

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 May 31, 2004

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

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Common Stock, \$.01 Par Value - 6,356,261 shares of as May 31, 2004

Class A Common Stock, \$.01 Par Value - 958,230 shares as of  
May 31, 2004

CCA INDUSTRIES, INC. AND SUBSIDIARIES

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May 31, 2004 and 2003 3

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED BALANCE SHEETS

<CAPTION>

A S S E T S

|                                                                                    | May 31,<br>2004<br>(Unaudited) | November 30,<br>2003 |  |
|------------------------------------------------------------------------------------|--------------------------------|----------------------|--|
| <S>                                                                                | <C>                            | <C>                  |  |
| Current Assets                                                                     |                                |                      |  |
| Cash and cash equivalents                                                          | \$ 1,204,257                   | \$ 1,206,787         |  |
| Short-term investments and marketable<br>securities                                | 2,255,490                      | 2,632,448            |  |
| Accounts receivable, net of allowances of<br>\$885,828 and \$895,723, respectively | 9,629,924                      | 6,604,982            |  |
| Inventories                                                                        | 5,902,086                      | 5,312,699            |  |
| Prepaid expenses and sundry receivables                                            | 574,600                        | 590,850              |  |
| Deferred income taxes                                                              | 835,140                        | 963,566              |  |
| Prepaid income taxes and refunds due                                               | -                              | 236,620              |  |
| Deferred advertising                                                               | 5,292,716                      | -                    |  |
| Total Current Assets                                                               | 25,694,213                     | 17,547,952           |  |
| Property and Equipment, net of accumulated<br>depreciation and amortization        | 661,310                        | 728,522              |  |
| Intangible Assets, net of accumulated<br>amortization                              | 510,738                        | 532,193              |  |
| Other Assets                                                                       |                                |                      |  |
| Marketable securities                                                              | 11,336,566                     | 10,991,411           |  |
| Other                                                                              | 37,888                         | 39,138               |  |
| Total Other Assets                                                                 | 11,374,454                     | 11,030,549           |  |
| Total Assets                                                                       | \$38,240,715                   | \$29,839,216         |  |

</TABLE>

See Notes Consolidated to Financial Statements.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED BALANCE SHEETS

<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY

|                                                                                                                  | May 31,<br>2004<br>(Unaudited) | November 30,<br>2003 |  |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------|--|
| <S>                                                                                                              | <C>                            | <C>                  |  |
| Current Liabilities                                                                                              |                                |                      |  |
| Accounts payable and accrued liabilities                                                                         | \$10,430,552                   | \$ 5,603,150         |  |
| Income taxes payable                                                                                             | 601,696                        | -                    |  |
| Dividends payable                                                                                                | 1,024,028                      | 379,117              |  |
| Total Current Liabilities                                                                                        | 12,056,276                     | 5,982,267            |  |
| Subordinated Debentures                                                                                          | 497,656                        | 497,656              |  |
| Deferred Income Taxes                                                                                            | 13,804                         | 14,753               |  |
| Shareholders' Equity                                                                                             |                                |                      |  |
| Preferred stock, \$1.00 par; authorized<br>20,000,000 shares; none issued                                        |                                |                      |  |
| Common stock, \$.01 par; authorized<br>15,000,000 shares; 6,441,264 and<br>6,592,669 shares issued, respectively | 64,413                         | 65,926               |  |
| Class A common stock, \$.01 par; authorized<br>5,000,000 shares; 958,230 shares issued<br>and outstanding        | 9,582                          | 9,582                |  |
| Additional paid-in capital                                                                                       | 3,831,048                      | 3,831,425            |  |
| Retained earnings                                                                                                | 22,294,713                     | 19,891,541           |  |
| Unrealized gains (losses) on marketable<br>securities                                                            | ( 377,106)                     | ( 95,228)            |  |
|                                                                                                                  | 25,822,650                     | 23,703,246           |  |
| Less: Treasury Stock (85,003 shares at<br>May 31, 2004 and 274,055 shares<br>at November 30, 2003, respectively) | 149,671                        | 358,706              |  |
| Total Shareholders' Equity                                                                                       | 25,672,979                     | 23,344,540           |  |
| Total Liabilities and Shareholders' Equity                                                                       | \$38,240,715                   | \$29,839,216         |  |

</TABLE>

See Notes to Consolidated Financial Statements.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

|                                                     | hree Months Ended |              | Six Months Ended |              |
|-----------------------------------------------------|-------------------|--------------|------------------|--------------|
|                                                     | May 31,<br>2004   | 2003         | May 31,<br>2004  | 2003         |
| <S>                                                 | <C>               | <C>          | <C>              | <C>          |
| Revenues                                            |                   |              |                  |              |
| Sales of Health and<br>Beauty Aid<br>Products - Net | \$18,143,645      | \$17,439,253 | \$31,073,110     | \$29,802,038 |

|                                              |              |              |              |              |
|----------------------------------------------|--------------|--------------|--------------|--------------|
| Other income                                 | 195,602      | 171,597      | 353,625      | 323,994      |
|                                              | 18,339,247   | 17,610,850   | 31,426,735   | 30,126,032   |
| Costs and Expenses                           |              |              |              |              |
| Costs of sales                               | 5,852,863    | 5,316,313    | 10,702,110   | 9,763,140    |
| Selling, general and administrative expenses | 4,495,581    | 4,927,457    | 8,299,734    | 9,037,262    |
| Advertising, cooperative and promotions      | 3,063,590    | 2,633,688    | 5,887,896    | 5,356,258    |
| Research and development                     | 206,626      | 202,077      | 440,472      | 431,773      |
| Provision for doubtful accounts              | 65,245       | 195,304      | 74,705       | 232,893      |
| Interest expense                             | 8,906        | 7,435        | 16,829       | 15,798       |
|                                              | 13,692,811   | 13,282,274   | 25,421,746   | 24,837,124   |
| Income before Income Taxes                   | 4,646,436    | 4,328,576    | 6,004,989    | 5,288,908    |
| Provision for Income Taxes                   | 1,848,233    | 1,744,481    | 2,370,644    | 2,131,187    |
| Net Income                                   | \$ 2,798,203 | \$ 2,584,095 | \$ 3,634,345 | \$ 3,157,721 |
| Earnings per Share                           |              |              |              |              |
| Basic                                        | \$ .38       | \$ .36       | \$ .50       | \$ .44       |
| Diluted                                      | \$ .36       | \$ .34       | \$ .47       | \$ .41       |
| Cash Dividends Declared per Share            | \$ .00       | \$ .00       | \$ .14       | \$ .12       |

