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AQUACELL TECHNOLOGIES INC
Form 10QSB
May 14, 2004

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

(Mark one)

- Quarterly report under Section 13 or 15(d) of
the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2004.
- Transition report under Section 13 or 15(d) of the Exchange Act
For the transition period from _____ to _____

Commission File Number 1-16165

AQUACELL TECHNOLOGIES, INC.

(Exact Name of Small Business Issuers as Specified in its Charter)

Delaware

33-0750453

(State of Incorporation)

(IRS Employer Identification Number)

10410 Trademark Street
Rancho Cucamonga, CA 91730

(Address of Principal Executive Offices)

(909) 987-0456

(Issuer's Telephone Number, Including Area Code)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDING DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of Securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, \$.001 par value 13,426,428 shares outstanding as of May 14, 2004.

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

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AQUACELL TECHNOLOGIES, INC.

FORM 10-QSB

FOR THE QUARTER ENDED MARCH 31, 2004

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
March 31, 2004
(Unaudited)

ASSETS

Current assets:

Cash.....	\$	225,000
Notes receivable, including accrued interest of \$2,000....		25,000

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Accounts receivable, net of allowance of \$25,000.....	44,000
Inventories.....	545,000
Prepaid expenses and other current assets.....	57,000

Total current assets.....	896,000

Property and equipment, net.....	28,000

Other assets:	
Goodwill.....	1,042,000
Patents, net.....	82,000
Security deposits.....	13,000

Total other assets.....	1,137,000

	\$ 2,061,000
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable.....	\$ 371,000
Accrued expenses.....	573,000
Preferred stock dividend payable.....	9,000
Customer deposits.....	38,000
Installment note payable.....	4,000
Current portion of deferred payable-derivative.....	20,000

Total current liabilities.....	1,015,000
Deferred payable-derivative, net of current portion.....	442,000

Total liabilities.....	1,457,000

Commitments and contingencies	
Stockholders' Equity:	
Preferred stock - Class A, par value \$.001;	
1,870,000 shares authorized;	
675,000 shares issued and outstanding.....	
	1,000
Preferred stock, par value \$.001;	
8,130,000 shares authorized;	
no shares issued.....	
	-
Common stock, par value \$.001;	
40,000,000 shares authorized;	
12,774,255 shares issued and outstanding.....	
	13,000
Additional paid-in capital.....	19,137,000
Accumulated deficit.....	(16,334,000)

	2,815,000
Unamortized deferred compensation.....	(2,211,000)

Total stockholders' equity.....	604,000

	\$ 2,061,000
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See notes to condensed consolidated financial statements.

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2004	2003	2004	2003
Revenue:				
Net sales	\$ 117,000	\$ 188,000	\$ 517,000	\$ 1,322,000
Rental income.....	-	1,000	1,000	5,000
	117,000	189,000	518,000	1,327,000
Cost of sales.....	79,000	139,000	356,000	743,000
	38,000	50,000	162,000	584,000
Selling, general and administrative expenses:				
Salaries and wages.....	318,000	329,000	1,019,000	922,000
Legal, accounting and other professional expenses.....	42,000	36,000	142,000	140,000
Consulting fees and expenses-research and development.....	38,000	-	100,000	-
Stock based compensation. Fair value adjustment of derivative.....	233,000	56,000	835,000	156,000
Write-off of accrued interest on notes.....	(72,000)	-	322,000	-
Recovery of notes receivable reserve.....	-	-	48,000	-
Other.....	-	(57,000)	-	(57,000)
	413,000	257,000	987,000	779,000
	972,000	621,000	3,453,000	1,940,000
Loss from operations before other (expense) income....	(934,000)	(571,000)	(3,291,000)	(1,356,000)
Other (expense) income:				
Interest expense.....	-	(14,000)	-	(36,000)
Interest income.....	1,000	13,000	2,000	45,000
Amortization of loan fee.	-	(58,000)	-	(58,000)
	1,000	(59,000)	2,000	(49,000)
Net loss for the period....	\$ (933,000)	\$ (630,000)	\$ (3,289,000)	\$ (1,405,000)
Weighted average shares outstanding- basic and diluted.....	12,274,000	8,692,000	10,768,000	8,631,000
Loss attributable to common stockholders:				
Net loss.....	\$ (933,000)	\$ (630,000)	\$ (3,289,000)	\$ (1,405,000)
Preferred stock dividends	9,000	-	41,000	-
Loss attributable to common stockholders.....	\$ (942,000)	\$ (630,000)	\$ (3,330,000)	\$ (1,405,000)

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Net loss per common share.. \$ (0.08) \$ (0.07) \$ (0.31) \$ (0.16)
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See notes to condensed consolidated financial statements.

