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AQUACELL TECHNOLOGIES INC
Form 10QSB
November 14, 2003

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 September 30, 2003.

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 Issuer 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 10,454,255 shares outstanding
as of November 12, 2003.

Transitional Small Business Disclosure Format (check one):

Yes No

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AQUACELL TECHNOLOGIES, INC.

FORM 10-QSB

FOR THE QUARTER ENDED SEPTEMBER 30, 2003

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEET
 September 30, 2003
 (Unaudited)

ASSETS

Current assets:

Cash		\$ 1,500,000
Notes receivable, including accrued interest of \$62,000		85,000
Accounts receivable, net of allowance of \$25,000		64,000
Inventories		234,000
Prepaid expenses and other current assets		158,000

Total current assets		2,041,000

Property and equipment, net		31,000

Other assets:

Goodwill		1,042,000
Patents, net		93,000
Security deposits		13,000

Total other assets		1,148,000

\$ 3,220,000

=====

LIABILITIES

Current liabilities:

Accounts payable		\$ 509,000
Accrued expenses		539,000
Preferred stock dividend payable		16,000
Customer deposits		29,000
Current portion of deferred payable-derivative		20,000
Current portion of long-term debt		4,000
Loans payable - related parties.....		55,000

Total current liabilities		1,172,000

Deferred payable-derivative, net of current portion		327,000
Long-term debt, net of current portion.....		2,000

Total liabilities		1,501,000

Commitments and contingencies

STOCKHOLDERS' EQUITY:

Preferred stock - Class A, par value \$.001; 1,870,000 shares authorized; 1,185,000 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; 10,454,255 shares issued and outstanding		10,000
Additional paid-in capital		18,414,000
Accumulated deficit		(14,177,000)

Unamortized deferred compensation		4,248,000
		(2,529,000)

Total stockholders' equity		1,719,000

\$ 3,220,000

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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 September 30,	
	2003	2002
	-----	-----
Revenue:		
Net sales	\$ 201,000	\$ 930,000
Rental income	-	2,000
	-----	-----
	201,000	932,000
Cost of sales	129,000	465,000
	-----	-----
Gross profit	72,000	467,000
	-----	-----
Selling, general and administrative expenses:		
Salaries and wages	299,000	310,000
Legal, accounting and other professional expenses..	65,000	74,000
Stock based compensation	375,000	45,000
Fair value adjustment of derivative	207,000	-
Other	255,000	277,000
	-----	-----
	1,201,000	706,000
	-----	-----
Loss from operations before other income (expense)...	(1,129,000)	(239,000)
	-----	-----
Other income (expense):		
Interest income	1,000	18,000
Interest (expense)	-	(4,000)
	-----	-----
	1,000	14,000
	-----	-----
Net loss for the period	\$ (1,128,000)	\$ (225,000)
	=====	=====
Weighted average shares outstanding-		
basic and diluted	9,349,000	8,601,000
	=====	=====
Loss attributable to common stockholders:		
Net loss	\$ (1,128,000)	\$ (225,000)
Preferred stock dividends	16,000	-
	-----	-----
Loss attributable to common stockholders	\$ (1,144,000)	\$ (225,000)
	=====	=====
Net loss per common share	\$ (0.12)	\$ (0.03)
	=====	=====

See notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,	
	2003	2002
Cash flows from operating activities:		
Net loss	\$(1,128,000)	\$ (225,000)
Adjustment to reconcile net loss to net cash used in operating activities:		
Stock based compensation	375,000	45,000
Fair value adjustment of derivative	207,000	-
Depreciation and amortization	13,000	15,000
Changes in:		
Accounts receivable	10,000	(543,000)
Accrued interest receivable	7,000	(18,000)
Prepaid expenses and other current assets	(35,000)	40,000
Inventories	(150,000)	(5,000)
Security deposits	-	3,000
Accounts payable	(226,000)	65,000
Accrued expenses	37,000	217,000
Customer deposits	6,000	1,000
Net cash used in operating activities ...	(884,000)	(405,000)
Cash flows from investing activities:		
Collections on notes receivable	68,000	-
Note issued for purchase of property and equipment, net of payments	(1,000)	9,000
Purchase of property and equipment	(1,000)	(11,000)
Net cash provided by (used in) investing activities	66,000	(2,000)
Cash flows from financing activities:		
Proceeds from private placements of common stock	2,555,000	-
Expense of offerings	(259,000)	-
Preferred stock dividend paid	(12,000)	-
Exercise of stock options	27,000	-
Proceeds of loans from finance company	-	376,000
Proceeds (repayments) of loans from related parties	(25,000)	6,000
Net cash provided by financing activities	2,286,000	382,000

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Increase (decrease) in cash	1,468,000	(25,000)
Cash, beginning of period	32,000	51,000
Cash, end of period	\$ 1,500,000	\$ 26,000
	=====	=====

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ -	\$ -
------------------------------	------	------

Supplemental schedule of non-cash investing and financing activities:

Issuance of common stock warrants for services to the company	\$ 2,564,000	\$ 43,000
Principal payments on notes receivable by conversion of accrued officers salaries ..	\$ -	\$ 153,000
Dividends payable on preferred stock	\$ 16,000	\$ -

See notes to condensed consolidated financial statements

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003 (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 three months ended September 30, 2003 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 September 30, 2003, the notes receivable consisted of the balances of notes aggregating \$200,000 due from non-director/non-employee stockholders and entities owned by them bearing an annual interest rate of 8%.

