focus is on liver cancer and metastatic bone cancer, the Company believes that its minimally invasive technology may in the future be applied to other types of tumors, including tumors of the lung, breast, uterus, prostate and kidney. The Company has received regulatory clearance in major markets worldwide, including the United States. In March 2000, RITA became the first radiofrequency ablation company to receive specific FDA clearance for

unresectable liver lesions in addition to its previous general FDA clearance for the ablation of soft tissue. In October 2002, RITA again became the first radiofrequency ablation company to receive specific FDA clearance, this time, for the palliation of pain associated with metastatic lesions involving bone. The Company has sold over 40,000 of its disposable devices throughout the world.

The statements in this news release related to the Company's plans to extend the technology to applications beyond the liver and the company's projections of the market potential related to liver and non-liver applications are forward-looking statements involving risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. Potential risks and uncertainties could include, but are not limited to, the Company's dependence on timely market acceptance of the RITA system, the outcome of current patent actions, the Company's history of operating losses and expectation that it will continue to incur significant operating expenses over the next several years, significant competition in the Company's industry, alternative therapies which could prove to be superior to the RITA system, the Company's lack of long-term clinical data, the Company's inability to protect its intellectual property, potential intellectual property lawsuits, the company's dependence on international revenues, the Company's dependence on third-party distributors including two primary international distributors, relationships with third-party distributors that could negatively affect the Company's sales and the need to establish reimbursement from payors in the United States and internationally. Further information regarding these and other risks is included in the Company's filings with the Securities and Exchange Commission.

RITA and StarBurst are trademarks of RITA Medical Systems, Inc.

For further information please contact investors, Matt Clawson, matt@allencaron.com , or media, Len Hall, len@allencaron.com , both of Allen &

Caron Inc, for RITA Medical Systems, Inc.; or Don Stewart, Chief Financial Officer of RITA Medical Systems, Inc., +1-650-314-3400, dstewart@ritamed.com .

RITA MEDICAL SYSTEMS, INC.

CONDENSED STATEMENTS OF OPERATIONS

(In thousands, except per share data, unaudited)

	Three Months Ended		Nine Months Ended	
September 30, September 30,	2002	2001	2002	2001
Sales	\$4,454	\$3,707	\$13,679	\$10,780
Cost of goods sold	1,730	1,472	5,773	4,912
Gross profit	2,724	2,235	7,906	5,868
Operating expenses				
Research and development	1,218	1,627	3,882	4,837
Selling, general and administrative	4,311	4,016	14,837	11,539
Total operating				

expenses 5,529 5,643 18,719 16,376

Loss from operations	(2,805)	(3,408)	(10,813)	(10,508)
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Interest income and

other expense, net	85	324	368	1,309
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Net loss \$(2,720) \$(3,084) \$(10,445) \$(9,199)

Net loss per share,

basic and diluted \$(0.18) \$(0.21) \$(0.70) \$(0.64)

Shares used in

computing basic and

diluted net loss

per share 14,996 14,406 14,816 14,299

Financial data exclusive

of amortization of

deferred stock-based

compensation:

Sales \$4,454 \$3,707 \$13,679 \$10,780

Gross Profit	2,720	2,377	7,958	6,386
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Net Loss (2,663) (2,687) (10,107) (7,782)

RITA MEDICAL SYSTEMS, INC.

CONDENSED BALANCE SHEETS

(In thousands, unaudited)

September 30, December 31,

2002 2001

Assets

Current assets:

Cash and cash equivalents \$9,484 \$7,297

Marketable securities	5,766	11,887
Accounts and notes receivable, net	3,966	5,056
Inventories, net	3,096	3,645
Prepaid assets and other current assets	1,205	1,282
Total current assets	23,517	29,167
Investments --	4,353	
Long term notes receivable, net	414	--
Property and equipment, net	1,586	1,934
Other assets	1,562	380
Total Assets	\$27,079	\$35,834
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$3,692	\$3,497
Current portion of long term obligations	45	192
Total current liabilities	3,737	3,689
Long term obligations	--	--
Stockholders' equity	23,342	32,145
Total liabilities and stockholders' equity	\$27,079	\$35,834

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/Web site: <http://www.ritamedical.com> /

(RITA)

CO: RITA Medical Systems, Inc.

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