

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For Quarter Ended August 31, 1997

Commission File Number 2-85538

CCA INDUSTRIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

04-2795439
(I.R.S. Employer
Identification Number)

200 Murray Hill Parkway
East Rutherford, NJ
(Address of principal executive offices)

07073
(Zip Code)

(201) 330-1400
Registrant's telephone number, including area code

Not applicable
Former name, former address and former fiscal year, if changed since
last report.

Indicate by check mark whether the Registrant: (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practical date.

Common Stock, \$.01 Par Value - 6,058,621 shares as of August 31, 1997

Class A Common Stock, \$.01 Par Value - 1,154,930 shares as of August 31, 1997

CCA INDUSTRIES, INC. AND SUBSIDIARIES

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

A S S E T S

August 31,
1997 November 30,
(Unaudited) 1996

Current Assets

| | | |
|--|----------------|----------------|
| Cash and cash equivalents | \$ 2,089,601 | \$ 1,422,783 |
| Short-term investments and marketable securities (Note 6) | 1,253,412 | 1,546,289 |
| Accounts receivable, net of allowances of \$1,182,885 and \$1,072,432, respectively | 4,878,723 | 4,017,500 |
| Inventories | 6,092,937 | 5,875,742 |
| Prepaid expenses and sundry receivables | 536,647 | 603,952 |
| Deferred advertising costs (Note 2) | 1,457,838 | - |
| Due from officers - Current | 1,500 | 3,900 |
| Prepaid income taxes | - | 87,552 |
| Deferred income taxes | 436,864 | 496,267 |
| Total Current Assets | 16,747,522 | 14,053,985 |

| | | |
|---|---------|---------|
| Property and Equipment, net of accumulated depreciation and amortization | 536,948 | 729,706 |
|---|---------|---------|

| | | |
|---|---------|---------|
| Intangible Assets, net of accumulated amortization of \$45,143 at August 31, 1997 and \$36,111 at November 30, 1996 | 166,453 | 155,037 |
|---|---------|---------|

Other Assets

| | | |
|---------------------------------|---------------|---------------|
| Marketable securities | 2,112,362 | 1,540,596 |
| Treasury bonds | 98,460 | 93,996 |
| Due from officers - Non-current | 65,250 | 25,250 |
| Deferred income taxes | 57,730 | 55,292 |
| Other | 53,867 | 54,217 |
| Total Other Assets | 2,387,669 | 1,769,351 |

| | | |
|--------------|--------------|--------------|
| Total Assets | \$19,838,592 | \$16,708,079 |
|--------------|--------------|--------------|

See Notes to Consolidated Financial Statements.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

August 31,
1997 November 30,
(Unaudited) 1996

Current Liabilities

| | | | | |
|--|----|-----------|----|-----------|
| Notes payable - Current portion | \$ | - | \$ | 163,500 |
| Accounts payable and accrued liabilities | | 6,346,122 | | 4,794,865 |
| Income taxes payable | | 44,827 | | 25,505 |
| Total Current Liabilities | | 6,390,949 | | 4,983,870 |

Shareholders' Equity

| | | | | |
|---|----|------------|----|------------|
| Common stock, \$.01 par; authorized 15,000,000 shares; issued and outstanding 6,058,621 and 6,012,621 shares, respectively | | 60,586 | | 60,126 |
| Class A common stock, \$.01 par; authorized 5,000,000 shares; issued and outstanding 1,154,930 shares, respectively | | 11,549 | | 11,549 |
| Additional paid-in capital | | 4,454,764 | | 4,455,224 |
| Retained earnings | | 8,959,129 | | 7,216,163 |
| Unrealized (losses) on marketable securities | (| 20,416) | (| 6,353) |
| | | 13,465,612 | | 11,736,709 |
| Less: Treasury Stock (7,500 and 5,000 shares at August 31, 1997 and November 30, 1996, respectively) | | 17,969 | | 12,500 |
| Total Shareholders' Equity | | 13,447,643 | | 11,724,209 |
| Total Liabilities and Shareholders' Equity | \$ | 19,838,592 | \$ | 16,708,079 |

