

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

**UNIVERCELL HOLDINGS INC**

CIK: **894680** | IRS No.: **113331350** | State of Incorpor.: **FL** | Fiscal Year End: **1231**  
Type: **10QSB** | Act: **34** | File No.: **001-11624** | Film No.: **04816660**  
SIC: **4813** Telephone communications (no radiotelephone)

Mailing Address  
*1 RANDALL AVENUE*  
*NA*  
*PIKESVILLE MD 21208*

Business Address  
*1 RANDALL AVENUE*  
*NA*  
*PIKESVILLE MD 21208*  
*8007652355*

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

FORM 10-QSB

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

For the quarter ended March 31, 2004

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 001-11624

UNIVERCELL HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)

FLORIDA 11-3331350  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

3710 Clarinth Road  
BALTIMORE, MARYLAND 21215  
(Address of principal executive offices)

(800) 765-2355  
(Registrant's telephone number, including area code)

Check 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, and (2) has been subject to such filing requirements for the past 90  
days. Yes  No

As of May 17, 2004, there were 120,543,894 shares of the issuer's common stock,  
par value \$0.0001 issued and outstanding.

CORPORATE STRUCTURE; IDENTIFICATION OF ENTITIES. UniverCell Holdings,  
Inc. ("UniverCell Holdings") is a holding company, which currently has one  
operating subsidiary, UniverCell Global Phone Rentals, Inc. ("UniverCell  
Global"). References to "us," "our" and "we" in this Report refer to the  
consolidated business of the UniverCell Holdings and UniverCell Global, unless  
the context clearly indicates otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS. Certain  
statements in this Report which are not historical facts or information are  
forward-looking statements, including, but not limited to, the information set  
forth in the Management's Discussion and Analysis of Financial Condition and  
Results of Operation section. Such forward-looking statements involve known and  
unknown risks, uncertainties and other factors which may cause our actual  
results, performance or achievement to be materially different from any future  
results, performance or achievement expressed or implied by such forward-looking  
statements. Such factors include, among others:

- o general economic and business conditions;
- o economic and business conditions relating to travel in general, and to overseas travel in particular;
- o our ability to implement our business strategy;
- o our access to financing;
- o our ability to successfully identify new business opportunities;
- o our ability to attract and retain key executives; o our ability to achieve anticipated cost savings and profitability targets;
- o changes in our industry;
- o changes in mobile telephony technology;
- o changes in competition; and
- o the effect of regulatory and legal restrictions.

These statements are based on our current beliefs, expectations and assumptions and are subject to a number of risks and uncertainties. Our actual results could differ materially from those discussed in these statements.

## PART I FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

<TABLE>  
<CAPTION>

UniverCell Holdings, Inc.  
Consolidated Balance Sheets

| ASSETS                               | March 31,<br>2004<br>(Unaudited) | December 31,<br>2003 |
|--------------------------------------|----------------------------------|----------------------|
| Current Assets                       |                                  |                      |
| <S>                                  | <C>                              | <C>                  |
| Cash                                 | \$ 306,215                       | \$ 447,989           |
| Accounts Receivables                 | 32,793                           | 42,811               |
|                                      | -----                            | -----                |
| Total Current Assets                 | 339,008                          | 490,800              |
|                                      | -----                            | -----                |
| Property & Equipment (Net)           | 42,168                           | 38,976               |
|                                      | -----                            | -----                |
| Other Assets                         |                                  |                      |
| Deferred Financing Costs             | 7,770                            | 30,990               |
| Deferred Beneficial Conversion Costs | 15,125                           | 60,500               |
| Deposits                             | 7,688                            | 7,688                |
|                                      | -----                            | -----                |
| Total Other Assets                   | 30,583                           | 99,178               |
|                                      | -----                            | -----                |
| Total Assets                         | \$ 411,759                       | \$ 628,954           |
|                                      | =====                            | =====                |
| LIABILITIES AND STOCKHOLDERS' EQUITY |                                  |                      |
| Current Liabilities                  |                                  |                      |
| Accounts Payable                     | \$ 376,456                       | \$ 360,820           |
| Accrued Expenses                     | 13,541                           | 58,541               |
| Current Portion of Long Term Debt    | 122,219                          | 267,697              |
|                                      | -----                            | -----                |
| Total Current Liabilities            | 512,216                          | 687,058              |