The first note, with a balance of \$23,000, is unsecured and matured October

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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.

The remaining notes, aggregating \$177,000, were in the original principal amount of \$1,750,000, maturing August 16, 2001 and were extended to September 16, 2001. At September 16, 2001 the notes were restructured into twelve-month installment notes collateralized by marketable securities with the first installment due October 16, 2001. The Company recorded an adjustment to reflect a reduction in the estimated fair value of these notes of \$365,000 at June 30, 2001. Officers/stockholders of AquaCell have personally guaranteed up to \$1,750,000 of the notes and have offered as collateral designated assets. Installment payments of \$438,000 were received by the Company and the officers/stockholders have paid \$1,135,000 of the remaining principal balance of \$1,312,000 and \$32,000 in interest through September 30, 2003. These payments were made through contribution of salaries in the amount of \$916,000 and surrender of 82,422 shares of the Company's common stock, valued at \$251,000 through June 30, 2003. Such shares were recorded as treasury stock and retired by the Company at December 31, 2002. In January 2003 the collateral underlying the guarantees was released.

At September 30, 2003, the balance of the reserve against these notes amounted to \$177,000

Interest receivable at September 30, 2003 amounted to \$62,000.

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003 (Unaudited)

NOTE C - INVENTORIES

Inventories consist of the following at September 30, 2003:

Raw materials	\$	155,000
Work in progress		79,000

		\$ 234,000
		=====

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at September 30, 2003:

Furniture and fixtures	\$	35,000
Equipment - office		96,000
Machinery and equipment		122,000
Rental units		9,000
Leasehold improvements		10,000
Truck		11,000

		283,000
Less accumulated depreciation		252,000

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\$ 31,000
=====

NOTE E - LOANS PAYABLE - RELATED PARTIES

At September 30, 2003 the loans payable to related parties consist of unsecured demand interest free loans of \$55,000.

NOTE F - LONG TERM DEBT

At September 30, 2003 long-term debt consists of an installment note, secured by a truck, payable in monthly payments of \$342 through February 2005. Maturities on the note are as follows:

Year ending:		
September 30, 2004	\$	4,000
September 30, 2005		2,000

	\$	6,000
		=====

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AQUACELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003 (Unaudited)

NOTE G - 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 \$336,000 for the quarter ended September 30, 2003.

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.

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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 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.

During the quarter ended September 30, 2003 the Company raised net equity of \$2,296,000 putting AquaCell in a strong cash position. In addition, as discussed in Liquidity and Capital Resources, the Company has the possibility of future financing through the exercise of warrants, previously issued, which could generate up to \$13,900,000 in additional cash. There is no assurance that any of these warrants will be exercised.

For the quarter ended September 30, 2003 revenues were \$201,000 representing a decrease of \$731,000 from the same quarter of the prior year. Virtually the entire decrease, approximately \$700,000, were sales in the prior year to Corbett Water Technologies, Inc. (Corbett) the Company's former exclusive distributor of its patented self-filling water coolers. Corbett has not purchased any water coolers since the quarter ended September 30, 2002. The Company went through a lengthy negotiation process to recover its marketing rights, during which time the Company was impeded from pursuing new marketing avenues or channels of distribution. As a direct result of the Corbett distribution agreements and return of the exclusive marketing rights, the Company has incurred significant non-cash losses, aggregating \$1,847,000 through September 30, 2003, since the inception of these agreements in October of 2001.

The quarter ended September 2003 represented the first period during which the Company has had the ability to restructure its marketing plan and form new sales and marketing alliances. As a part of this restructuring, we have engaged several new marketing partners, including internationally renowned security experts Beau Dietl & Associates, providing access to major corporations for the marketing and sales of our products that we expect to come to fruition over the next six months and provide significant revenues for the Company.

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

The Company does not anticipate incurring significant marketing costs as it intends to utilize channels of distribution where the selling groups will be responsible for payment of their own sales and marketing expenses.

Results of Operations

During the three months ended September 30, 2003 on a consolidated basis, revenues were \$201,000 as compared to \$932,000 for the similar period of the preceding year resulting from the negotiation for the return of the exclusive distribution right discussed in the overview section.

On a consolidated basis gross margin decreased to 36% for the quarter ended September 30, 2003 as compared to 50% for the same quarter of the prior year. The decrease is attributable to increased labor and related costs and a decrease in revenues.

Net loss on a consolidated basis, attributable to common stockholders, for the three months ended September 30, 2003 was \$1,128,000 or \$0.12 per share, as compared to \$225,000 or \$0.03 per share for the same period of the prior year. The increase in the loss is primarily attributable to the decrease in revenues, as well as an increase in stock based compensation in the amount of \$330,000 and fair value adjustment of derivative in the amount of \$207,000.