</TABLE>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<CAPTION>

(UNAUDITED)

|  | Three Months Ended |         | Six Months Ended |         |
|--|--------------------|---------|------------------|---------|
|  | May 31,            | May 31, | May 31,          | May 31, |
|  | 2004               | 2003    | 2004             | 2003    |

| <S>        | <C>         | <C>         | <C>         | <C>         |
|------------|-------------|-------------|-------------|-------------|
| Net Income | \$2,798,203 | \$2,584,095 | \$3,634,345 | \$3,157,721 |

Other Comprehensive Income

|                                                |            |        |            |         |
|------------------------------------------------|------------|--------|------------|---------|
| Unrealized holding gains (loss) on investments | ( 440,603) | 17,249 | ( 281,878) | 140,888 |
|------------------------------------------------|------------|--------|------------|---------|

Provision (Benefit) for

|       |            |       |            |        |
|-------|------------|-------|------------|--------|
| Taxes | ( 175,260) | 6,971 | ( 111,280) | 56,758 |
|-------|------------|-------|------------|--------|

Other Comprehensive

|                     |            |        |            |        |
|---------------------|------------|--------|------------|--------|
| Income (Loss) - Net | ( 265,343) | 10,278 | ( 170,598) | 84,130 |
|---------------------|------------|--------|------------|--------|

|                      |             |             |             |             |
|----------------------|-------------|-------------|-------------|-------------|
| Comprehensive Income | \$2,532,860 | \$2,594,373 | \$3,463,747 | \$3,241,851 |
|----------------------|-------------|-------------|-------------|-------------|

|                     |        |        |        |        |
|---------------------|--------|--------|--------|--------|
| Earnings Per Share: |        |        |        |        |
| Basic               | \$ .35 | \$ .36 | \$ .47 | \$ .45 |
| Diluted             | \$ .33 | \$ .34 | \$ .45 | \$ .42 |

</TABLE>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENT OF CASH FLOWS

<CAPTION>

(UNAUDITED)

|                                                                                   | Six Months Ended |              |
|-----------------------------------------------------------------------------------|------------------|--------------|
|                                                                                   | May 31,          |              |
|                                                                                   | 2004             | 2003         |
| <S>                                                                               | <C>              | <C>          |
| Cash Flows from Operating Activities:                                             |                  |              |
| Net income                                                                        | \$3,634,345      | \$3,157,721  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                  |              |
| Depreciation and amortization                                                     | 165,406          | 186,991      |
| Loss (gain) on sale of marketable securities and repurchase of debentures         | 12,285           | ( 22,758)    |
| Decrease (increase) in deferred income taxes                                      | 127,477          | ( 42,274)    |
| (Increase) in accounts receivable                                                 | ( 3,024,942)     | ( 2,745,195) |
| (Increase) in inventory                                                           | ( 589,387)       | ( 2,270,182) |
| Decrease (increase) in prepaid expenses and miscellaneous receivables             | 16,250           | ( 238,971)   |
| (Increase) in deferred advertising                                                | ( 5,292,716)     | ( 2,573,105) |
| Decrease (increase) in other assets                                               | 1,250            | ( 375)       |
| Increase in accounts payable and accrued liabilities                              | 4,827,402        | 4,300,548    |
| Decrease in prepaid income taxes                                                  | 236,620          | -            |
| Increase in taxes payable                                                         | 601,696          | 699,944      |
| Net Cash Provided by Operating Activities                                         | 715,686          | 452,344      |
| Cash Flows from Investing Activities:                                             |                  |              |
| Acquisition of property, plant and equipment                                      | ( 75,985)        | ( 247,732)   |
| Acquisition of intangible assets                                                  | ( 754)           | ( 1,182)     |

|                                                     |              |              |
|-----------------------------------------------------|--------------|--------------|
| Purchase of marketable securities                   | ( 2,502,801) | ( 3,623,972) |
| Proceeds from sale and maturity of investments      | 2,240,441    | 4,556,792    |
| Net Cash (Used in) Provided by Investing Activities | ( 339,099)   | 683,906      |
| Cash Flows from Financing Activities:               |              |              |
| Purchase of treasury stock                          | -            | ( 5,771)     |
| Dividends paid                                      | ( 379,117)   | ( 370,888)   |
| Net Cash (Used in) Financing Activities             | ( 379,117)   | ( 376,659)   |
| Net (Decrease) Increase in Cash                     | ( 2,530)     | 759,591      |
| Cash and Cash Equivalents at Beginning of Period    |              |              |
|                                                     | 1,206,787    | 1,585,647    |
| Cash and Cash Equivalents at End of Period          |              |              |
|                                                     | \$1,204,257  | \$2,345,238  |
| Supplemental Disclosures of Cash Flow Information:  |              |              |
| Cash paid during the period for:                    |              |              |
| Interest                                            | \$ 16,829    | \$ 15,928    |
| Income taxes                                        | 1,374,450    | 1,460,687    |
| Supplemental Disclosures of Non-Cash Information:   |              |              |
| Dividends declared and accrued                      | \$1,028,028  | \$ -         |

</TABLE>

See Notes to Consolidated Financial Statements.

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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 six month period ended May 31, 2004 are not necessarily indicative of the results that may be expected for the year ended November 30, 2004. 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, 2003.

NOTE 2 - ORGANIZATION AND DESCRIPTION OF BUSINESS

CCA Industries, Inc. ("CCA") was incorporated in the State of Delaware on March 25, 1983.

CCA manufactures and distributes health and beauty aid products.

CCA has several wholly-owned subsidiaries, CCA Cosmetics, Inc., CCA Labs, Inc., Berdell, Inc., Nutra Care Corporation, CCA Online Industries, Inc., and CCA Industries Canada (2003) Inc., all of which are currently inactive.

### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Principles of Consolidation:

The consolidated financial statements include the accounts of CCA and its wholly-owned subsidiaries (collectively the "Company").

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates:

The consolidated financial statements include the use of estimates, which management believes are reasonable. The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### Short-Term Investments and Marketable Securities:

Short-term investments and marketable securities consist of corporate and government bonds 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 shareholders' equity.

#### Statements of Cash Flows Disclosure:

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.

#### 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.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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  | 5-7 Years                                               |
| Furniture and fixtures   | 3-10 Years                                              |
| Tools, dies and masters  | 3 Years                                                 |
| Transportation equipment | 5 Years                                                 |
| Leasehold improvements   | Remaining life of the lease<br>(ranging from 1-9 years) |

Intangible Assets:

Intangible assets are stated at cost. Patents and trademarks are amortized on the straight-line method over a period of 15-17 years.