See Notes to Consolidated Financial Statements.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

Three Months Ended Nine Months Ended
August 31, August 31,
1997 1996 1997 1996

Revenues

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Sales of health and beauty products, net | \$10,227,594 | \$10,232,749 | \$29,397,295 | \$30,855,971 |
| Other income | 81,609 | 51,239 | 235,772 | 165,330 |
| | 10,309,203 | 10,283,988 | 29,633,067 | 31,021,301 |

Costs and Expenses

| | | | | |
|----------------|-----------|-----------|------------|------------|
| Costs of sales | 3,850,509 | 3,872,840 | 10,867,142 | 11,730,860 |
|----------------|-----------|-----------|------------|------------|

| | | | | |
|--|------------|------------|--------------|------------|
| Selling, general and administrative expenses | 3,257,666 | 2,514,954 | 8,917,456 | 8,296,401 |
| Advertising, cooperative and promotions | 1,814,930 | 3,475,998 | 6,326,381 | 8,656,522 |
| Research and development | 215,102 | 100,478 | 550,282 | 367,169 |
| Provision for doubtful accounts | (12,485) | 13,809 | 53,911 | 111,803 |
| Interest expense | 750 | 11,291 | 5,656 | 45,353 |
| | 9,126,472 | 9,989,370 | 26,720,828 | 29,208,108 |
| Net Income before Income Taxes | 1,182,731 | 294,618 | 2,912,239 | 1,813,193 |
| Provision for Income Taxes | 456,478 | 142,502 | 1,169,273 | 828,332 |
| Net Income | \$ 726,253 | \$ 152,116 | \$ 1,742,966 | \$ 984,861 |

| | | | | |
|-----------------------------------|--------|--------|--------|--------|
| Income Per Common Share (Note 2): | | | | |
| Net income from operations | \$.09 | \$.02 | \$.22 | \$.12 |

See notes to Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED AUGUST 31,

(UNAUDITED)

| | 1997 | 1996 |
|---|--------------|--------------|
| Cash Flows from Operating Activities: | | |
| Net income | \$1,742,966 | \$ 984,861 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 277,646 | 289,874 |
| Amortization of bond premium | 1,994 | 1,792 |
| Gain on sale of securities | (5,693) | (6,684) |
| Gain on sale of machinery | 6,701 | - |
| Decrease in deferred income taxes | 56,965 | 29,354 |
| (Increase) in accounts receivable | (861,223) | (1,680,395) |
| (Increase) in inventory | (217,195) | (629,791) |
| (Increase) in deferred expenses and miscellaneous receivable | (1,390,533) | (1,483,281) |
| Increase in accounts payable and accrued liabilities | 1,551,257 | 127,281 |
| Increase in taxes payable | 106,874 | 772,733 |
| Decrease in security deposits | 350 | 9,681 |
| Net Cash Provided by (Used in) Operating Activities | 1,270,109 | (1,584,575) |
| Cash Flows from Investing Activities: | | |
| Acquisition of property, plant and equipment | (143,965) | (327,597) |
| Purchase of short-term investments and securities | (2,749,685) | (109,961) |
| Advances of money to officers | (40,000) | (54,890) |
| Proceeds of money due from officers | 2,400 | 54,912 |
| Proceeds from sale of equipment | 40,960 | - |
| Proceeds from sale of investments | 2,455,968 | 1,245,448 |
| Purchase of treasury stock | (5,469) | - |
| Net Cash (Used in) Provided by Investing Activities | (439,791) | 807,912 |
| Cash Flows from Financing Activities: | | |

| | | |
|---|-------------|------------|
| Proceeds from borrowings | - | 1,000,000 |
| Payment on debt | (163,500) | (636,645) |
| Proceeds from stock options exercises | - | 176,940 |
| Net Cash (Used in) Provided by Financing Activities | (163,500) | 540,295 |
| Net Increase (Decrease) in Cash | 666,818 | (236,368) |
| Cash at Beginning of Period | 1,422,783 | 312,150 |
| Cash at End of Period | \$2,089,601 | \$ 75,782 |

