

**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): May 7, 2003

---

**INTELLIGENT SYSTEMS CORPORATION**

(Exact name of Registrant as specified in its charter)

**Georgia**  
(State or other jurisdiction  
of incorporation or organization)

**1-9330**  
Commission file number

**58-1964787**  
(I.R.S. Employer Identification No.)

---

**4355 Shackleford Road, Norcross, Georgia**

(Address of principal executive offices)

**30093**

(Zip Code)

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 May 7, 2003

## ITEM 9. REGULATION FD DISCLOSURE

On May 7, 2003, Intelligent Systems Corporation issued a press release announcing its financial results for the first 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: May 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 May 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 FIRST QUARTER 2003 RESULTS**

**\*\*\*Earnings Conference Call and Webcast at 11 AM Today \*\*\***

**Norcross, GA – May 7, 2003** – Intelligent Systems Corporation [AMEX:INS; [www.intelsys.com](http://www.intelsys.com)] announced today the financial results for its first quarter of 2003.

For the three months ended March 31, 2003, Intelligent Systems recorded revenue of \$3.2 million, a 45 percent increase compared to revenue of \$2.2 million for the same period in 2002. Net income for the three-month period in 2003 was \$949,000 or \$0.21 per share compared to a net loss of \$2.1 million or \$0.47 per share for the first quarter of 2002.

The 45 percent increase in revenue in the first quarter 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 period ended March 31, 2003 were bolstered by investment income of \$3.5 million. During the quarter, the company recognized investment income of \$4.2 million realized on the settlement of an escrow fund related to the sale in April 2001 of PaySys International, Inc. to First Data Corporation. In March 2003, First Data Corporation and the former PaySys shareholders agreed to settle all post-acquisition claims and to release the balance of the escrow fund. ISC received \$4.2 million cash and recognized an equal amount of investment income on the settlement. Offset against this income was a write-down aggregating \$719,000 against the carrying value of the company's equity and debt investment in a private technology company in which Intelligent Systems held a minority interest. The write-down was based on the valuation and terms of a recently completed sale of the principal assets of the business.

The overall improvement in results in the first quarter of 2003 is the net effect of an increase in revenue and gross margin contribution, 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 month period ended March 31, 2003 was \$2.6 million, 29 percent less than the \$3.6 million loss from operations in the first quarter of 2002 and in line with the company's expectations for the first quarter. The company continues to support investment in product development activities at both its CoreCard Software and VISAer subsidiaries for new products that are expected to be released in 2003.

According to J. Leland Strange, President and Chief Executive Officer, "We are pleased with the amount and timing of the escrow settlement for Intelligent Systems and the other former PaySys shareholders. In the first quarter, our operating subsidiaries made good progress on achieving their product and sales plans for 2003, despite general weakness in enterprise software sales and uncertainty related to the recent SARS epidemic and its potential impact on international prospects and customers."

- more -

## Conference Call and Webcast Information

As announced last week, Intelligent Systems has scheduled a conference call for today at 11 AM EDT to discuss in more detail the results of the first quarter of 2003. The call-in number is 1-800-930-1344. 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 almost 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 war against IRAQ and the SARS epidemic and their impact 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.*

- more -

**Condensed Consolidated Results of Operations**  
*(unaudited, in thousands, except share amounts)*

<b>Three Months Ended March 31,</b>	<b>2003</b>	<b>2002</b>
Revenue		
Products	\$ 1,704	\$ 1,352
Services	1,466	835
Total revenue	3,170	2,187
Cost of revenue		
Products	759	649
Services	1,050	546
Total cost of revenue	1,809	1,195
Expenses		
Marketing	771	587
General & administrative	1,083	1,236
Research & development	2,081	2,786
Loss from operations	(2,574)	(3,617)
Interest income (expense), net	(5)	24
Investment income, net	3,464 <sup>a</sup>	797
Equity in losses of affiliate companies	(67)	(66)
Other income, net	27	751
Income (loss) before tax provision (benefit)	845	(2,111)
Income tax provision (benefit)	(104)	11
Net income (loss)	\$ 949	\$ (2,122)
Basic and diluted net income (loss) per share	\$ 0.21	\$ (0.47)
Basic and diluted weighted average shares outstanding	4,490,467	4,495,530

*a. Includes \$4.2M gain on escrow settlement and \$719,000 investment write-down.*

- more-

**Condensed Consolidated Balance Sheet**  
(in thousands, except share amounts)

	<b>March 31, 2003</b>	<b>December 31, 2002</b>
<b>ASSETS</b>	<i>(unaudited)</i>	<i>(audited)</i>
Current assets:		
Cash	\$ 5,108	\$ 2,644
Accounts receivable, net	2,339	3,025
Notes and interest receivable	79	205
Inventories	680	671
Other current assets	161	213
Total current assets	8,367	6,758
Long-term investments	6,483	7,145
Property and equipment, net	721	761
Intangibles, net	2,748	3,168
Other assets, net	28	28
Total assets	\$ 18,347	\$ 17,860
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,084	\$ 1,301
Deferred revenue	1,923	1,697
Deferred gain	393	515
Accrued expenses and other current liabilities	2,012	1,755
Total current liabilities	5,412	5,268
Deferred revenue, net of current portion	4,563	4,813
Other long-term liabilities	15	27
Total long term liabilities	4,578	4,840
Minority interest	1,516	1,516
Redeemable preferred stock of subsidiary	--	342
Total stockholders' equity	6,841	5,894
Total liabilities and stockholders' equity	\$ 18,347	\$ 17,860

###