Financial Instruments:

The carrying value of assets and liabilities considered financial instruments approximate their respective fair value.

Income Taxes:

Income tax expense includes federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

Tax Credits:

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

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings Per Common Share:

Basic earnings per share is calculated using the average number of shares of common stock outstanding during the year. Diluted earnings per share is computed on the basis of the weighted average number of common shares outstanding plus the effect of outstanding stock options using the "treasury stock method" and convertible debentures using the "if-converted" method. Common stock equivalents consist of stock options.

Revenue Recognition:

The Company recognizes sales upon shipment of merchandise. Net sales

are comprised of gross sales less expected returns, trade discounts, customer allowances and various sales incentives. Although no legal right of return exists between the customer and the Company, it is an industry-wide practice to accept returns from customers. The Company, therefore, records a reserve for returns equal to its gross profit on its historical percentage of returns on its last five months sales.

#### Accounts Receivable:

Accounts receivable consist of trade receivables recorded at original invoice amount, less an estimated allowance for uncollectible accounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to receivables that are past due. Trade receivables are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. Changes in the estimated collectibility of trade receivables are recorded in the results of operations for the period in which the estimate is revised. Trade receivables that are deemed uncollectible are offset against the allowance for uncollectible accounts. The Company generally does not require collateral for trade receivables.

Accounts receivable with credit balances have been included as a current liability in "Accounts payable and accrued liabilities" in the accompanying balance sheet.

Accounts receivable are presented net of an allowance for doubtful accounts of \$332,069 and \$549,851 as of May 31, 2004 and November 30, 2003, respectively.

#### Shipping and Handling Costs:

The Company presents shipping and handling costs as part of selling, general and administrative expense and not as part of cost of sales. Freight costs were \$1,291,784 and \$1,672,134 for the six months ended May 31, 2004 and 2003, respectively.

#### Comprehensive Income:

The Company adopted SFAS #130, Comprehensive Income, which considers the Company's financial performance in that it includes all changes in equity during the period from transactions and events from non-owner sources.

#### Reclassifications

Certain prior year amounts have been reclassified to conform to the 2004 presentation.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 4 - INVENTORIES

The components of inventory consist of the following:

|                | May 31,<br>2004 | November 30,<br>2003 |
|----------------|-----------------|----------------------|
| Raw materials  | \$3,543,440     | \$3,746,522          |
| Finished goods | 2,358,646       | 1,566,177            |
|                | \$5,902,086     | \$5,312,699          |

At May 31, 2004 and November 30, 2003, the Company had a reserve for obsolescence of \$979,393 and \$1,153,612, respectively.

#### NOTE 5 - PROPERTY AND EQUIPMENT

The components of property and equipment consisted of the following:

|                                                    | May 31,<br>2004 | November 30,<br>2003 |
|----------------------------------------------------|-----------------|----------------------|
| Machinery and equipment                            | \$ 105,478      | \$ 105,478           |
| Furniture and equipment                            | 708,184         | 676,494              |
| Transportation equipment                           | 10,918          | 10,918               |
| Tools, dies, and masters                           | 386,158         | 347,560              |
| Leasehold improvements                             | 283,063         | 277,366              |
|                                                    | 1,493,801       | 1,417,816            |
| Less: Accumulated depreciation<br>and amortization | 832,491         | 689,294              |
| Property and Equipment - Net                       | \$ 661,310      | \$ 728,522           |

Depreciation expense for the six months ended May 31, 2004 and 2003 amounted to \$143,197 and \$162,990, respectively.

#### NOTE 6 - INTANGIBLE ASSETS

Intangible assets consist of the following:

|                                | May 31,<br>2004 | November 30,<br>2003 |
|--------------------------------|-----------------|----------------------|
| Patents and trademarks         | \$760,148       | \$759,394            |
| Less: Accumulated amortization | 249,410         | 227,201              |
| Intangible Assets - Net        | \$510,738       | \$532,193            |

Amortization expense for the six months ended May 31, 2004 and 2003 amounted to \$22,209 and \$24,001, respectively. Estimated amortization expense for each quarter of the ensuing five years through May 31, 2009 is \$12,000.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 7 - 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 \$5,292,716 is accordingly reflected in the balance sheet for the interim period. This deferral is the result of the Company's \$9 million media budget and \$5.5 million co-op budget for the year which contemplates lower spending in the 4th quarter than in the other three quarters.

The table below sets forth the calculation:

|                                              | May<br>2004<br>(In Millions) | May<br>2003<br>(In Millions) |
|----------------------------------------------|------------------------------|------------------------------|
| Media advertising budget for the fiscal year | \$9.00                       | \$8.00                       |
| Pro-rata portion for six months              | \$4.50                       | \$4.00                       |
| Media advertising spent                      | 8.72                         | 5.52                         |
| Accrual (deferral)                           | (\$4.22)                     | (\$1.52)                     |
| Anticipated Co-op advertising commitments    | \$5.50                       | \$5.00                       |
| Pro-rata portion for six months              | \$2.75                       | \$2.50                       |
| Co-op advertising spent                      | 3.82                         | 3.55                         |
| Accrual (deferral)                           | (\$6.07)                     | (\$1.05)                     |

#### NOTE 8 - 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:

|                      | May 31,<br>2004 | November 30,<br>2003 |
|----------------------|-----------------|----------------------|
|                      | (In Thousands)  | (In Thousands)       |
| a) Media advertising | \$3,575         | \$ *                 |
| b) Coop advertising  | 1,475           | 607                  |
| c) Accrued returns   | 1,087           | 787                  |
| d) Accrued bonuses   | *               | 499                  |
|                      | \$6,137         | \$1,893              |

\* under 5%

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

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - OTHER INCOME

Other income consists of the following at May 31:

|                              | 2004      | 2003      |
|------------------------------|-----------|-----------|
| Interest and dividend income | \$261,315 | \$241,556 |
| Royalty income               | 60,380    | 58,699    |
| Miscellaneous                | 31,930    | 23,739    |
|                              | \$353,625 | \$323,994 |

NOTE 10 - NOTES PAYABLE AND SUBORDINATED DEBENTURES

The Company has an available line of credit of \$10,000,000. Interest is calculated at the Company's option, either on the outstanding balance at prime rate minus 1% or Libor plus 150 basis points. The line of credit is unsecured and the Company must adhere to certain financial covenants pertaining to net worth and debt coverage. The Company was not utilizing their available credit line at May 31, 2004 or November 30, 2003.