See notes to Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED AUGUST 31,

(UNAUDITED)

1997 1996

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:

| | | |
|--------------|-----------|-----------|
| Interest | \$ 6,793 | \$ 48,600 |
| Income taxes | 1,052,850 | 27,315 |

Supplemental Schedule of Noncash Investing and Financing Activities:

The Company issued common stock in exchange for exercise of options and surrender of options and surrender of outstanding shares of stock:

| | | |
|----------------------|-----------|------|
| Common stock retired | \$ 30,000 | \$ - |
| Common stock issued | (30,000) | - |
| | \$ - | \$ - |

See Notes to Consolidated Financial Statements.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended August 31, 1997 are not necessarily indicative of the results that may be expected for the year ended November 30, 1997. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 1996.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated.

Advertising and Related Costs

In accordance with APB 28 Interim Financial Reporting the Company expenses its advertising and related costs proportionately over the interim periods based on its total expected costs per its various advertising programs. Any necessary accrual or deferral is accordingly reflected in the balance sheet for the interim period. However, for annual reporting purposes, no advertising or related costs are capitalized and all are expensed in the fiscal year in which they are incurred.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with an original maturity of less than three months to be cash equivalents.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

Product returns are recorded in inventory when they are received at the

lower of their original cost or market, as appropriate. Obsolete inventory is written off and its value is removed from inventory at the time its obsolescence is determined.

Financial Instruments

The carrying value of assets and liabilities considered financial instruments under SFAS Note #107 approximate their respective fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment and Depreciation and Amortization:

Property and equipment are stated at cost. The Company charges to expense repairs and maintenance items, while major improvements and betterments are capitalized. When the Company sells or otherwise disposes of property and equipment items, the cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is included in earnings.

Depreciation and amortization are provided on the straight-line method over the following estimated useful lives or lease terms of the assets:

| | |
|--------------------------|---|
| Machinery and equipment | 7-10 years |
| Furniture and fixtures | 5-7 years |
| Tools, dies and masters | 2--7 years |
| Transportation equipment | 7 years |
| Leasehold improvements | 7-10 years or life of lease which ever is shorter |

Intangible Assets:

Intangible assets are stated at cost. Patents and trademarks are amortized on the straight-line method over a period of 17 years; organization expenses are amortized on the straight-line method over five (5) years.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Credits:

Tax credits, when present, are accounted for using the flow-through method as a reduction of income taxes in the years utilized.

Earnings Per Share

Earnings per share have been computed based on the weighted average of outstanding common shares and common stock equivalents during the periods, based on the treasury stock method using average market price.

Fully diluted earnings per share are not presented because they result in dilution of less than 3%.

NOTE 3: INVENTORIES

The components of inventory consist of the following:

| | August 31, 1997 | November 30, 1996 |
|----------------|--------------------|----------------------|
| Raw materials | \$4,010,262 | \$4,065,961 |
| Finished goods | 2,082,675 | 1,809,781 |
| | \$6,092,937 | \$5,875,742 |

NOTE 4: DEFERRED ADVERTISING

In accordance with APB 28 Interim Financial Reporting the Company expenses its advertising and related costs proportionately over the interim periods based on its total expected costs per its various advertising programs. Consequently a deferral of \$1,457,838 is accordingly reflected in the balance sheet for the interim period. This deferral is the result of the Company's \$5,200,000 media budget for the year which contemplates drastically lower spending in the 4th quarter than in the other three quarters; as well as the Company's Co-op advertising commitments which also anticipates a lower expenditure in the 4th quarter.