|                                                                                                                                        |             |            |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------|------------|
| Long-Term Debt                                                                                                                         |             |            |
| Convertible Debentures                                                                                                                 | 109,330     | 252,933    |
| Obligations under Capital Lease                                                                                                        | 12,889      | 14,764     |
| Current Portion of Lease Obligations                                                                                                   | (122,219)   | (267,697)  |
|                                                                                                                                        | -----       | -----      |
| Total Long Term Debt                                                                                                                   | 0           | 0          |
| Total Liabilities                                                                                                                      | 512,216     | 687,058    |
| Stockholders' Equity                                                                                                                   |             |            |
| Common Stock, Authorized 200,000,000 Shares, \$.0001 Par Value, Issued and Outstanding 104,701,739 and 86,862,882 shares, respectively | 10,469      | 8,685      |
| Additional Paid in Capital                                                                                                             | 1,062,506   | 920,687    |
| Retained Earnings (Deficit)                                                                                                            | (1,173,432) | (987,476)  |
|                                                                                                                                        | -----       | -----      |
| Total Stockholders' Equity                                                                                                             | (100,457)   | (58,104)   |
|                                                                                                                                        | -----       | -----      |
| Total Liabilities and Stockholders' Equity                                                                                             | \$ 411,759  | \$ 628,954 |
|                                                                                                                                        | =====       | =====      |

</TABLE>

The accompanying notes are an integral part of these financial statements.

UniverCell Holdings, Inc.  
Consolidated Statements of Operations  
(Unaudited)

|                              | For the Three Months Ended |             |
|------------------------------|----------------------------|-------------|
|                              | March 31,                  |             |
|                              | 2004                       | 2003        |
|                              | -----                      | -----       |
| Revenues                     | 27,182                     | 169,332     |
| Cost of Sales                | 21,172                     | 123,852     |
|                              | -----                      | -----       |
| Gross Profit (Loss)          | 6,010                      | 45,480      |
|                              | -----                      | -----       |
| Operating Expenses           |                            |             |
| General & Administrative     | 123,371                    | 127,171     |
|                              | -----                      | -----       |
| Total Operating Expenses     | 123,371                    | 127,171     |
|                              | -----                      | -----       |
| Net Operating Income (Loss)  | (117,361)                  | (81,691)    |
|                              | -----                      | -----       |
| Other Income (Expense)       |                            |             |
| Interest Income              | 0                          | 107         |
| Interest Expense             | (68,595)                   | (7,311)     |
|                              | -----                      | -----       |
| Total Other Income (Expense) | (68,595)                   | (7,204)     |
|                              | -----                      | -----       |
| Net Income (Loss)            | \$ (185,956)               | \$ (88,895) |
|                              | =====                      | =====       |
| Net Income (Loss) Per Share  | \$ (0.00)                  | \$ (0.01)   |
|                              | =====                      | =====       |

|                                     |            |            |
|-------------------------------------|------------|------------|
| Weighted Average Shares Outstanding | 92,809,168 | 40,088,949 |
|                                     | =====      | =====      |

The accompanying notes are an integral part of these financial statements.

UniverCell Holdings, Inc.  
Consolidated Statements of Cash Flows  
(Unaudited)

<TABLE>  
<CAPTION>

|                                                                          | For the Three Months Ended<br>March 31, |             |
|--------------------------------------------------------------------------|-----------------------------------------|-------------|
|                                                                          | 2004                                    | 2003        |
|                                                                          | ----                                    | ----        |
| CASH FLOWS FROM OPERATING ACTIVITIES:                                    |                                         |             |
| <S>                                                                      | <C>                                     | <C>         |
| Net Income (Loss)                                                        | \$ (185,956)                            | \$ (88,895) |
| Adjustments to Reconcile Net Loss to Net Cash<br>Provided by Operations: |                                         |             |
| Depreciation & Amortization                                              | 71,595                                  | 7,311       |
| Change in Assets and Liabilities                                         |                                         |             |
| (Increase) Decrease in Accounts Receivable                               | 10,018                                  | 111,023     |
| Increase (Decrease) in Accounts Payable/ Accrued Expenses                | (29,364)                                | 29,723      |
|                                                                          | -----                                   | -----       |
| Net Cash Provided(Used) by Operating Activities                          | (133,707)                               | 59,162      |
|                                                                          | -----                                   | -----       |
| CASH FLOWS FROM INVESTING ACTIVITIES:                                    |                                         |             |
| Redemption of Certificate of Deposit                                     |                                         |             |
| Purchases of Property and Equipment                                      | (6,192)                                 | (7,713)     |
|                                                                          | -----                                   | -----       |
| Net Cash Provided (Used) by Investing Activities                         | (6,192)                                 | (7,713)     |
|                                                                          | -----                                   | -----       |
| CASH FLOWS FROM FINANCING ACTIVITIES:                                    |                                         |             |
| Principal Payments on Capital Leases                                     | (1,875)                                 | -           |
|                                                                          | -----                                   | -----       |
| Net Cash Provided(Used) by Financing Activities                          | (1,875)                                 | -           |
|                                                                          | -----                                   | -----       |
| NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS                          | (141,774)                               | 51,449      |
|                                                                          | -----                                   | -----       |
| CASH AND EQUIVALENTS AT BEGINNING OF PERIOD                              | 447,989                                 | 79,668      |
|                                                                          | -----                                   | -----       |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD                               | \$ 306,215                              | \$ 131,117  |
|                                                                          | =====                                   | =====       |
| Cash Paid For:                                                           |                                         |             |
| Interest                                                                 | \$ -                                    | \$ 7,311    |
|                                                                          | =====                                   | =====       |
| Income Taxes                                                             | \$ -                                    | \$ -        |
|                                                                          | =====                                   | =====       |
| Non-Cash Activities:                                                     |                                         |             |