On August 1, 2000, the Company repurchased (pursuant to a tender offer) 278,328 shares of its outstanding common stock by issuing subordinated debentures equal to \$2 per share, which accrue interest at 6% and are due to mature on August 1, 2005. The interest is payable semi-annually.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company has been named as a defendant in 12 lawsuits alleging that the plaintiffs were injured as a result of their purchasing and ingesting our diet suppressant containing phenylpropanolamine (PPA), which the Company utilized as its active ingredient in its products prior to November 2000. The lawsuits brought against the Company are for unspecified amount of compensatory and exemplary damages. Nine of the suits have been dismissed with prejudice. Outside counsel for the Company believes that the three PPA cases still pending against the Company are defensible. Of the Company's three pending suits, one is insured by the Company's liability carrier.

Dividends

CCA declared a cash dividend of \$0.14 per share payable to all holders of the Company's common stock, \$0.07 to shareholders of record on May 1, 2004 payable on June 1, 2004 and \$0.07 to shareholders of record on November 1, 2004, payable on November 30, 2004.

On June 17, 2004, the Board of Directors declared a 2% stock dividend

payable on December 1, 2004 to shareholders of record on November 1, 2004.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - PENSION PLANS

The Company has adopted a 401(K) Profit Sharing Plan that covers union and non-union employees with over one year of service and attained Age 21. Employees may make salary reduction contributions up to twenty-five percent of compensation not to exceed the federal government limits.

NOTE 13 - STOCK-BASED COMPENSATION

The Company accounts for its stock-based employee compensation under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Under APB No. 25, when the exercise price of stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized in the consolidated statement of operations.

During the second quarter of 2004, the Company issued incentive stock options to purchase 66,600 shares and non-qualified stock options to purchase 33,400 shares under the 2003 stock option plan. Under the provisions of APB No. 25, no compensation expense has been, or will be, recognized in the consolidated statement of operations.

Proforma net income and net income per share, as required by SFAS No. 123, have been determined as if we had accounted for all employee stock options granted under SFAS No. 123's fair value method. The proforma effect of recognizing compensation expense in accordance with SFAS No. 123 is as follows:

<TABLE>

<CAPTION>

|                                                                                         | Three Months Ended May 31, |             | Six Months Ended May 31, |             |  |
|-----------------------------------------------------------------------------------------|----------------------------|-------------|--------------------------|-------------|--|
|                                                                                         | 2004                       | 2003        | 2004                     | 2003        |  |
|                                                                                         | <C>                        | <C>         | <C>                      | (C)         |  |
| Net income as reported                                                                  | \$2,798,203                | \$2,584,095 | \$3,634,345              | \$3,157,721 |  |
| SFAS No. 123 based compensation                                                         | ( 186,530)                 | -           | ( 186,530)               | -           |  |
| Income tax benefit                                                                      | 74,612                     | -           | 74,612                   | -           |  |
| Net income - proforma                                                                   | \$2,686,285                | \$2,584,095 | \$3,522,427              | \$3,157,721 |  |
| Basic net income per share - as reported                                                | \$ .38                     | \$ .36      | \$ .50                   | \$ .44      |  |
| Basic net income per share - proforma                                                   | \$ .37                     | \$ .36      | \$ .48                   | \$ .44      |  |
| Diluted net income per share - as reported                                              | \$ .36                     | \$ .34      | \$ .47                   | \$ .41      |  |
| Diluted net income per share - proforma                                                 | \$ .35                     | \$ .34      | \$ .46                   | \$ .41      |  |
| Weighted average shares used in computing net income and proforma net income per share: |                            |             |                          |             |  |
| Basic                                                                                   | 7,314,491                  | 7,215,128   | 7,301,942                | 7,178,242   |  |
| Diluted                                                                                 | 7,677,661                  | 7,654,529   | 7,665,029                | 7,642,160   |  |

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NOTE 13 - STOCK-BASED COMPENSATION (Continued)

Proforma information regarding net income and net income per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of SFAS No. 123. The fair value of these options was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions for the three months and six months ended May 31, 2004: a risk-free interest rate of 3.78%; dividend yield of 1.68%; volatility factor of the expected market price of the Company's common stock of 20.32%; and a weighted average life of the options of five or ten years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions. Because the Company's employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

NOTE 14 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES

Short-term investments and marketable securities, which consist of stock and various corporate and government obligations, are stated at market value. The Company has classified its investments as Available-for-Sale securities and considers as current assets those investments which will mature or are likely to be sold in the next fiscal year. The remaining investments are considered non-current assets. The cost and market values of the investments at May 31, 2004 and November 30, 2003 were as follows:

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES

|                                                               | May 31, 2004 |            | November 30, 2003 |            |
|---------------------------------------------------------------|--------------|------------|-------------------|------------|
|                                                               | COST         | MARKET     | COST              | MARKET     |
| Current:                                                      |              |            |                   |            |
| Corporate obligations                                         | \$ 525,000   | \$ 527,803 | \$ 850,860        | \$ 854,466 |
| Government obligations (including mortgage backed securities) | 1,317,446    | 1,260,568  | 1,260,340         | 1,248,731  |
| Common stock                                                  | 253,134      | 240,050    | 304,379           | 295,538    |
| Mutual funds                                                  | 183,751      | 122,319    | 179,320           | 118,963    |
| Other equity                                                  |              |            |                   |            |

|                          |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|
| investments              | 103,573      | 104,750      | 111,750      | 114,750      |
| Total                    | 2,382,904    | 2,255,490    | 2,706,649    | 2,632,448    |
| Non-Current:             |              |              |              |              |
| Corporate obligations    | 6,024,066    | 5,950,390    | 5,374,706    | 5,342,893    |
| Government obligations   | 4,132,697    | 4,013,188    | 4,208,237    | 4,182,482    |
| Preferred stock          | 1,329,495    | 1,272,988    | 1,329,495    | 1,366,036    |
| Other equity investments | 100,000      | 100,000      | 100,000      | 100,000      |
| Total                    | 11,586,258   | 11,336,566   | 11,012,438   | 10,991,411   |
| Total                    | \$13,969,162 | \$13,592,056 | \$13,719,087 | \$13,623,859 |

