

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

FORM 10-Q/A

(AMENDMENT NO. 1)

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 000-24389

VASCO DATA SECURITY INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE 36-4169320
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

1901 SOUTH MEYERS ROAD, SUITE 210
OAKBROOK TERRACE, ILLINOIS 60181
(Address of Principal Executive Offices)(Zip Code)

Registrant's telephone number, including area code: (630) 932-8844

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 31, 2003, 30,425,284 shares of the Company's Common Stock, \$.001 par value per share ("Common Stock"), were outstanding.

EXPLANATORY NOTE:

The Company has restated its Consolidated Statements of Operations for the three- and nine-month periods ended September 30, 2003 to reflect a beneficial conversion feature of \$3,720,000 related to the issuance of Series D Convertible Preferred Stock, in accordance with Emerging Issues Task Force (EITF) No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios." The beneficial conversion feature represents the difference in the proceeds from the issuance of the preferred stock and the value of the common stock it was immediately convertible into, based upon the market value of the common stock on the date of issuance. The beneficial conversion feature is analogous to a dividend and is recognized as a return to the preferred shareholders.

The effect of the restatement was to reduce net income (loss) available to common shareholders by \$3,720,000; reduce basic and diluted income (loss) per common share from \$0.04 per share to (\$0.08) per share for the three months ended September 30, 2003 and from \$0.06 per share to (\$0.06) per share for the nine months ended September 30, 2003; and reduce basic and diluted loss from continuing operations from (\$0.01) per share to (\$0.13) per share for the three months ended September 30, 2003 and from \$0.00 per share to (\$0.13) per share for the nine months ended September 30, 2003.

The restatement had no impact on the Consolidated Balance Sheet as of September 30, 2003, or on the Consolidated Statements of Comprehensive Income (Loss) and the Consolidated Statements of Cash Flows for the nine-month period ended September 30, 2003.

VASCO DATA SECURITY INTERNATIONAL, INC.
FORM 10-Q/A
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

VASCO DATA SECURITY INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 31, 2002	September 30, 2003
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,615,935	\$ 5,523,655
Accounts receivable, net of allowance for doubtful accounts of \$461,129 and \$318,798 in 2002 and 2003	2,870,533	2,724,610
Inventories, net	1,579,125	1,654,366
Prepaid expenses	394,867	245,828
Assets of discontinued operations	155,661	--
Other current assets	119,687	712,052
	-----	-----
Total current assets	7,735,808	10,860,511
Property and equipment		
Furniture and fixtures	1,485,140	1,870,294
Office equipment	1,926,553	1,971,706
	-----	-----
Total property and equipment	3,411,693	3,842,000
Accumulated depreciation	(2,255,693)	(2,994,430)
	-----	-----
Net property and equipment	1,156,000	847,570
Intangible assets, net of accumulated amortization of \$3,545,104 in 2002 and \$3,958,627 in 2003	1,910,504	1,504,323
Goodwill	249,967	249,967
Note receivable and investment in SSI	--	1,211,966
Other assets	81,161	86,844
	-----	-----
TOTAL ASSETS	\$ 11,133,440	\$ 14,761,181
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 3,589,645	\$ --
Accounts payable	1,849,572	1,818,859
Liabilities related to assets of discontinued operations	107,643	42,775
Deferred revenue	644,330	678,708
Payable to Ubizen related to stock purchase	--	1,000,000
Other accrued expenses	2,131,172	2,667,002
	-----	-----
Total current liabilities	8,322,362	6,207,344
STOCKHOLDERS' EQUITY :		
Series C Convertible Preferred Stock, \$.01 par value - 500,000 shares authorized; 150,000 shares issued and outstanding in 2002	9,108,066	--
Series D Convertible Preferred Stock, \$10,000 par value - 500,000 shares authorized; 800 shares issued and outstanding in 2003		5,830,787
Common stock, \$.001 par value - 75,000,000 shares authorized; 28,389,484 and 30,415,159 shares issued and outstanding in 2002 and 2003, respectively	28,389	30,415
Additional paid-in capital	36,763,330	47,162,596
Accumulated deficit	(42,608,077)	(43,858,067)
Accumulated other comprehensive income (loss) - cumulative translation adjustment	(480,630)	(611,894)
	-----	-----
Total stockholders' equity	2,811,078	8,553,837
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 11,133,440	\$ 14,761,181
	=====	=====

See accompanying notes to consolidated financial statements.