Shares issued for Debenture conversion

\$ 143,603

\$ 167,523

=====

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</TABLE>

The accompanying notes are an integral part of these financial statements.

UniverCell Holdings, Inc.  
Notes to the Consolidated Financial Statements  
March 31, 2004

GENERAL

UniverCell Holdings, Inc. and Subsidiaries (the Company) has elected to omit substantially all footnotes to the financial statements for the three months ended March 31, 2004 since there have been no material changes (other than indicated in other footnotes) to the information previously reported by the Company in their Annual Report filed on Form 10-KSB for the fiscal year ended December 31, 2003.

UNAUDITED INFORMATION

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments which are, in the opinion of management, necessary to properly reflect the results of the interim period presented. The information presented is not necessarily indicative of the results from operations expected for the full fiscal year.

COMMON STOCK

During the three months ended March 31, 2004, the Company issued 17,838,857 Shares of Common Stock in exchange for \$143,603 of Convertible Debentures.

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

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES THERETO APPEARING ELSEWHERE IN THIS QUARTERLY REPORT. CERTAIN STATEMENTS IN THIS QUARTERLY REPORT, WHICH ARE NOT STATEMENTS OF HISTORICAL FACT, ARE FORWARD-LOOKING STATEMENTS. SEE "CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS" ON PAGE 2.

GENERAL

We have been operating our business only since 2000. In view of our relatively limited operating history, we have limited experience forecasting our revenues and operating costs. Furthermore, our limited operating history provides only a limited basis for our business, strategy, management and products to be evaluated. Our business and market is also novel, and we cannot be certain that we will succeed in gaining market acceptance of our products in the marketplace, that we will be able to operate our business profitably, or that, if attained, profitability will be maintained. Accordingly, we believe that period-to-period comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

The following discussion should be read in conjunction with the condensed consolidated Financial Statements and the Notes thereto for the three months ended March 31, 2004 and March 31, 2003.

RESULTS OF OPERATIONS

NET SALES

Net sales for the three months ended March 31, 2004 were approximately \$27,000, a decrease of approximately \$142,000, or 84%, from net sales of approximately \$169,000 for the three months ended March 31, 2003. This decrease was primarily due to a decrease in the number of our customers who rented cell phones in the first quarter of 2004 compared to the first quarter of 2003. We attribute this increase in part to our lack of renewing our marketing efforts with Cendant Corp's subsidiary Avis Rent-A-Car and decreased advertising.

#### COST OF SALES

Cost of sales for the three months ended March 31, 2004 was approximately \$21,000 a decrease of approximately \$103,000, or 83%, from approximately \$124,000 for the three months ended March 31, 2003. This decrease in costs of sales was primarily due to the decreased volume of air time that we resold to our customers in the first quarter of 2004.

#### GROSS PROFIT

Gross profit for the three months ended March 31, 2004 was approximately \$6,000 a decrease of approximately \$39,000, or 87%, from approximately \$45,000 of gross profit for the three months ended March 31, 2003. This decrease is due to the minimal amount of revenue that was generated as compared to the quarter ended March 31, 2003.

#### OPERATING EXPENSES

Operating expenses for the three months ended March 31, 2004 were approximately \$123,000, a decrease of approximately \$4,000, or 3%, over operating expenses of approximately \$127,000 during the three months ended March 31, 2003.