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<CAPTION>

NOTE 14 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

The market value at May 31, 2004 was \$13,592,056 as compared to \$13,623,859 at November 30, 2003. The gross unrealized gains and losses were \$16,403 and (\$393,509) for May 31, 2004 and \$89,761 and (\$184,989) for November 30, 2003. The cost and market values of the investments at May 31, 2004 were as follows:

| COL. A                                 |               | COL. B                              | COL. C          | COL. D                     | COL. E             |                                                                                  |                                |
|----------------------------------------|---------------|-------------------------------------|-----------------|----------------------------|--------------------|----------------------------------------------------------------------------------|--------------------------------|
| Name of Issuer and Title of Each Issue | Maturity Date | Number of Units-Principal Amount of | Bonds and Notes | Market Value of Each Issue | Cost of Each Issue | Amount at Which Each Portfolio Of Equity Security Issues and Each Other Security | Issue Carried in Balance Sheet |
| <S>                                    | <C>           | <C>                                 | <C>             | <C>                        | <C>                | <C>                                                                              | <C>                            |
| CORPORATE OBLIGATIONS:                 |               |                                     |                 |                            |                    |                                                                                  |                                |
| GMAC Smartnotes                        | 10/15/05      | 3.100%                              | 200,000         | \$ 200,000                 | \$ 199,330         | \$ 199,330                                                                       | \$ 199,330                     |
| GMAC Smartnotes                        | 10/15/05      | 3.150                               | 400,000         | 400,000                    | 399,728            | 399,728                                                                          | 399,728                        |
| GMAC Smartnotes                        | 5/15/05       | 5.000                               | 175,000         | 175,000                    | 177,062            | 177,062                                                                          | 177,062                        |
| GMAC Smartnotes                        | 8/15/04       | 2.650                               | 250,000         | 250,000                    | 250,235            | 250,235                                                                          | 250,235                        |
| GMAC Smartnotes                        | 6/15/05       | 3.550                               | 200,000         | 200,000                    | 200,208            | 200,208                                                                          | 200,208                        |
| GMAC Smartnotes                        | 5/15/06       | 4.050                               | 400,000         | 400,000                    | 396,960            | 396,960                                                                          | 396,960                        |
| GMAC Smartnotes                        | 10/15/06      | 3.550                               | 250,000         | 250,000                    | 247,525            | 247,525                                                                          | 247,525                        |
| GMAC Smartnotes                        | 12/15/06      | 3.400                               | 200,000         | 200,000                    | 196,662            | 196,662                                                                          | 196,662                        |
| Household Finance Corp.                |               |                                     |                 |                            |                    |                                                                                  |                                |
| Internotes                             | 10/15/06      | 2.750                               | 100,000         | 100,000                    | 98,919             | 98,919                                                                           | 98,919                         |
| Bear Sterns                            | 2/15/07       | 2.650                               | 100,000         | 100,000                    | 97,366             | 97,366                                                                           | 97,366                         |

</TABLE>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<CAPTION>

NOTE 14 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

| COL. A                                    |                  | COL. B           | COL. C             | COL. D                            | COL. E                                                  |                                   |
|-------------------------------------------|------------------|------------------|--------------------|-----------------------------------|---------------------------------------------------------|-----------------------------------|
| Name of Issuer and<br>Title of Each Issue | Maturity<br>Date | Interest<br>Rate | Bonds and<br>Notes | Amount at Which<br>Each Portfolio |                                                         | Issue Carried in<br>Balance Sheet |
|                                           |                  |                  |                    | Market<br>Value of<br>Each Issue  | Of Equity Security<br>Issues and Each<br>Other Security |                                   |
| <S>                                       | <C>              | <C>              | <C>                | <C>                               | <C>                                                     | <C>                               |
| CORPORATE OBLIGATIONS (Continued):        |                  |                  |                    |                                   |                                                         |                                   |
| Ford Motor Credit                         | 5/22/06          | 4.750%           | 250,000            | \$ 250,000                        | \$ 253,603                                              | \$ 253,603                        |
| Ford Motor Corp.                          | 10/20/06         | 4.250            | 100,000            | 100,000                           | 99,978                                                  | 99,978                            |
| CIT Group Inc.                            | 1/15/06          | 4.000            | 200,000            | 200,000                           | 201,952                                                 | 201,952                           |
| CIT Group Inc.                            | 3/15/05          | 3.200            | 100,000            | 100,000                           | 100,506                                                 | 100,506                           |
| CIT Group Inc.                            | 7/15/05          | 2.000            | 100,000            | 100,000                           | 99,268                                                  | 99,268                            |
| CIT Group Inc.                            | 10/15/05         | 2.250            | 100,000            | 100,000                           | 99,367                                                  | 99,367                            |
| GE Capital Group Internotes               | 2/15/06          | 2.450            | 250,000            | 250,000                           | 248,195                                                 | 248,195                           |
| GE Capital Group Internotes               | 7/15/06          | 2.150            | 200,000            | 200,000                           | 196,018                                                 | 196,018                           |
| GE Capital Group Internotes               | 10/15/06         | 2.500            | 400,000            | 400,000                           | 394,812                                                 | 394,812                           |
| GE Capital Group Internotes               | 9/15/06          | 2.550            | 150,000            | 150,000                           | 147,849                                                 | 147,849                           |
| GE Capital Group Internotes               | 9/15/06          | 2.350            | 300,000            | 300,000                           | 295,696                                                 | 295,696                           |
| GE Capital Group Internotes               | 10/15/06         | 2.250            | 300,000            | 300,000                           | 295,101                                                 | 295,101                           |
| GE Capital Group Internotes               | 2/15/07          | 2.500            | 200,000            | 200,000                           | 195,256                                                 | 195,256                           |
| GE Capital Group                          | 3/15/07          | 2.350            | 250,000            | 250,000                           | 242,372                                                 | 242,372                           |
| Citibank Global Markets                   |                  |                  |                    |                                   |                                                         |                                   |
| Hldg Inc.                                 | 3/15/07          | 2.350            | 150,000            | 150,000                           | 145,101                                                 | 145,101                           |
| American General Fin. Corp.               | 8/15/05          | 2.050            | 200,000            | 200,000                           | 199,448                                                 | 199,448                           |
| American General Fin. Corp.               | 9/15/06          | 2.500            | 100,000            | 100,000                           | 98,304                                                  | 98,304                            |
| John Hancock Life Ins. Co.                | 7/15/06          | 2.250            | 200,000            | 200,000                           | 196,604                                                 | 196,604                           |
| John Hancock Life Ins. Co.                | 10/15/06         | 2.450            | 100,000            | 100,000                           | 97,606                                                  | 97,606                            |
| John Hancock Life Ins. Co.                | 7/15/06          | 2.300            | 200,000            | 200,000                           | 195,292                                                 | 195,292                           |
| John Hancock Life Ins. Co.                | 3/15/07          | 2.350            | 150,000            | 150,000                           | 146,138                                                 | 146,138                           |
| General Dynamics Corp.                    | 10/15/06         | 2.125            | 150,000            | 149,706                           | 147,713                                                 | 147,713                           |
| Bank One Corp. Global Notes               | 6/30/08          | 2.625            | 125,000            | 124,360                           | 118,019                                                 | 118,019                           |
|                                           |                  |                  | 6,549,066          | 6,478,193                         | 6,478,193                                               |                                   |

