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VIEW SYSTEMS INC
Form 10QSB
May 14, 2003

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

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003

TRANSITION REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission File Number 0-30178

VIEW SYSTEMS, INC.

(Exact name of small business issuer as specified in its charter)

Florida 59-2928366
(State of incorporation) (I.R.S. Employer Identification No.)

7717 West 6th Avenue, Suite A & B
Lakewood, Colorado 80205
(Address of principal executive offices)

(303) 237-8439
(Issuer's telephone number)

Check whether the issuer: (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such
shorter period that the registrant was required to file such reports), and (2)
has been subject to such filing requirements for the past 90 days. Yes
No

As of May 15, 2003, the issuer had 45,620,619 shares of common stock
outstanding.

Transitional Small Business Disclosure Format (check one): Yes No

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The financial information set forth below with respect to our statements of operations for the three month periods ended March 31, 2003 and 2002 are unaudited. This financial information, in the opinion of management, includes all adjustments consisting of normal recurring entries necessary for the fair presentation of such data. The results of operations for the three months ended March 31, 2003, are not necessarily indicative of results to be expected for any subsequent period.

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VIEW SYSTEMS, INC.
 CONSOLIDATED BALANCE SHEETS
 AS OF MARCH 31, 2003 AND DECEMBER 31, 2002

ASSETS

	March 31, 2003	December 31, 2002

	(Unaudited)	
CURRENT ASSETS:		
Cash	\$ 13,531	\$ 3,229
Accounts receivable (net of allowance for uncollectible accounts of \$10,000 at March 31, 2003 and December 31, 2002 respectively.)	35,055	62,711
Inventory	157,048	171,326

Total current assets	205,634	237,266

PROPERTY AND EQUIPMENT:		
Equipment	348,385	348,385
Leasehold improvements	17,940	17,940
Software tools	34,571	34,571
Vehicles	46,832	46,832

	447,728	447,728
Less accumulated depreciation	219,967	204,247

Net value of property and equipment	227,761	243,481

OTHER ASSETS:		
Goodwill	781,248	781,248
Licenses and patents	1,582,890	1,626,855

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Due from affiliated entities	118,827	123,327
Deposits	2,532	2,532
	-----	-----
Total other assets	2,485,497	2,533,962
	-----	-----
TOTAL ASSETS	\$ 2,918,892	\$ 3,014,709
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 429,878	\$ 445,623
Accrued interest	75,593	72,843
Notes payable	724,450	599,450
	-----	-----
Total current liabilities	1,229,921	1,117,916
	-----	-----
STOCKHOLDERS' EQUITY:		
Common stock-par value \$0.001		
50,000,000 shares authorized,		
45,275,619 shares issued and outstanding	45,275	-
44,598,620 shares issued and outstanding	-	44,598
Additional paid-in capital	13,896,751	13,810,878
Accumulated deficit	(12,253,055)	(11,958,683)
	-----	-----
Total stockholders' equity	1,688,971	1,896,793
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,918,892	\$ 3,014,709
	=====	=====

See Accompanying Notes

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VIEW SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002
(UNAUDITED)

	Three Months Ended	
	-----	-----
	March 31,	March 31,
	2003	2002
	-----	-----
REVENUE:		
Sales of security systems	\$ 46,190	\$ 60,084
Sales of weapons detection portals	19,500	-

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Total sales	65,690	60,084
Cost of goods sold	27,536	32,776
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GROSS PROFIT ON SALES	38,154	27,308
<hr/>		
OPERATING EXPENSES:		
Advertising and promotion	-	7,971
Amortization - licenses and patents	43,965	-
Business development	-	42,494
Depreciation	15,720	15,189
Dues and subscriptions	122	-
Insurance	2,708	9,349
Interest	3,009	4,776
Investor relations	-	34,822
Miscellaneous expense	-	2,800
Office expense	10,456	46,209
Professional fees	77,064	63,540
Rent	20,587	11,055
Repairs and maintenance	-	2,306
Research and development	10,090	53,482
Salaries and benefits	131,045	171,445
Taxes-other	150	2,130
Travel	11,348	18,447
Utilities	6,262	5,688
<hr/>		
Total operating expenses	332,526	491,703
<hr/>		
NET LOSS FOR THE PERIODS	\$ (294,372)	\$ (464,395)
<hr/>		
LOSS PER SHARE:		
Basic	\$ (0.01)	\$ (0.02)
<hr/>		
Diluted	\$ (0.01)	\$ (0.02)
<hr/>		
WEIGHTED AVERAGE SHARES OUTSTANDING	44,937,195	22,713,031
<hr/>		