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

	Nine Months Ended March 31,	
	----- 2004 -----	----- 2003 -----
Cash flows from operating activities:		
Net loss	\$ (3,289,000)	\$ (1,405,000)
Adjustment to reconcile net loss to net cash used in operating activities:		
Write-off of accrued interest on notes receivable.....	48,000	-
Fair value adjustment of derivative.....	322,000	-
Stock based compensation.....	835,000	156,000
Amortization of loan fee.....	-	58,000
Depreciation and amortization.....	42,000	46,000
Reduction of reserve on notes receivable.....	-	(57,000)
Changes in:		
Accounts receivable.....	30,000	(109,000)
Accrued interest receivable.....	19,000	(44,000)
Prepaid expenses and other current assets.....	85,000	100,000
Inventories.....	(467,000)	4,000
Accounts payable.....	(397,000)	18,000
Accrued expenses.....	71,000	631,000
Customer deposits.....	15,000	13,000
Other.....	4,000	5,000
Net cash used in operating activities.....	(2,682,000)	(584,000)
Cash flows from investing activities:		
Notes issued for purchase of property and equipment, net of payments.....	(3,000)	8,000
Collections on notes receivable.....	68,000	-
Purchase of property and equipment.....	(10,000)	(12,000)
Net cash provided by (used in) investing activities.....	55,000	(4,000)
Cash flows from financing activities:		
Proceeds from private placements of preferred stock.....	-	311,000
Proceeds from private placements of common stock..	3,205,000	-
Expenses of common stock offerings.....	(305,000)	-
Preferred stock dividends paid.....	(44,000)	-
Exercise of stock options and warrants.....	44,000	-
Loan from unrelated third party.....	-	100,000
Proceeds of loans from finance company, net of repayments.....	-	177,000
Proceeds (repayments) of loans from		

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related parties, net.....	(80,000)	50,000
	-----	-----
Net cash provided by financing activities.....	2,820,000	638,000
	-----	-----

See notes to condensed consolidated financial statements.

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Continued)

	Nine Months Ended March 31,	
	2004	2003
	-----	-----
Increase (decrease) in cash.....	\$ 193,000	\$ 50,000
Cash, beginning of period.....	32,000	51,000
	-----	-----
Cash, end of period.....	\$ 225,000	\$ 101,000
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid for interest.....	\$ -	\$ 20,000
	-----	-----
Supplemental schedule of non-cash investing and financing activities:		
Issuance of preferred stock in private placement for expenses of the offering.....	\$ -	\$ 25,000
Issuance of common stock as loan fee.....	\$ -	\$ 62,000
Issuance of common stock and warrants for services to the company.....	\$ 2,707,000	\$ 55,000
Retirement of 82,422 shares of treasury stock.....	\$ -	\$ 251,000
Principal payments on notes receivable by conversion of accrued officers' salaries.....	\$ -	\$ 437,000
Receivable on preferred stock.....	\$ -	\$ 95,000
Conversion of inventory to depreciable assets for advertising program.....	\$ 6,000	\$ -
Dividends payable on preferred stock.....	\$ 9,000	\$ -
Write-off of notes receivable against reserve.....	\$ 177,000	\$ -
Conversion of 510,000 shares of preferred stock to common stock.....	\$ -	\$ -
Accrued legal fees paid as consideration for warrant exercise.....	\$ 33,000	\$ -
Legal fees prepaid as consideration for warrant exercise.....	\$ 19,000	\$ -

See notes to condensed consolidated financial statements

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2004 (Unaudited)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of AquaCell Technologies, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the nine months ended March 31, 2004 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the Company's annual report filed on Form 10-KSB for the year ended June 30, 2003.

NOTE B - NOTES RECEIVABLE

At March 31, 2004, the notes receivable consisted of a note with a balance of \$23,000 due from a non-director/non-employee stockholder. The note, bearing an annual interest rate of 8%, is unsecured and matured October 2002. The note that matured in October 2002 was extended for one year. In July 2003 the Company received a \$68,000 principal payment plus accrued interest on this note and extended the remaining balance to June 30, 2004.