#### OTHER EXPENSES

During the three months ended March 31, 2004, we incurred interest expenses of approximately \$69,000 to reflect accrued interest in connection with our private placement sale of convertible debentures in the aggregate principal amount of \$690,000. The interest expense results from accrued interest during the first quarter on these debentures. During the three months ended March 31, 2003 we had approximately \$7,200 of interest expense associated with the convertible debentures sold in our private placement offering during the first and second quarters of 2002.

#### INCOME TAXES

We recorded no provision for foreign, federal or state income taxes for either the first quarter of 2004 or the third fiscal quarter of 2003.

#### LIQUIDITY AND CAPITAL RESOURCES

To date, we have financed our operations primarily through a combination of a loan from our principal stockholder, private placements of equity and our operating income.

For the three months ended March 31, 2004, we had a net loss of \$185,956. As of March 31, 2004, the Company's cash on hand was \$306,215.

With current assets of \$339,008 and current liabilities of \$512,216, our ability to meet our obligations as they come due is heavily dependant on timely collection of our accounts receivable and on the absence of any surprises that would require immediate outlays of cash. We anticipate that a combination of cash from operations and funds raised in our private placement will be sufficient to fund our operations and expansion during 2004, but rapid expansion is unlikely due to cash constraints. We expect to undertake an advertising campaign in the near future that will strain our cash position, and we are also engaged in disputes with several vendors whose charges, we believe, were excessive. Should those vendors be able to justify their charges our available

cash would be rapidly depleted. If we are unable to achieve our business plan, we may need to continue to rely on external sources of funding to meet our cash needs for future acquisitions and internal expansion and, if necessary, defer discretionary expenditures to continue operations. Additional financing, through subsequent public offerings or private offerings or private equity or debt financings, may not, however, be available to us on acceptable terms or at all.

Our plan is to grow during 2004 through a combination of strategic acquisitions of U.S.-based international mobile phone rental companies, comparably sized or smaller, and through increases in net sales by expanded marketing and advertising. We are also negotiating agreements with marketing partners who will provide us with lead referrals and other access to customers in exchange for a share of revenues. If we are unable to raise additional capital or increase our sales, we will need to pursue a more conservative growth strategy.

During the remainder of 2004, the Company plans to attempt to significantly increase the scale of its rental activity and also to attempt to acquire additional businesses. These activities could also result in our consuming cash at a greater rate than that at which we have previously done so.

For the three months ended March 31, 2004 the net cash used by our operating activities was approximately \$133,000 compared to net cash provided by our operating activities of approximately \$59,000 for the three months ended March 31, 2003. This shift to negative cash flow was largely the result of diminished operations and considerably less rental activity.

### ITEM 3. CONTROLS AND PROCEDURES

Within 90 days of the filing date of this report, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in the preceding paragraph.

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

None.

### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

### ITEM 3. DEFAULTS IN SENIOR SECURITIES

None.

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

None.

### ITEM 5. OTHER INFORMATION



None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 31 Chief Executive Officer and Chief Financial Officer - Rule 13a-14(a) Certification
- 32 Chief Executive Officer and Chief Financial Officer - Sarbanes-Oxley Act Section 906 Certification

(b) Reports on Form 8-K

On May 22, 2003, we filed a Form 8-K, Item 4, to report a change in our independent auditors.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 17, 2004

UNIVERCELL HOLDINGS, INC.

By: /S/ SEAN Y. FULDA

-----  
Sean Y. Fulda  
Chief Executive Officer and President  
(principal executive officer,  
principal financial officer and  
principal accounting officer)

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER - RULE 13A-14(A)  
CERTIFICATION

I, Sean Y. Fulda, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of UniverCell Holdings, 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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have;

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

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

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

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

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

registrant's auditors any material weaknesses in internal controls; and

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

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 17, 2004

/S/ SEAN Y. FULDA

-----

Sean Y. Fulda

Chief Executive Officer

and Chief Financial Officer

In stating that the above matters are true "based on his knowledge," the signer does not mean that he knows such matters to be true, but means that after reasonable inquiry he does not know of any facts which indicate to him that such matters are not true. He further notes that there are no "other certifying officers."

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

I, Sean Y. Fulda, Chief Executive Officer and Chief Financial Officer of UniverCell Holdings, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- the Company's Quarterly Report on Form 10-QSB for the fiscal quarter ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the periods presented therein.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/S/ SEAN Y. FULDA

-----  
Sean Y. Fulda  
Chief Executive Officer and  
Chief Financial Officer  
Date: May 17, 2004