The table below sets forth the calculation:

| | 1997 (In Millions) | 1996 (In Millions) |
|--|-----------------------|-----------------------|
| Media advertising budget for the fiscal year | \$5.2 | \$8.0 |
| Pro-rata portion for nine months | \$3.9 | \$6.0 |
| Media advertising spent | 5.0 | 7.1 |
| Accrual (Deferral) | (\$1.1) | (\$1.1) |

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 4: DEFERRED ADVERTISING (Continued)

| | 1997 (In Millions) | 1996 (In Millions) |
|---|-----------------------|-----------------------|
| Anticipated Co-op advertising commitments | \$3.00 | \$3.40 |
| Pro-rata portion for nine months | \$2.25 | \$2.50 |
| Co-op advertising spent | 2.60 | 2.90 |
| Accrual (Deferral) | (\$.35) | (\$.40) |

NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following items which exceeded 5% of total current liabilities are included in accounts payable and accrued liabilities as of:

| | August 31, 1997 | November 30, 1996 |
|----------------------|--------------------|----------------------|
| a) Media advertising | \$1,900 | \$ * |
| b) Coop advertising | 505 | 321 |
| c) Accrued returns | 585 | 505 |
| d) Bonuses | 450 | * |
| | \$3,440 | \$826 |

All other liabilities were for trade payables or individually did not exceed 5% of total current liabilities.

* under 5%

NOTE 6: OTHER INCOME

Other income consists of the following at August 31, 1997 and 1996:

| | 1997 | 1996 |
|-----------------|-----------|-----------|
| Interest income | \$216,761 | \$150,109 |
| Dividend income | 13,318 | 8,474 |
| Miscellaneous | 5,693 | 6,747 |
| | \$235,772 | \$165,330 |

NOTE 7: SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES

Short-Term Investments and Marketable Securities:

Short-term investments and marketable securities consist of corporate and government bonds and equity securities. In 1994 the Company adopted the accounting principles promulgated by SFAS No. 115 Accounting for Certain Investments in Debt and Equity Securities. The Company has classified its investments as Available-for-Sale securities. Accordingly, such investments are reported at fair market value, with the resultant unrealized gains and losses reported as a separate component of share holders' equity. Prior to 1994, the Company reported marketable securities at the lower of cost or market value; unrealized losses were charged to earnings.

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<TABLE>

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

The market value at August 31, 1997 was \$3,464,234 as compared to \$3,180,881 at November 30, 1996. The cost and market values of the investments at August 31, 1997 were as follows:

<CAPTION>

| COL. A | COL. B | COL. C | COL. D | COL. E | | | | |
|--|---------------|---------------|-----------------|--------------------|----------------------------|--|-----------------------|--------------------------------|
| Name of Issuer and Title of Each Issue | Maturity Date | Interest Rate | Bonds and Notes | Cost of Each Issue | Market Value of Each Issue | Of Equity Issues and Each Other Security | at Balance Sheet Date | Issue Carried in Balance Sheet |

CORPORATE OBLIGATIONS:

| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
|---------------------------|---------|--------|-----------|-----------|-----------|-----------|
| AT&T | 6/01/98 | 4.750% | \$100,000 | \$ 99,006 | \$ 99,113 | \$ 99,113 |
| Tennessee Valley | 3/04/98 | 5.125 | 100,000 | 100,000 | 99,688 | 99,688 |
| Florida Power & Light | 7/01/99 | 6.230 | 300,000 | 295,776 | 296,334 | 296,334 |
| Virginia Electric & Power | 4/01/00 | 6.481 | 250,000 | 246,117 | 246,918 | 246,918 |
| | | | \$740,899 | \$742,053 | \$742,053 | |

</TABLE>

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<TABLE>

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

<CAPTION>

| COL. A | COL. B | COL. C | COL. D | COL. E |
|---|------------------|------------------|--------------------|---------------------------|
| Name of Issuer and Title of Each Issue | Maturity Date | Interest Rate | Bonds and Notes | Amount at Which |
| | | | | Each Portfolio |
| | | | | Market Of Equity Security |
| | | | | Value of Issues and Each |
| | | | | Each Issue Other Security |
| | | | | at Balance |
| | | | | Issue Carried in |
| | | | | Balance Sheet |