VASCO DATA SECURITY INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2002	2003 (RESTATED)	2002	2003 (RESTATED)
Net revenues	\$ 4,739,854	\$ 5,598,872	\$13,979,478	\$16,669,989
Cost of goods sold	2,060,751	2,146,119	5,935,771	6,727,538
	2,679,103	3,452,753	8,043,707	9,942,451
Gross profit				
Operating costs:				
Sales and marketing (exclusive of \$(16,310) and \$(7,694) for the three and nine months ended September 30, 2002, respectively, and \$31,666 and \$40,009 for the three and nine months ended September 30, 2003 respectively, reported below as non-cash compensation (recovery))	1,825,605	1,578,804	5,740,869	4,589,272
Research and development	650,864	746,944	2,043,155	2,063,684
General and administrative (exclusive of \$(53,076) and \$(25,028) for the three and nine months ended September 30, 2002 reported below as non-cash (recovery))	1,177,345	1,037,001	3,183,437	2,491,621
Non-cash compensation (recovery)	(69,386)	31,666	(32,722)	40,009
Total operating costs	3,584,428	3,394,415	10,934,739	9,184,586
Operating income (loss) from continuing operations	(905,325)	58,338	(2,891,032)	757,865
Interest expense, net	(45,109)	(22,480)	(238,441)	(119,549)
Other income (expense), net	(70,932)	(4,959)	(115,598)	375,758
	(1,021,366)	30,899	(3,245,071)	1,014,074
Income (loss) from continuing operations before income taxes				
Provision for income taxes	--	224,650	140,272	489,112
	(1,021,366)	(193,751)	(3,385,343)	524,962
Income (loss) from continuing operations				
Discontinued operations (Note 3):				
Income (loss) from discontinued operations	212,484	(6,771)	745,840	596,916
Gain on sale of discontinued operations	--	1,488,360	--	1,368,132
	(808,882)	1,287,838	(2,639,503)	2,490,010
Net income (loss)				
Preferred stock beneficial conversion option	--	(3,720,000)	--	(3,720,000)
Preferred stock accretion and dividends	(290,996)	(67,445)	(872,988)	(649,347)
	\$ (1,099,878)	\$ (2,499,607)	\$ (3,512,491)	\$ (1,879,337)
Net loss available to common shareholders				
Basic and diluted income (loss) per common share:				
Loss from continuing operations	\$ (0.05)	\$ (0.13)	\$ (0.15)	\$ (0.13)
Income from discontinued operations	0.01	0.05	0.03	0.07
	\$ (0.04)	\$ (0.08)	\$ (0.12)	\$ (0.06)
Net income (loss)				
Weighted average common shares outstanding:				
Basic	28,389,484	30,391,827	28,333,449	29,211,293
Diluted	28,389,484	31,222,297	28,333,449	29,510,033

See accompanying notes to consolidated financial statements.

VASCO DATA SECURITY INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2002	2003	2002	2003
Net income (loss)	\$(808,882)	\$1,287,838	\$(2,639,504)	\$2,490,010
Other comprehensive income (loss) - cumulative translation adjustment	85,310	8,365	181,388	(131,264)
Comprehensive income (loss)	\$(723,572)	\$1,296,203	\$(2,458,116)	\$2,358,746

See accompanying notes to consolidated financial statements.

VASCO DATA SECURITY INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended 2002	September 30, 2003
	-----	-----
Cash flows from operating activities:		
Net income (loss) from continuing operations	\$(3,385,343)	\$ 524,962
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	912,880	817,363
Non-cash compensation expense (recovery)	(32,722)	40,009
Changes in assets and liabilities, net of effects of acquisition and discontinued operations:		
Accounts receivable, net	(663,126)	333,667
Inventories, net	997,275	79,332
Prepaid expenses	(22,791)	171,093
Other current assets	332,209	(262,324)
Deferred income taxes	83,000	--
Accounts payable	(1,274,443)	(180,121)
Deferred revenue	(410,613)	(13,617)
Accrued expenses	(499,865)	387,565
Net cash provided by discontinued operations	665,959	437,144
	-----	-----
Net cash provided by (used in) operating activities	(3,297,580)	2,335,073
	-----	-----
Cash flows from investing activities:		
Acquisition of Identikay, Ltd.	(23,362)	(7,341)
Other assets	(2,869)	(4,034)
Proceeds from the disposition of assets	107,765	132,324
Payments received on note receivable	--	45,859
Additions to property and equipment, net	(415,371)	(48,761)
	-----	-----
Net cash used in investing activities	(333,837)	118,047
	-----	-----
Cash flows from financing activities:		
Repayment of debt	(154,453)	(3,589,645)
Purchase and retirement of Series C preferred stock and warrants	--	(3,000,000)
Net proceeds from sale of Series D preferred stock and warrants	--	7,315,922
Proceeds from the exercise of common stock options	--	48,082
	-----	-----
Net cash provided by (used in) financing activities	(154,453)	774,359
	-----	-----
Effect of exchange rate changes on cash	181,388	(319,759)
	-----	-----
Net increase (decrease) in cash	(3,604,482)	2,907,720
Cash, beginning of period	6,342,440	2,615,935
	-----	-----
Cash, end of period	\$ 2,737,958	\$ 5,523,655
	=====	=====