At March 31, 2004, notes receivable from non-director/non-employee stockholders and entities owned by them, in the amount of \$177,000, were written off against the balance of the reserve against these notes in the amount of \$177,000. Accrued interest of \$48,000, in connection with these notes, was also written off at December 31, 2003.

Interest receivable at March 31, 2004 amounted to \$2,000.

NOTE C - INVENTORIES

Inventories consist of the following at March 31, 2004:

Raw materials.....	\$ 238,000
Work in progress.....	61,000
Finished goods.....	246,000

	\$ 545,000
	=====

AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2004 (Unaudited)

NOTE D - PROPERTY AND EQUIPMENT

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Property and equipment is summarized as follows at March 31, 2004:

Furniture and fixtures.....	\$	35,000
Equipment - office.....		100,000
Machinery and equipment.....		127,000
Rental units.....		9,000
Leasehold improvements.....		10,000
Truck.....		11,000
Coolers placed for advertising program.....		6,000

		298,000
Less accumulated depreciation.....		270,000

	\$	28,000
		=====

NOTE E - INSTALLMENT NOTE PAYABLE

At March 31, 2004 installment note payable consists of a note, secured by a truck, payable in monthly payments of \$342 through February 2005.

NOTE F - EQUITY TRANSACTIONS

During July through September 2003 the Company completed a private placement of 1,703,000 shares of its common stock. The offering consists of one share of common stock at a price of \$1.50 per share and one common stock purchase warrant exercisable at \$4.00 per share. The warrant contains a call feature. The Company received proceeds of \$2,296,000 net of expenses of \$259,000. In connection with the offering the placement agent received 341,000 common stock purchase warrants exercisable at \$4.00 per share.

During August 2003 the Company entered into marketing and consulting agreements with five separate entities. Consideration for these agreements included cash fees of \$45,000 and 1,250,000 warrants to purchase shares of common stock of the Company at a price of \$.01 per share. These warrants were valued at \$2,564,000 utilizing the Black-Scholes valuation method. Such amount will be amortized to expense over the term of the agreements. Amortization amounted to \$533,000 for the six months ended December 31, 2003.

During February 2004 the Company completed a private placement of 650,000 shares of its common stock. The offering consists of one share of common stock at a price of \$1.00 per share and one common stock purchase warrant exercisable at \$1.75 per share. The Company received proceeds of \$570,000 net of expenses of \$79,000. In connection with the offering the placement agent received 87,000 common stock purchase warrants exercisable at \$1.75 per share.

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2004 (Unaudited)

NOTE F - EQUITY TRANSACTIONS (Continued)

During February 2004 the Company entered into a consulting agreement. Consideration for this agreement was 150,000 warrants to purchase shares of common stock of the Company at a price of \$1.22 per share. These warrants were valued at \$143,000 utilizing the Black-Scholes valuation method. Such amount

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will be amortized to expense over the term of the agreement. Amortization amounted to \$5,000 for the nine months ended March 31, 2004.

NOTE G - DERIVATIVE

For the nine months ended March 31, 2004, the Company recognized a \$322,000 charge for the fair value of its put option to Corbett Water Technologies, Inc. and S & B Technical Products, Inc., regarding the return and cancellation of all exclusive distribution and marketing rights, which was classified as a derivative (See Note K(2) to Form 10-KSB). As of March 31, 2004 \$844,000 has been liquidated through sales of 434,078 shares. The Company has calculated fair value of the unliquidated balance of the put option on the unsold shares (17,729) using the Black Scholes valuation method utilizing the following assumptions: risk-free interest rate of 3.1%, volatility of 106% and expected life of two months at March 31, 2004.

NOTE H - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentration of credit risk consists of cash. Such amounts are in excess of FDIC insurance limits.

NOTE I - SUBSEQUENT EVENTS

During April 2004 the Company completed a private placement of 652,173 shares of its common stock. The offering consists of one share of common stock at a price of \$1.15 per share and one common stock purchase warrant exercisable at \$1.90 per share. The Company received proceeds of \$675,000 net of expenses of \$85,000. In connection with the offering the placement agent received 100,000 common stock purchase warrants exercisable at \$1.90 per share.