See Accompanying Notes

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	March 31, 2003	March 31, 2002
	----- (Unaudited)	----- (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (294,372)	\$ (464,395)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	59,685	15,189
Changes in operating assets and liabilities:		
Accounts receivable	27,656	(9,376)
Inventory	14,278	(51,905)
Accounts payable	(15,745)	(31,574)
Accrued interest	2,750	2,750
	-----	-----
Net cash used in operating activities	(205,748)	(539,311)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(18,280)
Funds received from/(advanced to) affiliated entities	4,500	(16,000)
Cash element in Milestone Acquisition	-	2,449
	-----	-----
Net cash provided by (used in) investing activities	4,500	(31,831)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Funds received from/(advanced to) stockholders	125,000	(45,000)
Repayment of note payable-bank	-	(6,052)
Proceeds from sales of stock	86,550	595,000
	-----	-----
Net cash provided by financing activities	211,550	543,948
	-----	-----
NET INCREASE (DECREASE) IN CASH	10,302	(27,194)
CASH AT BEGINNING OF PERIOD	3,229	73,344
	-----	-----
CASH AT END OF PERIOD	\$ 13,531	\$ 46,150
	=====	=====
SIGNIFICANT NON-CASH INVESTING ACTIVITIES:		
Common stock issued in exchange for net assets of Milestone Technology, Inc. as follows:		
Accounts receivable	-	28,132
Inventory	-	359,647
Fixed assets	-	188
Patents	-	1,228,254
Accounts payable	-	(6,470)
Notes payable	-	(314,200)

See Accompanying Notes

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VIEW SYSTEMS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED JANUARY 1, 2002 TO MARCH 31, 2003

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	-----	-----	-----	-----
Balances at January 1, 2002	\$ 20,193	\$ 10,119,024	\$ (8,035,214)	\$ 2,104,003
Sales of common stock	1,740	593,260	-	595,000
Issuance of common stock in exchange for interest in Milestone Technology, Inc.	3,300	1,019,700	-	1,023,000
Net loss for the three months ended March 31, 2002	-	-	(464,395)	(464,395)
	-----	-----	-----	-----
Balances at March 31, 2002 (Unaudited)	25,233	11,731,984	(8,499,609)	3,257,608
Sales of common stock	6,810	690,390	-	697,200
Issuance of common stock (employee and other compensation)	11,820	1,195,239	-	1,207,059
Issuance of common stock in payment of a note payable	735	193,265	-	194,000
Net loss for the period of April 1, 2002 to December 31, 2002	-	-	(3,459,074)	(3,459,074)
	-----	-----	-----	-----
Balances at December 31, 2002	44,598	13,810,878	(11,958,683)	1,896,793
Sales of common stock	677	85,873	-	86,550
Net loss for the three months ended March 31, 2003	-	-	(294,372)	(294,372)
	-----	-----	-----	-----
Balances at March 31, 2003 (Unaudited)	\$ 45,275	\$ 13,896,751	\$ (12,253,055)	\$ 1,688,971
	=====	=====	=====	=====

See Accompanying Notes

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VIEW SYSTEMS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

View Systems, Inc. (the "Company") designs and develops computer software and hardware used in conjunction with surveillance capabilities. The technology utilizes the compression and decompression of digital inputs. In March 2002, the Company acquired Milestone Technology, Inc. which has developed a concealed weapons detection portal.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position and results of operations. It is management's opinion, however, that all adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Milestone Technology, Inc. ("Milestone"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from the estimates that were used.

Revenue Recognition

The Company and its subsidiaries recognize revenue and the related cost of goods sold upon shipment of the product, the price of the product is fixed or determinable and collectibility is reasonably assured.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the last-in-first-out method (LIFO). The inventory at March 31, 2003 and

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December 31, 2002 consists entirely of weapons detection portals.

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VIEW SYSTEMS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2003

Property and Equipment -----

Property and equipment is recorded at cost and depreciated over their estimated useful lives, using the straight-line and accelerated depreciation methods. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations. The useful lives of property and equipment for purposes of computing depreciation are as follows:

Equipment	5-7 years
Software tools	3 years

Repairs and maintenance charges, which do not increase the useful lives of assets, are charged to operations as incurred. Depreciation expense for the three months ended March 31, 2003 and 2002 amounted to \$15,720 and \$15,189 respectively.