See accompanying notes to consolidated financial statements

VASCO DATA SECURITY INTERNATIONAL, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of VASCO Data Security International, Inc. and its subsidiaries (collectively, the "Company" or "VASCO") and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

In the opinion of management, the accompanying unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the results of the interim periods presented. All significant intercompany accounts and transactions have been eliminated. The operating results for the interim periods presented are not necessarily indicative of the results expected for a full year.

STOCK-BASED COMPENSATION

At September 30, 2003, the Company had a stock-based employee compensation plan. The Company accounts for the plan using the intrinsic method under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations. No stock-based compensation is reflected in net income, as all options granted to employees under the plan had an exercise price equal to the market value of the underlying Common Stock on the date of grant. The following table illustrates the effect on net income (loss) and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, "Accounting for Stock-Based Compensation", to stock-based employee compensation.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2003	2002	2003
		(Restated)		(Restated)
Net loss available to common shareholders as reported	\$(1,099,878)	\$(2,499,607)	\$(3,512,491)	\$(1,879,337)
Deduct: Total stock-based employee compensation determined under fair value based method for all awards	253,891	251,854	751,561	763,892
Pro forma net loss	<u>\$(1,353,769)</u>	<u>\$(2,751,461)</u>	<u>\$(4,264,052)</u>	<u>\$(2,643,229)</u>
Net loss per common share-basic and diluted:				
As reported	\$ (0.04)	\$ (0.08)	\$ (0.12)	\$ (0.06)
Pro forma	\$ (0.05)	\$ (0.09)	\$ (0.15)	\$ (0.09)
Weighted average shares outstanding				
Basic	28,389,484	30,391,827	28,333,449	29,211,293
Diluted	8,389,484	31,222,297	28,333,449	29,510,033

NOTE 2 - RESTATEMENT

The Company has restated its Consolidated Financial Statements for the three- and nine-month periods ended September 30, 2003 to reflect a beneficial conversion feature of \$3,720,000 related to the issuance of its Series D Convertible Preferred Stock in accordance with Emerging Task Force (EITF) No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios." The beneficial conversion feature represents the difference in the proceeds from the issuance of the preferred stock and the value of the Company's common stock it was immediately convertible into, based upon the market value of the common stock on the date of issuance. The beneficial conversion feature is analogous to a dividend and is recognized as a return to the preferred shareholders.

The effect of the restatement is to reduce net income (loss) available to common shareholders, basic and diluted loss per share and basic and diluted loss from continuing operations for the three- and nine-month periods ended September 30, 2003. The restatement had no impact on our Consolidated Balance Sheets as of December 31, 2002 and September 30, 2003. This restatement also had no impact on our Consolidated Statements of Comprehensive Income (Loss) or our Consolidated Statements of Cash Flow for the nine-month period ended September 30, 2003.

The restatement had the following impact to our Consolidated Statements of Operations:

	As Reported -----	As Restated -----
Three months ended September 30, 2003:		
Net income	\$1,287,838	\$ 1,287,838
Preferred stock beneficial conversion feature	--	(3,720,000)
Preferred stock accretion and dividends	(67,445)	(67,445)
	-----	-----
Net income (loss) available to common shareholders	\$1,220,393	\$(2,499,607)
	=====	=====
Basic and diluted income (loss) per common share:		
Loss from continuing operations	\$ (0.01)	\$ (0.13)
Income from discontinued operations	0.05	0.05
	-----	-----
Net income (loss)	\$ 0.04	\$ (0.08)
	=====	=====
Nine months ended September 30, 2003:		
Net income	\$2,490,010	\$ 2,490,010
Preferred stock beneficial conversion feature	--	(3,720,000)
Preferred stock accretion and dividends	(649,347)	(649,347)
	-----	-----
Net income (loss) available to common shareholders	\$1,840,663	\$(1,879,337)
	=====	=====
Basic and diluted income (loss) per common share:		
Income (loss) from continuing operations	\$ --	\$ (0.13)
Income from discontinued operations	0.06	0.07
	-----	-----
Net income (loss)	\$ 0.06	\$ (0.06)
	=====	=====