During April 2004 the Company entered into a one-year lease for warehouse space at the annual rent of \$38,000.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

When used in this Form 10-QSB and in future filings by the Company with the Commission, statements identified by the words "believe", "positioned", "estimate", "project", "target", "continue", "will", "intend", "expect", "future", "anticipates", and similar expressions express management's present belief, expectations or intentions regarding the Company's future performance within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speaks only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company has no obligations to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

Overview

The following discussions and analysis should be read in conjunction with

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the Company's condensed consolidated financial statements and the notes presented following the condensed consolidated financial statements. The discussion of results, causes and trends should not be constructed to imply any conclusion that such results or trends will necessarily continue in the future.

Shortly after the Company's initial public offering in February 2001, we entered into an exclusive distribution agreement with Corbett Water Technologies and S&B Technical ("Corbett"), for sales of the Company's flagship patented self-filling water cooler. The year and one-half relationship with Corbett proved disastrous to the Company, hampering its marketing plans and costing the Company significant non-cash losses of almost \$2,000,000 during the term of the agreement, in addition to lost business opportunities over the past year. At the end of its last fiscal year, the Company was able to negotiate the return of these exclusive rights. The period ended December 2003 represented the first period the Company was able to restructure its marketing plan and form new sales and marketing alliances.

During the nine-months ended March 31, 2004 the Company raised net equity of approximately \$2.9 million to enable the Company to move forward with the restructuring of its marketing program for its patented self-filling water cooler, a significant portion of which has been utilized for the manufacturing of inventory and the related operating costs. This plan primarily focuses on the "Message On The Bottle" advertising program through its AquaCell Media subsidiary, in which AquaCell Media installs coolers free of charge in various locations. AquaCell Media retains ownership of the coolers, and revenue is generated through the sale of advertising on the band of the cooler's permanently attached five-gallon bottle, similar to the concept of billboard advertising.

The coolers are currently being installed in the pharmacy areas of national chain drug stores and the Company is in negotiations with other retailers including supermarkets and other national chain stores, for installations of coolers in those locations as well. The stores in which systems have been placed literally have customers lined up at the cooler, providing added value

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for retailers and their customers. Store employees appreciate the patented feature of the AquaCell cooler that eliminates the necessity of having to change the bottle.

As presented in the advertisements the Company ran in trade magazines during April which are available for viewing on the Company's website at www.aquacell.com, the "Message On The Bottle" advertising provides a unique point-of-sale opportunity for manufacturers to reach the consumer. Advertising on the bottle gets face-to-face impact, and the advertisers also have the option of advertising on the cups, further reinforcing their brand message and literally putting it right into the shoppers' hands. The Company is in the final stages of negotiations with major manufacturers and providers of health care related products and/or their advertising agencies, for the advertisements of their products.

The Company has engaged several new marketing partners, including Beau Dietl & Associates and J.DeKama Associates, who have been instrumental in assisting the Company to acquire a wide variety of companies for both advertising and for placement of coolers into retailers. By utilizing these and other individuals who are responsible for payment of their own expenses, the Company does not anticipate incurring significant sales and marketing expenses in the roll-out of this program

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The Company is embarking on additional opportunities, which we believe will provide long-term benefits to the Company.

Results of Operations

During the nine months ended March 31, 2004 on a consolidated basis, revenues were \$518,000 as compared to \$1,327,000 for the similar period of the preceding year. Virtually the entire decrease was attributable to the lack of sales to Corbett Water Technologies, Inc. (Corbett) the Company's former exclusive distributor of its patented self-filling water coolers. The Company went through a lengthy negotiation process to recover its marketing rights, from Corbett and its parent company S & B Technical Products, Inc. (S&B), during which time the Company was impeded from pursuing new marketing avenues or channels of distribution.

Net loss on a consolidated basis, attributable to common stockholders, for the nine months ended March 31, 2004 was \$3,330,000 or \$0.31 per share, as compared to \$1,405,000 or \$0.16 per share for the same period of the prior year. The increase in the loss is attributable to the decrease in revenues. Principal sources of the loss in the aggregate amount of \$1,157,000 resulted from stock based compensation in the amount of \$835,000 and a fair value adjustment of a derivative in the amount of \$322,000.