Income Taxes -----

Deferred income taxes are recorded under the asset and liability method whereby deferred tax assets and liabilities are recognized for the future tax consequences, measured by enacted tax rates, attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the rate change becomes effective. Valuation allowances are recorded for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

Research and Development -----

Research and development costs are expensed as incurred. Equipment and facilities acquired for research and development activities that have alternative future uses are capitalized and charged to expense over the estimated useful lives.

Advertising -----

Advertising costs are charged to operations as incurred. Advertising costs for the three months ended March 31, 2003 and 2002 were \$0, and \$7,971 respectively.

Nonmonetary Transactions -----

Nonmonetary transactions are accounted for in accordance with Accounting

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Principles Board Opinion No. 29 Accounting for Nonmonetary Transactions which requires the transfer or distribution of a nonmonetary asset or liability to be based, generally, on the fair value of the asset or liability that is received or surrendered, whichever is more clearly evident.

Financial Instruments

For most financial instruments, including cash, accounts receivable, accounts payable and accruals, management believes that the carrying amount approximates fair value, as the majority of these instruments are short-term in nature.

Goodwill

Goodwill represents the excess of the cost of assets acquired in business combinations accounted for under the purchase method of accounting over the fair value of the net assets acquired at the dates of acquisition. Effective January 1, 2002 goodwill will no longer be amortized but rather tested for impairment on an annual basis.

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VIEW SYSTEMS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2003

Licenses and Patents

The Company has assigned a value to licenses and patents acquired in its acquisition of Milestone which are being amortized on a straight-line basis over a ten-year period.

Net Loss Per Common Share

Basic net loss per common share ("Basic EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares and dilutive potential common share equivalents then outstanding. Potential common shares consist of shares issuable upon the exercise of stock options and warrants. The calculation of the net loss per share available to common stockholders for the three months ended March 31, 2003 and 2002 does not include potential shares of common stock equivalents, as their impact would be antidilutive.

Segment Reporting

The company has determined that it does not have any separately reportable operating segments as of March 31, 2003.

New Accounting Pronouncements

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, Accounting for

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Stock-Based Compensation - Transition and Disclosure ("SFAS 148"). This Statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employees compensation from the intrinsic method. SFAS 148 also amends the disclosure provisions of SFAS 123 and APB Opinion No. 28, Interim Financial Reporting, to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While SFAS 148 does not amend SFAS 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of SFAS 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of SFAS 123 or the intrinsic value method of APB 25. SFAS 148's amendment of the transition and annual disclosure requirements of SFAS 123 are effective for fiscal years ending after December 15, 2002. The Company has adopted the disclosures provision of SFAS 148 as of December 31, 2002, and will continue to use the intrinsic value method of APB 25.

2. FINANCIAL CONDITION

Since its inception, the Company has incurred significant losses and as of March 31, 2003 had an accumulated deficit of \$12 million. The Company believes that it will incur operating losses for the foreseeable future. There can be no assurance that the Company will be able to generate sufficient revenues to achieve or sustain profitability in the future. However, the Company believes that its projected sales revenue and anticipated equity infusions will be sufficient to sustain operations through March 31, 2004.

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VIEW SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2003

3. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets consist of the following:

		March 31, 2003		December 31, 2002	
Average Life (Years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	
Amortized intangible assets:					
Licenses and patents	10.0	\$ 1,758,594	\$ 175,704	\$ 1,758,594	\$ 131,739
		\$ 1,758,594	\$ 175,704	\$ 1,758,594	\$ 131,739
Intangible assets not subject to amortization:					
Goodwill		\$ 1,346,972	\$ 565,724	\$ 1,346,972	\$ 565,724
		\$ 1,346,972	\$ 565,724	\$ 1,346,972	\$ 565,724

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Amortization expense for the three months ended March 31, 2003 was \$43,965.

Estimated amortization expense for each of the following years ending on December 31, is as follows (in thousands):

2003	\$ 175,860
2004	175,860
2005	175,860
2006	175,860
2007	175,860

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In this report references to "View Systems," "we," "us," and "our" refer to View Systems, Inc.

FORWARD LOOKING STATEMENTS

This quarterly report contains certain forward-looking statements that involve risks and uncertainties, such as statements of the View System's plans and expectations. Any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within View Systems's control. These factors include but are not limited to economic conditions generally and in the market which View Systems may participate; competition within View Systems's chosen market and failure by View Systems to successfully develop business relationships.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Since start-up of operations in September 1998, we have devoted most of our resources to the development of digital video surveillance products. We have generated limited revenues from our digital video products to date, but are expanding our sales and distribution network. We have incurred losses for the past two fiscal years and have an accumulated deficit of \$12,253,055 at the three month period ended March 31, 2003. Management believes we will incur operating losses for the foreseeable future. However, management expects projected sales revenues and anticipated equity infusions to be sufficient to sustain operations through March 31, 2004.