NOTE 3 - INVENTORIES

Inventories, consisting principally of hardware and component parts, are stated at the lower of cost or market. Cost is determined using the first-in-first-out (FIFO) method.

Inventories, net of valuation allowance of \$111,566 and \$262,251 at December 31, 2002 and September 30, 2003, respectively, are comprised of the following:

	December 31, 2002	September 30, 2003
Component parts.....	\$ 772,523	\$ 242,831
Work-in-process and finished goods.....	806,602	1,411,535
	-----	-----
Total.....	\$1,579,125	\$1,654,366
	=====	=====

NOTE 4 - DISCONTINUED OPERATIONS

On July 8, 2003, effective as of July 1, 2003, VASCO sold its VACMAN Enterprise ("VME") business, originally known as Intellisoft and/or Snareworks, to Secured Services, Inc. (SSI). Under the terms of the agreement, VASCO received a senior secured promissory note with a face value of approximately \$1.1 million, valued at \$1.0 million by an independent valuation firm, and \$2 million of Convertible Preferred Stock from SSI, valued at \$0.6 million by an independent valuation firm, in exchange for the VACMAN Enterprise assets. The promissory note bears a 6% interest rate and is payable in 36 equal and consecutive monthly payments. The Preferred Stock includes a 6% cumulative stock dividend, payable quarterly, and can be converted into SSI's common stock at defined intervals beginning July 1, 2005. In accordance with Statement of Financial Accounting Standard (SFAS) No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", the assets and liabilities of this business unit have been disaggregated from the operational assets and liabilities of the Company. The results of the operations of VME for the three- and nine-month periods ended September 30, 2003 have been reported as results of discontinued operations. Prior periods have been restated to conform to this presentation.

Assets of and liabilities related to discontinued operations included in the consolidated balance sheet are as follows:

	December 31, 2002	September 30, 2003
	-----	-----
Accounts receivable	\$ 10,724	\$ --
Prepaid expenses	12,612	--
Property and equipment, net	132,325	--
	-----	-----
	\$155,661	\$ --
	=====	=====
Accounts payable	\$ 852	\$ --
Deferred revenue	75,721	--
Other accrued expenses	31,070	42,775
	-----	-----
	\$107,643	\$42,775
	=====	=====

Income from discontinued operations is as follows:

	Three months ended September 30		Nine months ended September 30	
	2002	2003	2002	2003
Net revenues	\$387,547	\$ --	\$1,330,604	\$989,183
Cost of good sold	6,522	--	6,522	81,904
Gross profit	381,025	--	1,324,082	907,279
Operational costs	168,541	6,771	578,242	310,363
Operating income (loss)	\$212,484	\$ (6,771)	\$ 745,840	\$596,916

Included in the gain on sale of discontinued operations are \$29,000 and \$149,000 of costs incurred during the three and nine months ended September 30, 2003, respectively, related to the sale of the business unit.

NOTE 5 - STOCKHOLDERS' EQUITY

On July 15, 2003, the Company reached an agreement with Ubizen N.V. ("Ubizen") whereby VASCO purchased and redeemed all of the VASCO Series C Convertible Preferred Stock (the "Series C Preferred Stock") and Common Stock Purchase Warrants owned by Ubizen. Under the terms of the Purchase Agreement, the Company paid \$3 million to Ubizen and issued 2 million shares of the Company's Common Stock on July 25, 2003. Using the closing price of the Company's Common Stock on July 25, 2003, the value of the stock issued was \$4,000,000. An additional \$1 million will be paid to Ubizen on or before November 14, 2003. The Common Stock issued by the Company is subject to a lock-up period wherein the lock-up will expire in increments of 500,000 shares each on October 15, 2003, January 15, 2004, April 15, 2004 and July 15, 2004. Once the lock-up expires, the shares will be subject to volume trading restrictions through January 1, 2005.