</TABLE>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<CAPTION>

NOTE 14 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

| COL. A                                    |                  | COL. B           | COL. C             | COL. D                            | COL. E                                                  |                                   |
|-------------------------------------------|------------------|------------------|--------------------|-----------------------------------|---------------------------------------------------------|-----------------------------------|
| Name of Issuer and<br>Title of Each Issue | Maturity<br>Date | Interest<br>Rate | Bonds and<br>Notes | Amount at Which<br>Each Portfolio |                                                         | Issue Carried in<br>Balance Sheet |
|                                           |                  |                  |                    | Market<br>Value of<br>Each Issue  | of Equity Security<br>Issues and Each<br>Other Security |                                   |
| <S>                                       | <C>              | <C>              | <C>                | <C>                               | <C>                                                     | <C>                               |
| GOVERNMENT OBLIGATIONS:                   |                  |                  |                    |                                   |                                                         |                                   |
| US Treasury Note                          | 7/31/05          | 1.500%           | 625,000            | \$ 624,096                        | \$ 621,681                                              | \$ 621,681                        |
| US Treasury Note                          | 6/30/05          | 1.125            | 200,000            | 199,524                           | 198,376                                                 | 198,376                           |
| US Treasury Note                          | 5/15/06          | 2.000            | 100,000            | 99,895                            | 99,031                                                  | 99,031                            |
| US Treasury Note                          | 5/31/05          | 1.250            | 375,000            | 374,550                           | 372,893                                                 | 372,893                           |
| Federal Home Loan Bank                    | 8/21/06          | 2.590            | 200,000            | 200,000                           | 198,126                                                 | 198,126                           |
| Federal Home Loan Bank                    | 7/24/06          | 2.125            | 100,000            | 100,000                           | 98,406                                                  | 98,406                            |
| Federal Home Loan Bank                    | 7/28/06          | 2.189            | 200,000            | 199,000                           | 196,688                                                 | 196,688                           |
| FNMA                                      | 5/15/06          | 2.250            | 200,000            | 198,772                           | 197,750                                                 | 197,750                           |
| FHLB                                      | 6/19/06          | 2.260            | 250,000            | 249,380                           | 246,720                                                 | 246,720                           |
| FHLMC                                     | 11/15/17         | 4.375            | 200,000            | 200,000                           | 195,626                                                 | 195,626                           |

|                            |          |       |         |         |         |         |
|----------------------------|----------|-------|---------|---------|---------|---------|
| FHLMC                      | 11/15/09 | 3.000 | 250,000 | 250,000 | 243,640 | 243,640 |
| FNMA                       | 8/15/12  | 4.000 | 250,000 | 250,000 | 249,610 | 249,610 |
| FNMA                       | 12/10/17 | 3.000 | 150,000 | 150,000 | 149,063 | 149,063 |
| FNMA                       | 9/24/07  | 3.000 | 200,000 | 200,000 | 196,626 | 196,626 |
| Tennessee Valley Authority |          |       |         |         |         |         |
| Power Bonds                | 5/1/29   | 6.500 | 26,000  | 688,530 | 626,600 | 626,600 |
| Tobacco Settlement Fin     |          |       |         |         |         |         |
| Corp. N                    | 6/1/15   | 5.000 | 200,000 | 198,500 | 170,245 | 170,245 |
| NJ Turnpike Authority      | 1/1/30   | 1.050 | 325,000 | 325,000 | 325,000 | 325,000 |
| Port Authority NY & NJ     |          |       |         |         |         |         |
| Cons 88th SR BE            | 10/1/04  | 4.500 | 225,000 | 238,789 | 227,313 | 227,313 |

CLOSED END MUNICIPAL BONDS/MUTUAL FUNDS:

|                                               |           |           |           |        |
|-----------------------------------------------|-----------|-----------|-----------|--------|
| Muniyield New Jersey Insd Frd Inc.            | 6,500     | 96,905    | 89,115    | 89,115 |
| Muniholdings New Jersey Insd FD Inc.          | 6,900     | 94,549    | 94,323    | 94,323 |
| Nuveen New Jersey Invt Quality Municipal Fund | 6,200     | 95,162    | 87,420    | 87,420 |
| Nuveen New Jersey Prem Inc Municipal Fund     | 5,200     | 78,639    | 74,620    | 74,620 |
| Van Kamp Amer Cap Inv Gr NJ                   | 4,800     | 80,502    | 74,880    | 74,880 |
| Blackrock New Jersey Municipal Inc.           | 6,000     | 87,989    | 80,460    | 80,460 |
| Eaton Vance New Jersey Municipal Inc.         | 5,600     | 85,506    | 79,743    | 79,743 |
| Nuveen New Jersey Dividend Advantage          | 5,700     | 84,855    | 79,801    | 79,801 |
|                                               | 5,450,143 | 5,273,756 | 5,273,756 |        |