We have worked diligently to make engineering design changes to the CWD product to accommodate the price points required by competitive pressures. The engineering design changes required locating new sources for components and limited field testing. Demonstration of the product involves the shipping of a large bulky archway and a highly trained technical staff, consequently sales cycle times are lengthy.

Acquisition Treatment

In December of 2001 we entered into a joint venture agreement with Milestone Technology, Inc., an Idaho corporation, to develop its concealed weapons detection portal. As part of the agreement we issued 500,000 shares of View Systems common stock for a 6% interest in Milestone Technology and the

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rights to the concealed weapons detection technology. Then on March 25, 2003, View Systems acquired the remaining 94% interest of Milestone Technology in exchange for 3,300,000 common shares. This acquisition was valued at approximately \$1,298,000 and was accounted for under the purchase method of accounting. Accordingly, Milestone Technology's results of operation have been included with View Systems from the closing date in March 2003 and its consolidated assets and liabilities have been recorded at their fair values on the same date.

Results Of Operations

The following discussion and analysis should be read in conjunction with our unaudited financial statements and the accompanying notes for the three month period ended March 31, 2003 and 2002, which are included in this report.

Revenue -- For the three months ended March 31, 2003, our first quarter, revenues from sales of our products increased \$5,606, or 9%, to \$65,690 from \$60,084 in the same period last year. This is largely due to our shift in focus from purely digital video storage recorders to the introduction of our SecureScan Concealed Weapons Detection system. Due to this shift in focus, we don't believe revenue comparisons of the quarters is relevant nor indicative of future SecureScan sales. The sales cycles in the new market we are addressing are long and require the approval of highly bureaucratic decision makers. In contrast, the price points and margins are many multiples larger.

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Costs Of Goods Sold -- Cost of products and services sold consist principally of the costs of hardware components and supplies. We generally operate through resellers who install and service the units. These hardware costs were \$27,536 for the 2003 first quarter and represented 42% of revenue for the period, compared to \$32,776 for the 2002 first quarter which represents 55% of revenues for that period. Because of our low sales volume during the 2003 first quarter, we do not consider the costs of goods sold in the 2002 first quarter to be a good measure of our true costs of goods sold. As our product sales increase and account for a larger percentage of our overall sales, we expect that our costs of goods and services sold will decline and stabilize as a percentage of total revenue. We have been working on engineering changes in our SecureScan products that we expect will lower component costs for these products. We do not determine our inventory on a quarterly basis, instead we do it on an annual basis. Therefore, our cost of goods sold calculations are based on estimates of inventory used in products sold.

Gross profit -- Gross profit on sales for the 2003 first quarter increased \$10,846, or 40%, to \$38,154 compared with \$27,308 in the 2002 first quarter. Gross profit margin for 2003 first quarter was 58% compared with 45% in the 2002 first quarter. Because of low net sales we achieved in 2003 first quarter, for reasons explained in the previous paragraph under "Revenue", we do not believe gross profit margin comparisons are meaningful at this state of our operations.

Total Operating Expense -- Operating expenses for the 2003 first quarter decreased to \$332,526, compared with \$491,703 for the comparable 2002 quarter. The decrease is principally due to a general scale back of expenses primarily in business development expenses and salaries. Amortization expense associated with the value of licenses and patents amounted to \$43,965 for the 2003 first quarter compared to no amortization expense in the same period last year. Salaries and benefits were \$131,045 in the 2003 first quarter compared

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to \$171,445 in the 2002 first quarter.

We spent \$10,090 on research and development for 2003 first quarter as compared with \$53,482 in the same quarter last year. The design changes in the production facility will allow our margins to double and possibly triple. Currently, we purchase the Concealed Weapons Detection portal for about 60% of our selling price.

Net Loss -- As a result of the foregoing, our net loss was \$294,372 for the 2003 first quarter compared to a net loss of \$464,395 for 2002 first quarter. We incurred approximately \$294,372 of net operating loss carry forwards for the 2003 first quarter, which may be used to offset taxable income and income taxes in future years. Our net loss per weighted average outstanding share was \$0.007 for the 2003 first quarter compared to \$0.02 for the 2002 first quarter.