GOVERNMENT OBLIGATIONS:

| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
|-------------------------|----------|--------|-----------|-----------|-----------|-----------|
| US Treasury Note | 10/31/98 | 4.750% | \$100,000 | \$ 99,684 | \$ 98,750 | \$ 98,750 |
| US Treasury Note | 10/31/98 | 4.750 | 200,000 | 199,992 | 197,500 | 197,500 |
| US Treasury Note | 10/15/98 | 7.125 | 250,000 | 250,000 | 253,518 | 253,518 |
| US Treasury Note | 4/30/98 | 5.125 | 190,000 | 189,883 | 189,346 | 189,346 |
| US Treasury Note | 4/30/98 | 5.125 | 10,000 | 9,992 | 9,966 | 9,966 |
| US Treasury Note | 7/31/98 | 5.250 | 250,000 | 249,834 | 248,985 | 248,985 |
| US Treasury Note | 2/28/99 | 5.885 | 250,000 | 249,953 | 249,923 | 249,923 |
| US Treasury Note | 11/15/99 | 6.026 | 250,000 | 249,141 | 249,298 | 249,298 |
| US Treasury Note | 1/31/98 | 5.125 | 200,000 | 199,695 | 199,500 | 199,500 |
| US Treasury Zero Coupon | 8/15/99 | 5.920 | 148,000 | 132,075 | 131,969 | 131,969 |
| US Treasury Zero Coupon | 5/15/98 | 5.410 | 215,000 | 207,192 | 206,813 | 206,813 |

</TABLE>

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<TABLE>

CCA INDUSTRIES, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES - OTHER INVESTMENTS

NOTE 7 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

<CAPTION>

| COL. A | COL. B | COL. C | COL. D | COL. E |
|---|------------------|------------------|--------------------|---------------------------|
| Name of Issuer and Title of Each Issue | Maturity Date | Interest Rate | Bonds and Notes | Amount at Which |
| | | | | Each Portfolio |
| | | | | Market Of Equity Security |
| | | | | Value of Issues and Each |
| | | | | Each Issue Other Security |
| | | | | at Balance |
| | | | | Issue Carried in |
| | | | | Balance Sheet |

GOVERNMENT OBLIGATIONS: (Continued)

| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
|----------------|------------|--------|---------|-----------|-----------|-----------|
| FHLMC 1628-N | 12/15/2023 | 6.500% | 50,000 | \$ 48,024 | \$ 44,956 | \$ 44,956 |
| EE Bonds | - | 7.180 | 90,000 | 98,460 | 98,460 | 98,460 |
| FNMA 93-G-26-B | 8/25/2022 | 7.000 | 10,000 | 7,828 | 7,694 | 7,694 |
| FNMA 93-224-D | 11/25/2023 | 6.500 | 104,000 | 101,873 | 91,274 | 91,274 |
| FNMA 92-2-N | 1/25/2024 | 6.500 | 52,000 | 47,424 | 43,652 | 43,652 |
| FHLMC 1702-U | 3/24/2024 | 7.000 | 4,000 | 2,751 | 2,639 | 2,639 |
| FNMA | 11/10/98 | 5.050 | 200,000 | 199,950 | 197,938 | 197,938 |

| | | | | |
|--------------------|-------------|-------------|-------------|---------|
| | 2,543,751 | 2,522,181 | 2,522,181 | |
| EQUITY SECURITIES: | | | | |
| | Number of | | | |
| | Shares | | | |
| Preferred Stock: | | | | |
| Bank America Corp. | 8,000 | 200,000 | 200,000 | 200,000 |
| | \$3,484,650 | \$3,464,234 | \$3,464,234 | |

</TABLE>

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CCA INDUSTRIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION

(UNAUDITED)