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<CAPTION>

NOTE 14 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

| COL. A                                 | COL. B        | COL. C                                            | COL. D          | COL. E                                                    |                                                   |                                |
|----------------------------------------|---------------|---------------------------------------------------|-----------------|-----------------------------------------------------------|---------------------------------------------------|--------------------------------|
| Name of Issuer and Title of Each Issue | Maturity Date | Number of Units-Principal Amount of Interest Rate | Bonds and Notes | Amount at Which Each Portfolio Market Value of Each Issue | Of Equity Security Issues and Each Other Security | Issue Carried in Balance Sheet |
| <S>                                    | <C>           | <C>                                               | <C>             | <C>                                                       | <C>                                               | <C>                            |
| EQUITY:                                |               |                                                   |                 |                                                           |                                                   |                                |
| Preferred Stock:                       |               |                                                   |                 |                                                           |                                                   |                                |
| Public Income NTS                      |               |                                                   |                 |                                                           |                                                   |                                |
| General Electric Cap Corp.             | 11/15/32      | 6.100%                                            | 14,800          | \$ 379,495                                                | \$ 364,228                                        | \$ 364,228                     |
| Merrill Lynch Trust                    | 9/30/08       | 7.280                                             | 6,000           | 150,000                                                   | 155,400                                           | 155,400                        |
| Corporate Backed Trust                 |               |                                                   |                 |                                                           |                                                   |                                |
| Certificates For AIG                   |               |                                                   |                 |                                                           |                                                   |                                |
| Sun America                            | 5/17/07       | 6.700                                             | 6,000           | 150,000                                                   | 151,260                                           | 151,260                        |
| Corporate Backed Trust                 |               |                                                   |                 |                                                           |                                                   |                                |
| Certificates For Bristol Myers Squibb  |               |                                                   |                 |                                                           |                                                   |                                |
| Myers Squibb                           | 5/23/07       | 6.800                                             | 6,000           | 150,000                                                   | 147,780                                           | 147,780                        |
| Morgan Stanley Cap Tr                  | 7/15/33       | 5.750                                             | 4,000           | 100,000                                                   | 89,120                                            | 89,120                         |
| ABN AMRO Cap Fund                      | 7/3/08        | 5.900                                             | 2,000           | 50,000                                                    | 45,600                                            | 45,600                         |
| JP Morgan Chase Cap IX                 | 6/15/33       | 5.875                                             | 2,000           | 50,000                                                    | 45,600                                            | 45,600                         |
| Wells Fargo Cap Tr VIII                | 8/1/33        | 5.625                                             | 8,000           | 200,000                                                   | 177,200                                           | 177,200                        |
| Lehman Cap Trust IV                    | 10/31/52      | 6.375                                             | 4,000           | 100,000                                                   | 96,800                                            | 96,800                         |
|                                        |               |                                                   | 1,329,495       | 1,272,988                                                 | 1,272,988                                         |                                |

</TABLE>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<CAPTION>

NOTE 14 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

| COL. A                                           | COL. B           | COL. C           | COL. D                                                          | COL. E                            |                                                                                     |                                   |
|--------------------------------------------------|------------------|------------------|-----------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------|-----------------------------------|
| Name of Issuer and<br>Title of Each Issue        | Maturity<br>Date | Interest<br>Rate | Number of<br>Units-Principal<br>Amount of<br>Bonds and<br>Notes | Amount at Which<br>Each Portfolio |                                                                                     | Issue Carried in<br>Balance Sheet |
|                                                  |                  |                  |                                                                 | Market<br>Value of<br>Each Issue  | Of Equity Security<br>Issues and Each<br>Other Security<br>at Balance<br>Sheet Date |                                   |
| <S>                                              | <C>              | <C>              | <C>                                                             | <C>                               | <C>                                                                                 | <C>                               |
| EQUITY (Continued):                              |                  |                  |                                                                 |                                   |                                                                                     |                                   |
| Common Stock:                                    |                  |                  |                                                                 |                                   |                                                                                     |                                   |
| DTE Energy Co.                                   |                  |                  | 1,200                                                           | \$ 51,649                         | \$ 48,252                                                                           | \$ 48,252                         |
| Consolidated Edison Inc.                         |                  |                  | 3,800                                                           | 153,485                           | 149,188                                                                             | 149,188                           |
| Progress Energy Inc.                             |                  |                  | 1,000                                                           | 48,000                            | 42,610                                                                              | 42,610                            |
|                                                  |                  |                  | 253,134                                                         | 240,050                           | 240,050                                                                             |                                   |
| Mutual Funds:                                    |                  |                  |                                                                 |                                   |                                                                                     |                                   |
| Dreyfus Premier Limited<br>Term High Income CL B |                  |                  | 16,918.190                                                      | 183,751                           | 122,319                                                                             | 122,319                           |
| Other Equity Investments:                        |                  |                  |                                                                 |                                   |                                                                                     |                                   |
| Aberdeen Asia Pacific<br>Income Fund             |                  |                  | 4                                                               | 100,000                           | 100,000                                                                             | 100,000                           |
| Enterprise Production Partners LP                |                  |                  | 5,000                                                           | 103,573                           | 104,750                                                                             | 104,750                           |
|                                                  |                  |                  | 203,573                                                         | 204,750                           | 204,750                                                                             |                                   |
|                                                  |                  |                  | \$13,969,162                                                    | \$13,592,056                      | \$13,592,056                                                                        |                                   |

</TABLE>

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

For the three-month period ending May 31, 2004, the Company had revenues of \$18,339,247 and net income of \$2,798,203 after a provision for taxes of \$1,848,233. For the same quarter in 2003, revenues were \$17,610,850 and net income of \$2,584,095 after a provision for taxes of \$1,744,481. Earnings per share was \$.36 (diluted) for the second quarter 2004 as compared to earnings per share of \$.34 (diluted) for the second quarter 2003. In accordance with EITF 00-14, the Company has accounted for certain sales incentives offered to customers by charging them directly to sales as opposed to advertising and promotional expense. Net sales for the second quarter of 2004 were reduced by \$636,598 and offset by an equal reduction of trade promotional expenses, which were included in the Company's advertising expense budget. In the same period of the prior year, gross sales were reduced by \$695,397 and trade promotion was credited by that amount. These accounting adjustments under EITF 00-14 do not affect net income.

For the three month period ending May 31, 2004, the 8% increase in net income was a result of a \$704,392 increase in net sales and an increase in cost of goods sold of \$552,875. Advertising, co-op and promotional expenses increased by \$429,902 compared to the three months ending May 31, 2003. Selling, general and administrative expenses decreased by \$431,876. Included in the selling, general and administrative expenses were reductions of \$92,304 in freight out, \$76,220 in royalty expenses, legal and accounting of \$50,795, and a decrease in consulting fees of \$59,563.

Both media and co-op commitments have a material effect on the Company's operations. The Company attempts to anticipate its advertising and promotional commitments as a percentage of gross sales in order to control its effect on net income. In accordance with APB No. 28, Interim Financial Reporting, the Company expenses its advertising and related costs proportionately over the interim periods based on its total expected expenses for its various advertising programs. The total advertising programs for the year are budgeted at \$9 million for media and \$5.5 million for co-op advertising up from \$8 million for media and \$5 million for the prior year. The Company's co-op budget for the quarter is \$1,375,000. Deducted from the budgeted figure is the \$636,598 offset against net sales. Research of prior years show that the entire amount

of the budgeted co-op has never been fully utilized by the Company's accounts as a result of merchandising changes and cancelled promotions. An additional reduction of \$133,776 to co-op expense is due to this reserve placed on co-op commitments. The reduction is based on an estimate of co-op commitments that will not be utilized based on the historical facts. The resulting \$604,626 was expensed for co-op for the quarter and a deferral of \$1,074,402 for co-op advertising is reflected on the balance sheet. This deferral will be fully expensed by year-end. The deferral is primarily a result of the Company's current \$5,500,000 co-op advertising budget, which is predicated on substantially lower spending in the third and fourth quarters. The Company expensed \$2,250,000 for its media advertising for the quarter and deferred \$4,218,314 for subsequent deductions.