Liquidity and Capital Resources

Historically, we have funded our cash requirements primarily through equity transactions. We received \$13,896,751 since inception through the issuance of our common stock. We are not currently generating sufficient cash from our operations to finance our business and will continue to need to raise capital from other sources. At March 31, 2003, we had total assets of \$2,918,892 compared to total assets of \$3,014,709 at December 31, 2002. Total current liabilities were \$1,229,921 at March 31, 2003 compared to \$1,117,916 at December 31, 2002. This resulted in stockholders' equity of \$1,688,971 compared to \$1,896,793 at December 31, 2002.

During the three months ended March 31, 2003, our cash increased from \$3,229 at December 31, 2002, to \$13,531 at March 31, 2003. Net cash used in operating activities was \$205,748 for 2003 first quarter, including decreases in accounts receivable of \$27,656, decreases in inventory of \$14,278, and decreases in accounts payable of \$15,745.

Net cash generated from financing activities during the 2003 first quarter was \$211,550, consisting of proceeds received from sales of stock of \$86,550 and loans from a shareholder of \$125,000. During the 2002 first

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quarter net cash generated from financing was \$543,945 and was primarily the result of proceeds from sales of our common stock.

As a result of the foregoing, at March 31, 2003 we had negative working capital of \$1,024,287, including \$35,055 in net trade accounts receivable and \$157,048 in inventory. We have provided and may continue to provide payment term extensions to certain customers from time to time. As of March 31, 2003 we have not granted material payment term extensions.

Commitments and Contingent Liabilities

Our commitments include operating leases and accounts payable. At December 31, 2002, future minimum payments for operating leases were \$183,069 through 2006. Notes payable of \$724,450 are outstanding at March 31, 2003. Also, our accounts payable at March 31, 2003 were \$429,878.

Financing

We operate in a very competitive industry that requires continued large amounts of capital to develop and promote our products. We believe that it

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will be essential to continue to raise additional capital, both internally and externally, to compete in this industry. In addition to accessing the public and private equity markets, we will pursue bank credit lines and equipment lease lines for certain capital expenditures. We currently estimate we will need between \$1 million and \$2 million to fully develop all of our products and launch our expanded business operations in accordance with our current business plan.

Management intends to finance our 2003 operations through additional equity financing expected to be completed by the second quarter of 2003. Any proceeds we may receive from these equity transactions will be used for business operations. We cannot assure that this financing will be successful and we may be required to further reduce expenses and scale back our operations.

ITEM 3: CONTROLS AND PROCEDURES

We rely internal controls and procedures to ensure that material information regarding our company and its operations is provided to the public in a timely manner. On May 5, 2003, our CEO and principal financial officer, Gunther Than, evaluated the effectiveness of these disclosure controls and procedures and determined that there were no significant deficiencies in these procedures.

Also, Mr. Than did not identify any deficiencies or material weaknesses in our internal controls, nor did he identify fraud that involved management or other employees who had a significant role in our internal controls. He did not find any deficiencies or weaknesses which would require changes to be made or corrective actions to be taken related to our internal controls.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORT ON FORM 8-K

Part II Exhibits

- 3.1 Articles of Incorporation and all Articles of Amendment of View Systems, Inc. (Incorporated by reference to registration statement on Form SB-2, filed January 11, 2000)
- 3.2 By-Laws of View Systems, Inc. (Incorporated by reference to registration statement on Form SB-2, filed January 11, 2000)
- 10.1 View Systems, Inc. 2000 Restricted Share Plan (Incorporated by reference to definitive proxy statement on Schedule 14a, dated May 3, 2000)

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- 10.2 View Systems, Inc. Employment Agreement with Gunther Than. (Incorporated by reference to registration statement on Form SB-2, filed January 11, 2000)
- 21.1 Subsidiaries of Registrant (Incorporated by reference to Form 10-KSB, filed March 31, 2003 3)
- 99.1 Section 1350 certification

Reports on Form 8-K

On March 28, 2003, we filed an current report on Form 8-K, dated March 21, 2003, under Item 5 we announced the resignation of directors and officers.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIEW SYSTEMS, INC.

Date: May 13, 2003

/s/ Gunther Than

By: _____

Gunther Than
CEO, Principal Financial Officer, Treasurer and
Director

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Gunther Than, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of View Systems, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Gunther Than

Date: May 13, 2003

Gunther Than, Chief Executive Officer

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Gunther Than, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of View Systems, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this

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quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ Gunther Than

Gunther Than, Principal Financial Officer