

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**Current Report  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 7, 2003

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**INTELLIGENT SYSTEMS CORPORATION**

(Exact name of Registrant as specified in its charter)

<b>Georgia</b> (State or other jurisdiction of incorporation or organization)	<b>1-9330</b> Commission file number	<b>58-1964787</b> (I.R.S. Employer Identification No.)
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<b>4355 Shackleford Road, Norcross, Georgia</b> (Address of principal executive offices)	<b>30093</b> (Zip Code)
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Registrant's telephone number, including area code: **(770) 381-2900**

## ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

### Exhibits

99.1 Press release issued by Intelligent Systems Corporation on November 7, 2003

## ITEM 9. REGULATION FD DISCLOSURE

On November 7, 2003, Intelligent Systems Corporation issued a press release announcing its financial results for the third quarter of 2003. A copy of the press release is attached as Exhibit 99.1

The information contained in this "Item 9. Regulation FD Disclosure" is being furnished pursuant to "Item 12. Results of Operations and Financial Condition" of Form 8-K.

The information in this Form 8-K and the attached Exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 7, 2003

INTELLIGENT SYSTEMS CORPORATION  
(Registrant)

By: /s/ Bonnie L. Herron  
Bonnie L. Herron  
Chief Financial Officer

### Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release issued by Intelligent Systems Corporation on November 7, 2003.

Exhibit 99.1

**FOR IMMEDIATE RELEASE**

For further information, call  
Bonnie Herron, 770/564-5504  
or email to [bherron@intelsys.com](mailto:bherron@intelsys.com)

**INTELLIGENT SYSTEMS ANNOUNCES THIRD QUARTER 2003 RESULTS**  
**\*\*\*Earnings Conference Call and Webcast at 11 AM Today \*\*\***

**Norcross, GA – November 7, 2003** – Intelligent Systems Corporation [AMEX:INS; [www.intelsys.com](http://www.intelsys.com)] announced today its financial results for the third quarter and year-to-date periods ended September 30, 2003.

For the nine-month period ended September 30, 2003, Intelligent Systems recorded revenue of \$8.7 million, a 19 percent increase compared to the same period last year. Net loss for the nine months ended September 30, 2003 was \$3.6 million or \$0.81 per share compared to a net loss of \$9.5 million or \$2.12 for the nine month period in 2002.

For the three months ended September 30, 2003, the company recorded revenue of \$2.7 million, an 8 percent decline compared to revenue of \$3.0 million for the same period in 2002. Net loss for the three-month period in 2003 was \$2.4 million or \$0.53 per share, 11 percent less than the net loss of \$2.7 million or \$0.60 per share recorded in the third quarter of 2002.

The increase in revenue in the year-to-date period of 2003 compared to last year reflects an increase in service revenue (which includes professional services and software maintenance revenue) at the company's VISAer and QS Technologies subsidiaries as well as a higher volume of product sales at the company's ChemFree subsidiary.

The results for the year-to-date period ended September 30, 2003 include net investment income of \$3.6 million. In the first half of the year, the company recognized investment income totaling \$4.5 million on the settlement of an escrow fund related to the sale in April 2001 of an affiliate company, PaySys International, Inc. to First Data Corporation. Offset against this income was a first-quarter write-down aggregating \$719,000 against the carrying value of the company's equity and debt investment in a private technology company, a second-quarter charge of \$76,000 to reduce the carrying value of another minority owned start-up company and a third quarter loss of \$24,000 on the sale of securities.

The reduction in the net losses reported in the year-to-date period in 2003 compared to the same period last year is a combination of a 19 percent increase in revenue, a 15 percent reduction in consolidated operating expenses, and the non-recurring investment gain on the escrow settlement. The loss from operations in the three and nine month periods ended September 30, 2003 was \$2.5 million and \$7.7 million, respectively, which is a reduction of 12 percent and 23 percent, respectively, compared to the same periods last year, mainly due to a reduction in operating expenses.

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In the first nine months of 2003, the company continued to support investment in product development activities at both its CoreCard Software and VISAer subsidiaries for new software products. While the company is incurring significant product development costs in 2003 at these subsidiaries, license revenue related to the new software products will not be recognized until 2004 at the earliest when customer installations are complete. At September 30, 2003, the company had \$3.9 million in current deferred revenue comprised of amounts recorded by its four consolidated subsidiaries and \$4.6 million in non-current deferred revenue associated with its VISAer subsidiary.

#### Conference Call and Webcast Information

As announced previously, Intelligent Systems has scheduled a conference call for today at 11 AM EST to discuss the results of the third quarter and year-to-date period for 2003. The call-in number is 877-226-7144 (domestic) and 706-679-3941 (international). A live webcast will be available at the same time by logging onto [www.intelsys.com](http://www.intelsys.com) and clicking on the webcast icon. An archived version of the webcast will be available for 12 months.