For the nine month period ended August 31, 1997, the Company had net sales of \$29,397,295 and net income of \$1,742,966 after a provision for income taxes of \$1,169,273, as compared to net sales of \$30,855,971 and net income of \$984,861 after a provision for income taxes of \$828,332 for the nine month period ended August 31, 1996. Gross margins of 63% for the nine months were better than the 62% margins realized for the nine months in 1996 due to the higher percentage overhead costs (added into the cost of goods) represented in the total cost of goods in 1996, as well as certain product mix fluctuating. Advertising, cooperative and promotional allowance expenditures decreased during the nine month period from \$8,656,522 to \$6,326,381. Advertising expenditures were 21.5% of sales for the nine months ended August 31, 1997 as compared with 28% for the period ended August 31, 1996. As part of the registrant's business it is necessary to enter into co-operative advertising agreements and other promotional activities with its accounts, especially upon the introduction of a new product. Both co-op advertising and promotions have a material effect on the Company's operations. If the advertising and promotions are successful, revenues will be increased accordingly. Should the co-op and promotions not be successful, it will have a negative impact on the Company's promotional cost per sale, and have a negative effect on income. The Company attempts to anticipate its advertising and promotional commitments as a percent of gross sales in order to attempt to control its effect on its net income. In accordance with APB 28 Interim Financial Reporting the Company expenses its advertising and related costs proportionately over the interim periods based on its total expected costs per its various advertising programs. Consequently a deferral of \$1.45 million is accordingly reflected in the balance sheet for the interim period. This deferral is the result of the Company's \$5.2 million media budget for the year which contemplates drastically lower spending in the 4th quarter than in the other three quarters; as well as the Company's Co-op advertising commitments which also anticipates lower expenditures in the 4th quarter. Specifically, the Company spent approximately \$5 million in the first nine months on media advertising and, therefore, expensed \$3.9 million and deferred \$1.1 million as of August 31, 1997. Similarly, as of August 31, 1997 the Company's Co-op advertising commitments for the year ending November 30, 1997 totaled approximately \$3 million of which \$2.6 million was spent in the first nine months resulting in an expense of \$2.25 million and a deferral of approximately \$.35 million as of August 31, 1997.

Comparatively as of August 31, 1996, the Company had anticipated media advertising expense in fiscal year 1996 of \$8 million and spent approximately \$7.1 million in the first nine months resulting in a deferral of approximately \$1.1 million. The anticipated Co-op commitments as of August 31, 1996 were \$3.4 million of which \$2.9 million was spent resulting in a deferral of \$.4 million.

Selling, general and administrative expenses ("SG&A") increased as a percent of sales compared to the prior year. The increase to 30% from 27% was due partly to the lower sales volume, and partly to the lower allocation of overhead costs to costs of goods sold in 1997. Specifically, the increase was mostly due to increased consulting and personnel costs related to health

costs and bonuses based on the higher profit margin for the period.

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CCA INDUSTRIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION

(UNAUDITED)

For the three month period ended August 31, 1997, net sales were \$10,227,594 as compared to \$10,232,749 for August 31, 1996. Income for the quarter before taxes increased to \$1,182,731 from \$294,618. Gross margins of 62% for the three months ended August 31, 1997 were approximately the same as 1996. Advertising, cooperative and promotional allowance expense during the quarter decreased to \$1,814,930 from \$3,475,998. Advertising expenses were 17.75% of sales for the quarter in 1997 as compared to 34% in 1996. Selling, general and administrative expenses were approximately 32% in the current quarter as compared to 25% in 1996. This was primarily due to the accrual of bonuses for the year based on the higher profit margin of the Company.

All of the Company's sales were primarily to drugstore chains, food chains and mass merchandisers throughout the United States.

The Company's financial position as at August 31, 1997 consists of current assets of \$16,747,522 and current liabilities of \$6,390,949. During the nine month period ended August 31, 1997, shareholders' equity increased from \$11,724,209 at November 30, 1996 to \$13,447,643 at August 31, 1997. This was due primarily to the net income generated for the period.

During the six months, the Company generated \$1,270,000 from operations, used \$163,500 to reduce borrowings, and \$144,000 to purchase fixed assets. These factors coupled with the sale of equipment of \$40,000 and the use of cash for the net increase of the Company's investments of approximately \$295,000 resulted in an increase in the Company's cash of about \$667,000.