Salaries and wages increased by \$97,000 for the nine months ended March 31, 2004 over the prior year. Legal, accounting and other professional expenses increased by approximately \$2,000 for the nine months ended March 31, 2004. Consulting fees and expenses in connection with the research and development of new business opportunities and the roll-out of our new AquaCell 1000 cooler, amounted to \$100,000 for the nine months ended March 31, 2004. Stock based compensation increased by \$679,000 to \$835,000 for the nine months ended March 31, 2004 resulting from amortization of Black Scholes charges on common stock purchase warrants issued in connection with marketing and consulting agreements initiated during the period ended March 31, 2004. Other selling, general and administrative expenses, consisting primarily of rent - \$126,000, telephone and utilities- \$50,000, travel- \$46,000, business promotion- \$139,000, insurance- \$78,000, and vehicle expenses-\$78,000 increased by approximately \$208,000 to

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\$987,000 for the nine months ended March 31, 2004. The majority of the increase was related to the complete overhaul of our marketing plan and extensive travel and entertainment expenses in connection with developing relationships with our new marketing partners, retail locations and potential advertisers.

During the nine months ended March 31, 2004, the Company recorded a fair value adjustment of a derivative, in connection with a put option relating to the return and cancellation of all exclusive distribution and marketing rights from Corbett and S&B in the amount of \$322,000.

Liquidity and Capital Resources

During the nine months ended March 31, 2004 we raised, through the completion of private placements of our common shares, net equity of approximately \$2,871,000.

Cash used by operations during the nine months ended March 31, 2004 amounted to \$2,682,000. Net loss of \$3,289,000 was reduced by non-cash stock

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based compensation in the amount of \$835,000, write-off of accrued interest on notes receivable in the amount of \$48,000, fair value adjustment of a derivative in the amount of \$322,000 and depreciation and amortization of \$42,000. Cash used by operations was further increased by an increase in inventories, in anticipation of our new marketing plan, in the amount of \$467,000 and a decrease in accounts payable in the amount of \$397,000. Net loss was further increased by net changes in accrued interest receivable, prepaid expenses, accrued expenses, customer deposits and accounts receivable amounting to \$220,000.

Cash provided by investing activities during the nine months ended March 31, 2004 represented collections on a note receivable in the amount of \$68,000 decreased by expenditures for property and equipment in the amount of \$10,000 and decreased by payments on notes issued for the purchase of equipment in the amount of \$3,000.

Cash provided by financing activities was approximately \$2,820,000. Proceeds from sales of common stock in a private placement amounted to \$2,871,000 net of expenses of \$305,000. Proceeds from exercise of stock options amounted to \$44,000. The Company paid dividends of \$44,000 on its Series A convertible preferred stock and the repayment of loans to related parties amounted to \$80,000.

We have granted warrants in connection with our initial public offering, private placements, consulting, marketing and financing agreements that may generate additional capital of up to approximately \$16,300,000 if exercised. There is no assurance however, that any of the warrants will be exercised.

In connection with the written put option regarding the return and cancellation of all exclusive distribution and marketing rights from Corbett and S&B reflected as a derivative in the accompanying financial statements, the Company has adjusted its liability to \$462,000 at March 31, 2004. Such amount represents the fair value of liability in the event that the counterparty does not realize \$1,339,000 from the sale of its shares owned in the Company. The net remaining obligation, if any, will be paid from 5% of future revenues to be generated by the Company's Global Water-Aquacell, Inc. subsidiary.

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Management believes that its present cash balance and cash flows expected to be generated from future operations in combination with warrant conversions or future equity raises will be sufficient to meet presently anticipated needs for working capital and capital expenditures through at least the next 12 months; however, there can be no assurance in that regard. The Company presently has no material commitments for future capital expenditures.

ITEM 3. CONTROLS AND PROCEDURES

Within the 90 days prior to the date of this Report the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 adopted under the Securities Exchange Act of 1934. Based upon that evaluation, the chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

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PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits.

31.1 CEO's Certification Pursuant to Rule 13a-14(a)/ 15d-14(a)

31.2 CFO's Certification Pursuant to Rule 13a-14(a)/ 15d-14(a)

32.0 Certification Pursuant to 18 U.S.C. Section 1350

B. Reports on Form 8-K.

None.

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SIGNATURE

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

AquaCell Technologies, Inc.

Registrant

Date: May 14, 2004

/s/ Gary S. Wolff

Name: Gary S. Wolff
Title: Chief Financial Officer

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INDEX TO EXHIBITS

Exhibit Number	Description
-----	-----
31.1	CEO's Certification Pursuant to Rule 13a-14(a)/ 15d-14(a)
31.2	CFO's Certification Pursuant to Rule 13a-14(a)/ 15d-14(a)
32.0	Certification Pursuant to 18 U.S.C. Section 1350

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