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For the period ended May 31, 2004, there was approximately \$178,126 of unclaimed co-op commitments from the prior years. If it becomes apparent that this co-op will not be utilized, the unclaimed co-op will be offset against the expense during the rest of the fiscal year. This procedure is consistent with prior years' methodology with regard to the unclaimed co-op expenses.

For the six month period ended May 31, 2004, the Company had revenues of \$31,426,735 and net income of \$3,634,345 after a provision for income taxes of \$2,370,644. In the prior year's period, the Company had revenues of \$30,126,032 and net income of \$3,157,721 after a provision for income taxes of \$2,131,187. This represents a 15.1% increase in net income due to an increase in revenues of \$1,300,703 and an increase in cost of good sold of \$960,973. Selling, general and administrative expenses decreased from last period to this period by \$737,528, and advertising, co-op and promotional expenses increased by \$531,638 compared to the six months ended May 31, 2003.

For the six month period ended May 31, 2004, advertising, cooperative and promotional allowance expenditures were \$5,887,896 as compared to \$5,356,258 for the six month period ending May 31, 2003. This is primarily due to an estimated increase in the national advertising budget from \$8 million to \$9 million annually. Advertising expenditures were 18.9% of sales vs. 18.0% last year.

For the six month period ending May 31, 2004 research and development expenses were \$440,472 compared to \$431,773 last year.

The Company's financial position as at May 31, 2004 consists of current assets of \$25,694,213 and current liabilities of \$12,056,276, or a current ratio of 2.1:1. In addition, shareholders' equity increased from \$23,344,540 to \$25,822,650 primarily due to net income earned during the current period.

All of the Company's investments are classified as available for sale. Investments with a maturity date greater than one year from May 31, 2004 are presented as long-term investments. Assuming these long-term investments can be sold and turned into liquid assets at any time, it would result in a current ratio of 3.1:1.

The Company generated \$716,000 in cash from operations due to the six month net income of \$3.63 million, a \$4.8 million increase in accounts payable, and a \$602,000 net increase in income taxes due. Cash decreased due to an inventory increase of \$0.6 million, an increase in the Company's accounts receivable of \$3.0 million and an increase in deferred advertising of \$5.3 million. All increases in deferred advertising, accounts receivable, inventory and accounts payable are "normal" seasonal increases.

The \$716,000 cash generated by operations, however, was used to pay dividends of \$379,000 and for the acquisition of equipment of \$77,000. The Company paid after netting purchases and sales of marketable securities \$260,000, leaving the Company with no change in its cash position.

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ITEM 3. QUANTITATIVE AND QUALITATIVE  
DISCLOSURE ABOUT MARKET RISK

The Company's financial statements record the Company's investments under the "mark to market" method (i.e., at date-of-statement market value). The investments are, categorically listed, in "Common Stock", "Mutual Funds", "Other Equity", "Preferred Stock", "Government Obligations" and "Corporate Obligations". \$444,800 of the Company's \$13,592,056 portfolio of investments (approximate, as at May 31, 2004) is invested in the "Common Stock" and "Other Equity" categories, and approximately \$1,272,988 in that category are Preferred Stock holdings. Whereas the Company does not take positions or engage in transactions in risk-sensitive market instruments in any substantial degree, nor as defined by SEC rules and instructions; therefore, the Company does not believe that its investment-market risk is material.

ITEM 4. CONTROLS AND PROCEDURES

With the participation of our Chief Executive Officer and Chief Financial Officer, management has carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of May 31, 2004.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) subsequent to the date the controls were evaluated that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

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CCA INDUSTRIES, INC.

PART II OTHER INFORMATION

Item 1. Legal Proceedings:

See Part I - Note 11 of the Financial Statements regarding litigation.

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

(11) Computation of Earnings Per Share

(31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14(a)\*

(31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14(a)\*

(32.1) Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350\*

(32.2) Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350\*

\* Filed herewith.

(b) Reports on Form 8-K.

Current report on Form 8-K furnished April 7, 2004 pursuant to Item 5 (Other Events).

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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.

Date: July 6, 2004

CCA INDUSTRIES, INC.

By:

David Edell, Chief Executive Officer

By:

Ira W. Berman, Chairman of the Board

Exhibit 11

CCA INDUSTRIES, INC. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

(UNAUDITED)

|                                                                                                                 | Three Months Ended<br>May 31, |             | Six Months Ended<br>May 31, |             |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------|-------------|-----------------------------|-------------|
|                                                                                                                 | 2004                          | 2003        | 2004                        | 2003        |
| Weighted average shares<br>outstanding - Basic                                                                  | 7,314,491                     | 7,215,128   | 7,301,942                   | 7,178,242   |
| Net effect of dilutive stock<br>options--based on the<br>treasury stock method<br>using average market<br>price | 363,170                       | 439,401     | 363,087                     | 463,918     |
| Weighted average shares outstanding -<br>Diluted                                                                | 7,677,661                     | 7,654,529   | 7,665,029                   | 7,642,160   |
| Net income                                                                                                      | \$2,798,203                   | \$2,584,095 | \$3,634,345                 | \$3,157,721 |
| Per share amount                                                                                                |                               |             |                             |             |
| Basic                                                                                                           | \$.38                         | \$.36       | \$.50                       | \$.44       |
| Diluted                                                                                                         | \$.36                         | \$.34       | \$.47                       | \$.41       |

Exhibit 31.1

CERTIFICATION

I, David Edell, Chief Executive Officer of the Registrant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CCA Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements

were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relation to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 6, 2004

/s/

-----  
David Edell  
Chief Executive Officer  
Exhibit 31.2

#### CERTIFICATION

I, John Bingman, Chief Financial Officer of the Registrant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CCA Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relation to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 6, 2004

/s/ \_\_\_\_\_  
John Bingman  
Chief Financial Officer

Exhibit 32.1

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 CCA Industries, Inc. (the "Registrant") on Form 10-Q for the quarterly period ended May 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Edell, Chief Executive Officer of the Registrant, certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report, to which this certification is attached, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: July 6, 2004

/s/ \_\_\_\_\_  
David Edell  
Chief Executive Officer

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 CCA Industries, Inc. (the "Registrant") on Form 10-Q for the quarterly period ended May 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Bingman, Chief Financial Officer of the Registrant, certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report, to which this certification is attached, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: July 6, 2004

/s/ -----  
John Bingman  
Chief Financial Officer