The Company believes that its current financial condition is sufficient to support its proposed operations for the near future.

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CCA INDUSTRIES, INC.

PART II OTHER INFORMATION

All information pertaining to Part II is omitted pursuant to the instructions pertaining to that part.

The Company did not file any reports on Form 8-K during the three months ended August 31, 1997.

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PART II, ITEM 6. (Continued)

EXHIBIT 11

CCA INDUSTRIES, INC. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

(UNAUDITED)

| | Three Months Ended | | Nine Months Ended | |
|------------------------------|--------------------|-----------|-------------------|-----------|
| | August 31, | | August 31, | |
| | 1997 | 1996 | 1997 | 1996 |
| Item 6. | | | | |
| Primary: | | | | |
| Average shares | | | | |
| outstanding | 7,206,051 | 7,168,751 | 7,217,952 | 7,105,596 |
| Net effect of dilutive stock | | | | |
| options--based on the | | | | |
| treasury stock method | | | | |
| using average market | | | | |
| price | 916,688 | 663,557 | 874,908 | 898,599 |

| | | | | |
|------------------|------------|------------|-------------|------------|
| TOTALS | 8,122,739 | 7,832,308 | 8,092,860 | 8,004,195 |
| Net income | \$ 726,253 | \$ 152,116 | \$1,742,966 | \$ 984,861 |
| Per share amount | \$.09 | \$.02 | \$.22 | \$.12 |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CCA INDUSTRIES, INC.

By:
David Edell, President

By:
John Bingman, Treasurer

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1

| <S> | <C> | <C> |
|------------------------------|-------------|-------------|
| <PERIOD-TYPE> | 3-MOS | 9-MOS |
| <FISCAL-YEAR-END> | NOV-30-1997 | NOV-30-1997 |
| <PERIOD-END> | AUG-31-1997 | AUG-31-1997 |
| <CASH> | 2,089,602 | 2,089,602 |
| <SECURITIES> | 3,464,234 | 3,464,234 |
| <RECEIVABLES> | 6,061,608 | 6,061,608 |
| <ALLOWANCES> | 1,182,885 | 1,182,885 |
| <INVENTORY> | 6,092,937 | 6,092,937 |
| <CURRENT-ASSETS> | 16,747,522 | 17,747,522 |
| <PP&E> | 2,425,521 | 2,425,521 |
| <DEPRECIATION> | 1,722,120 | 1,772,120 |
| <TOTAL-ASSETS> | 19,838,592 | 19,838,592 |
| <CURRENT-LIABILITIES> | 6,390,949 | 6,390,949 |
| <BONDS> | 0 | 0 |
| <PREFERRED-MANDATORY> | 0 | 0 |
| <PREFERRED> | 0 | 0 |
| <COMMON> | 72,060 | 72,060 |
| <OTHER-SE> | 13,375,583 | 13,375,583 |
| <TOTAL-LIABILITY-AND-EQUITY> | 19,838,592 | 19,838,592 |
| <SALES> | 10,227,594 | 29,397,295 |
| <TOTAL-REVENUES> | 10,309,203 | 29,633,067 |
| <CGS> | 3,850,509 | 10,867,142 |
| <TOTAL-COSTS> | 9,126,472 | 26,720,828 |
| <OTHER-EXPENSES> | 5,287,698 | 15,974,119 |
| <LOSS-PROVISION> | (12,485) | 53,911 |
| <INTEREST-EXPENSE> | 750 | 5,656 |
| <INCOME-PRETAX> | 1,182,731 | 2,912,239 |
| <INCOME-TAX> | 456,478 | 1,169,273 |
| <INCOME-CONTINUING> | 726,253 | 1,742,966 |
| <DISCONTINUED> | 0 | 0 |
| <EXTRAORDINARY> | 0 | 0 |
| <CHANGES> | 0 | 0 |
| <NET-INCOME> | 726,253 | 1,742,966 |
| <EPS-PRIMARY> | .09 | .22 |
| <EPS-DILUTED> | .09 | .22 |

</TABLE>