On September 11, 2003, the Company sold 800 shares of its Series D 5% Cumulative Convertible Voting Preferred Stock (the "Series D Preferred Stock") and 600,000 warrants to purchase Common Stock. The Series D Preferred Stock carries a 5% dividend, is convertible into 4 million shares of Common Stock at a fixed price of \$2.00 per share and will vote with the Common Stock as a class on matters presented to the stockholders. The implied value of the Series D Preferred Stock was \$5,714,000, calculated based upon the annual dividend rate divided by a required rate of return. The warrants are exercisable, over a five-year period, at \$3.47 per share and were valued at \$1,455,000 using the Black-Scholes pricing model. Of the net proceeds from the sale, \$5,831,000 was allocated to the Series D Preferred Stock and \$1,485,000 was allocated to the warrants based upon their relative fair values. In addition, a beneficial conversion value was calculated for the Series D Preferred Stock as the difference between the price of the Company's Common Stock at the transaction date and the conversion price of the Series D Preferred Stock. The amount of the beneficial conversion, \$3,720,000, is analogous to a dividend and was recorded to retained earnings.

During the third quarter of 2003, the Company issued 25,625 shares of Common Stock as a result of the exercise of options under the Company's stock option plan generating total proceeds of \$48,082.

NOTE 6 - SUPPLEMENTAL STATEMENTS OF CASH FLOWS INFORMATION

	Nine months ended September 30,	
	2002	2003
	-----	-----
Supplemental disclosure of cash flow information:		
Interest paid	\$ 12,868	\$ 205,753
Supplemental disclosure of non-cash investing activities:		
Common stock issued in connection with acquisition	\$284,458	\$ --
Note receivable and preferred stock received from sale of business unit	\$ --	\$ 1,553,000
Supplemental disclosure of non-cash financing activities:		
Payable to Ubizen for purchase and retirement of Series C preferred stock and warrants	\$ --	\$ 1,000,000
Reduction in preferred stock and additional paid-in capital as a result of the redemption of Series C preferred stock and warrants	\$ --	\$(11,000,000)
Common stock issued to redeem Series C preferred stock and warrants	\$ --	\$ 11,000,000
Increase in additional paid-in capital related to beneficial conversion of Series D preferred stock	\$ --	\$ 3,720,000
Deemed dividend on preferred stock	\$ --	\$ (3,720,000)
Dividends accrued on preferred stock	\$ --	(20,000)

ITEM 4. CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer of the Company (its principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of the end of the period covered by this Report, that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in the reports filed or submitted by it under the securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods required by the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Chairman and Chief Executive office and the Chief Financial Officer of the Company, as appropriate to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K. .

(A) EXHIBITS:

Exhibit 31.1 Statement Under Oath of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 18, 2004.

Exhibit 31.2 Statement Under Oath of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 18, 2004.

Exhibit 32.1 Statement Under Oath of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 18, 2004.

Exhibit 32.2 Statement Under Oath of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 18, 2004.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 18, 2004.

VASCO Data Security International, Inc.

/s/ T. Kendall Hunt

T. Kendall Hunt
Chief Executive Officer and Chairman of the Board of
Directors (Principal Executive Officer)

/s/ Clifford K. Bown

Clifford K. Bown
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting
Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, T. Kendall Hunt, the principal executive officer of VASCO Data Security International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of VASCO Data Security International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons fulfilling the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 18, 2004

/s/ T. Kendall Hunt

T. Kendall Hunt
Chief Executive Officer and Chairman
of the Board of Directors
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Clifford K. Bown, the principal financial officer of VASCO Data Security International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of VASCO Data Security International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons fulfilling the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 18, 2004

/s/ Clifford K. Bown

Clifford K. Bown
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing with the Securities and Exchange Commission of the Quarterly Report of VASCO Data Security International, Inc. (the "Company") on Form 10-Q/A for the period ending September 30, 2003 (the "Report"), I, T. Kendall Hunt, Chief Executive Officer and Chairman of the Board of Directors of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ T. Kendall Hunt

T. Kendall Hunt
Chief Executive Officer and Chairman of the Board of Directors
February 18, 2004

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing with the Securities and Exchange Commission of the Quarterly Report of VASCO Data Security International, Inc. (the "Company") on Form 10-Q/A for the period ending September 30, 2003 (the "Report"), I, Clifford K. Bown, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Clifford K. Bown

Clifford K. Bown
Chief Financial Officer
February 18, 2004