

**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): August 6, 2003

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**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.)

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**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 August 6, 2003

## ITEM 9. REGULATION FD DISCLOSURE

On August 6, 2003, Intelligent Systems Corporation issued a press release announcing its financial results for the second 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: August 6, 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 August 6, 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 SECOND QUARTER 2003 RESULTS**  
**\*\*\*Earnings Conference Call and Webcast at 11 AM Today \*\*\***

**Norcross, GA – August 6, 2003** – Intelligent Systems Corporation [AMEX:INS; [www.intelsys.com](http://www.intelsys.com)] announced today its financial results for the second quarter and year-to-date periods ended June 30, 2003.

For the six-month period ended June 30, 2003, Intelligent Systems recorded revenue of \$6.0 million, a 36 percent increase compared to the same period last year. Net loss was \$1.2 million or \$0.28 per share compared to a net loss of \$6.8 million or \$1.52 for the six month period in 2002.

For the three months ended June 30, 2003, the company recorded revenue of \$2.8 million, a 27 percent increase compared to revenue of \$2.2 million for the same period in 2002. Net loss for the three-month period in 2003 was \$2.2 million or \$0.49 per share compared to a net loss of \$4.7 million or \$1.05 per share for the second quarter of 2002.

The increase in revenue in the second quarter and year-to-date periods 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 June 30, 2003 were bolstered by net investment income of \$3.7 million. In the first quarter of 2003, the company recognized investment income of \$4.2 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. In the second quarter, the company recognized additional income of \$281,000 reflecting the final disbursement from the escrow fund. In the aggregate, ISC received \$4.5 million cash and recognized an equal amount of investment income on the escrow settlement in the six-month period in 2003. 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 in which Intelligent Systems held a minority interest and a second-quarter charge of \$76,000 to reduce the carrying value of another minority owned start-up company. The write-downs were based on the valuations and terms of recently completed transactions involving the minority-held businesses.

The overall improvement in results in the second quarter and year-to-date periods in 2003 compared to the same periods in 2002 is the net effect of an increase in revenue and gross margin contribution, a reduction in consolidated operating expenses of more than 15 percent in each period, and the non-recurring investment gain on the escrow settlement. The loss from operations in the three and six month periods ended June 30, 2003 was \$2.6 million and \$5.2 million, respectively, which is more than 25 percent lower than the operating loss in each of the comparable periods of 2002.

The company continues to support investment in product development activities at both its CoreCard Software and VISAer subsidiaries for new software products scheduled for release in 2003. While the company is incurring development costs in 2003, most of the license revenue related to these products will not be recognized until 2004 when customer installations are complete.

According to J. Leland Strange, President and Chief Executive Officer, "In the second quarter, our operating subsidiaries continued to make progress on achieving their product development and sales plans for 2003. Despite the general weakness in enterprise software sales and the aviation industry in particular as well as the recent SARS epidemic, which contributed to delays on contracts with certain of our international prospects and customers, our software companies continue to win contracts for their new products and to position themselves for improved profitability in the future. In addition, our ChemFree subsidiary has benefited from strong European market demand for its parts washer systems."

#### Conference Call and Webcast Information

As announced last week, Intelligent Systems has scheduled a conference call for today at 11 AM EDT to discuss the results of the second 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)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenue				
Products	\$ 1,801	\$ 1,335	\$ 3,505	\$ 2,687
Services	1,020	878	2,486	1,713
Total revenue	2,821	2,213	5,991	4,400
Cost of revenue				
Products	906	664	1,665	1,313
Services	792	533	1,842	1,079
Total cost of revenue	1,698	1,197	3,507	2,392
Expenses				
Marketing	681	812	1,452	1,398
General & administrative	951	1,109	2,034	2,346
Research & development	2,100	2,607	4,181	5,393
Loss from operations	(2,609)	(3,512)	(5,183)	(7,129)
Other income				
Interest income (expense), net	--	53	(5)	77
Investment income (loss), net	205	(1,339)	3,669 <sup>a</sup>	(542)
Equity in earnings (losses) of affiliate companies	34	(60)	(33)	(126)
Other income, net	187	151	214	902
Loss before income tax provision (benefit)	(2,183)	(4,707)	(1,338)	(6,818)
Income tax provision (benefit)	--	1	(104)	12
Net loss	\$ (2,183)	\$ (4,708)	\$ (1,234)	\$ (6,830)
Basic and diluted net loss per share	\$ (0.49)	\$ (1.05)	\$ (0.28)	\$ (1.52)
Basic and diluted weighted average shares	4,485,540	4,495,530	4,487,945	4,495,530

*a. Includes \$4.5 million gain on escrow settlement and \$795,000 write-down on investments.*

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

	<b>June 30, 2003</b>	<b>December 31, 2002</b>
	<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 3,111	\$ 2,644
Accounts receivable, net	3,026	3,025
Notes and interest receivable	156	205
Inventories	784	671
Other current assets	135	213
Total current assets	7,212	6,758
Long-term investments	6,674	7,145
Property and equipment, at cost less accumulated depreciation	665	761
Goodwill	2,038	2,380
Intangibles, net	632	788
Other assets, net	28	28
Total assets	\$ 17,249	\$ 17,860
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,095	\$ 1,301
Deferred revenue	3,071	1,784
Deferred gain	362	428
Accrued expenses and other current liabilities	1,954	1,755
Total current liabilities	6,482	5,268
Deferred revenue, net of current portion	4,592	4,813
Other long-term liabilities	2	27
Total long term liabilities	4,594	4,840
Minority interest	1,516	1,516
Redeemable preferred stock of subsidiary	--	342
Total stockholders' equity	4,657	5,894
Total liabilities and stockholders' equity	\$ 17,249	\$ 17,860

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