#### ***About Intelligent Systems Corporation***

For thirty years, Intelligent Systems Corporation [AMEX: INS] has identified, created, operated and grown early stage technology companies. The company has operations and investments, principally in the information technology industry. The company's consolidated subsidiaries include VISAer, Inc. ([www.visaer.com](http://www.visaer.com)), QS Technologies, Inc. ([www.qsinc.com](http://www.qsinc.com)), CoreCard Software, Inc. ([www.corecard.com](http://www.corecard.com)), (all software companies) and ChemFree Corporation ([www.chemfree.com](http://www.chemfree.com)) (an industrial products company). Since 1990, the company has operated the Intelligent Systems Incubator, an award-winning pioneer in privately sponsored incubators. Further information is available on the company's website at [www.intelsys.com](http://www.intelsys.com), or by calling the company at 770/381-2900.

*In addition to historical information, this news release may contain forward-looking statements relating to Intelligent Systems and its subsidiary and affiliated companies. These statements include all statements that are not statements of historical fact regarding the intent, belief or expectations of Intelligent Systems and its management with respect to, among other things, results of operations, product plans, and financial condition. The words "may," "will," "anticipate," "believe," "intend," "expect," "estimate," "plan," "strategy" and similar expressions are intended to identify forward-looking statements. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and that actual results may differ materially from those contemplated by such forward-looking statements. The company does not undertake to update or revise any forward-looking statements whether as a result of new developments or otherwise. Among the factors that could cause actual results to differ materially from those indicated by such forward-looking statements are delays in product development, undetected software errors, competitive pressures (including pricing), changes in customers' requirements or financial condition, market acceptance of products and services, changes in financial markets, changes in the performance, financial condition or valuation of affiliate companies, the risks associated with investments in privately-held early stage companies, the impact of events such as the war against IRAQ and the SARS epidemic, on the worldwide commercial aviation industry, other geopolitical or military actions, and general economic conditions, particularly those that cause business or government to delay or cancel purchase decisions.*

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**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

*(unaudited, in thousands, except share amounts)*

	<b>Three Months Ended Sept. 30,</b>		<b>Nine Months Ended Sept. 30,</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Revenue				
Products	\$ 1,727	\$ 1,849	\$ 5,231	\$ 4,535
Services	1,021	1,124	3,508	2,838
Total revenue	2,748	2,973	8,739	7,373
Cost of revenue				
Products	855	889	2,520	2,202
Services	755	760	2,597	1,839
Total cost of revenue	1,610	1,649	5,117	4,041
Expenses				
Marketing	714	725	2,166	2,123
General & administrative	883	1,199	2,917	3,545
Research & development	2,076	2,285	6,256	7,677
Loss from operations	(2,535)	(2,885)	(7,717)	(10,013)
Other income				
Interest income (expense), net	9	30	4	107
Investment income (loss), net	(24)	(360)	3,645 <sup>a</sup>	(902)
Equity in earnings (losses) of affiliate companies	80	23	47	(103)
Other income, net	74	133	288	1,035
Loss before income tax provision (benefit)	(2,396)	(3,059)	(3,733)	(9,876)
Income tax provision (benefit)	--	(362)	(104)	(350)
Net loss	\$ (2,396)	\$ (2,697)	\$ (3,629)	\$ (9,526)
Basic and diluted net loss per share	\$ (0.53)	\$ (0.60)	\$ (0.81)	\$ (2.12)
Basic and diluted weighted average shares	4,478,971	4,495,530	4,484,954	4,495,530

*a. Includes \$4.5 million gain on escrow settlement offset in part by reserves/losses on investments.*

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**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	September 30, 2003	December 31, 2002
	<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,320	\$ 2,644
Accounts receivable, net	2,177	3,025
Notes and interest receivable	223	205
Inventories	751	671
Other current assets	219	213
Total current assets	5,690	6,758
Long-term investments	6,639	7,145
Property and equipment, at cost less accumulated depreciation	652	761
Goodwill	2,038	2,380
Intangibles, net	554	788
Other assets, net	28	28
Total assets	\$ 15,601	\$ 17,860
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,063	\$ 1,301
Deferred revenue	3,897	1,784
Deferred gain	329	428
Accrued expenses and other current liabilities	1,925	1,755
Total current liabilities	7,214	5,268
Deferred revenue, net of current portion	4,590	4,813
Other long-term liabilities	1	27
Total long term liabilities	4,591	4,840
Minority interest	1,516	1,516
Redeemable preferred stock of subsidiary	--	342
Total stockholders' equity	2,280	5,894
Total liabilities and stockholders' equity	\$ 15,601	\$ 17,860