Salaries and wages decreased by \$11,000 for the quarter ended September 30, 2003 over the prior year. Legal, accounting and other professional expensed decreased by approximately \$9,000 for the quarter ended September 30, 2003. Stock based compensation increased by \$330,000 to \$375,000 for the quarter ended September 30, 2003 resulting from amortization of Black Scholes charges on common stock purchase warrants issued in connection with marketing and consulting agreements initiated during the quarter ended September 30, 2003. Other selling, general and administrative expenses, consisting primarily of rent- \$39,000, telephone and utilities- \$18,000, travel- \$15,000, business promotion- \$30,000, insurance- \$24,000, and vehicle expenses-\$25,000 decreased by approximately \$22,000 to \$255,000 for the quarter ended September 30, 2003.

During the quarter ended September 30, 2003, 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 Water Technologies, Inc. in the amount of \$207,000.

Liquidity and Capital Resources

During the three months ended September 30, 2003 we raised, through the completion of a private placement of our common shares, net equity of approximately \$2,296,000.

Cash used by operations during the three months ended September 30, 2003 amounted to \$884,000. Net loss of \$1,128,000 was reduced by non-cash stock based compensation in the amount of \$375,000, fair value adjustment of derivatives in the amount of \$207,000 and depreciation and amortization of \$13,000. Cash used by operations was further increased by increases in inventories, in anticipation of business growth, in the amount of \$150,000 and

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prepaid expenses in the amount of \$35,000, and a decrease in accounts payable in the amount of \$226,000. Net loss was further decreased by net changes in accrued interest receivable, accrued expenses, customer deposits and accounts receivable amounting to \$63,000.

Cash provided by investing activities during the three months ended September 30, 2003 represented collections on a note receivable in the amount of \$68,000 decreased by expenditures for property and equipment in the amount of \$1,000 decreased by notes issued for the purchase of equipment in the amount of \$1,000.

Cash provided by financing activities was approximately \$2,286,000. Proceeds from sales of common stock in a private placement amounted to \$2,296,000 net of expenses of \$259,000. Proceeds from exercise of stock options amounted to \$27,000. The Company paid a dividend of \$12,000 on its Series A convertible preferred stock and the repayment of a loan to a related party amounted to \$25,000.

We have granted warrants, subsequent to our initial public offering in connection with private placements, consulting, marketing and financing agreements that may generate additional capital of up to approximately \$13,900,000 if exercised. The private placement warrants are exercisable at prices ranging from \$1.16 to \$4.00 and the warrants granted in connection with consulting, marketing and financing agreements are exercisable at prices ranging from \$0.01 to \$5.50. 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, reflected as a derivative in the accompanying financial statements, the Company has adjusted its liability to \$347,000 at September 30, 2003. 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.

Management believes that its present cash balance and cash flows expected to be generated from future operations 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 2(C). SALES OF UNREGISTERED SECURITIES

As reported in the subsequent event footnote to the Company's Form 10-KSB for the year ended June 30, 2003, during July through September 2003 the Registrant sold 1,703,031 shares of Common Stock at \$1.50 per share together with 1,703,031 Common Stock Purchase Warrants to 15 accredited investors pursuant to the exemption provided by Regulation D, Rule 505, and section 4 (2) of the Securities Act of 1933, as amended. Each warrant is convertible into one common share at an exercise price of \$4.00. The total amount of the offering sold was \$2,554,546 and the placement agent received a commission of \$255,455 and 340,607 Common Stock Purchase Warrants exercisable at \$4.00 per share.

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

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Reports on Form 8-K: None.

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: November 13, 2003

/s/ Gary S. Wolff

Gary S. Wolff
Chief Financial Officer

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CERTIFICATION 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 Quarterly Report of AquaCell Technologies, Inc. (the "Company") on Form 10-QSB for the first fiscal quarter ended September 30, 2003 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or

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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 result of operations of the Company.

Dated: November 13, 2003

/s/ James C. Witham

Name: James C. Witham
Title: Chief Executive Officer

Dated: November 13, 2003

/s/ Gary S. Wolff

Name: Gary S. Wolff
Title: Chief Financial Officer

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CERTIFICATION PURSUANT TO RULE 13a-14 AND 15d-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, James C. Witham, Chief Executive Officer of AquaCell Technologies, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of AquaCell Technologies, 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 statements made, in light of the circumstances under which such 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 officer 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 of 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 of the Evaluation Date;

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5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the 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 officer 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.

Dated: November 13, 2003

/s/ James C. Witham

Name: James C. Witham

Title: Chief Executive Officer

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CERTIFICATION PURSUANT TO RULE 13a-14 AND 15d-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Gary S. Wolff, Chief Financial Officer of AquaCell Technologies, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of AquaCell Technologies, 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 statements made, in light of the circumstances under which such 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 officer 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;

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- (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days of 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 of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the 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 officer 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.

Dated: November 13, 2003

/s/ Gary S. Wolff

Name: Gary S. Wolff
Title: Chief Financial Officer