

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the Fiscal Year Ended
Number
November 30, 2005

Commission File

1-31643

CCA INDUSTRIES, INC.

(Exact Name of Registrant as specified in Charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)
No.)

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

200 Murray Hill Parkway, East Rutherford, New Jersey 07073

(Address of principal executive offices, including zip code)

(201) 330-1400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.01 per share

(Title of Class)

Class A Common Stock, par value \$.01 per share

(Title of Class)

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 requirement for the past 90 days. Yes .
No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X].

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant (i.e., by persons other than officers and directors of the Registrant), at the closing sales price \$10.05 on May 31, 2005, was as follows:

Class of Voting Stock	Market Value
5,514,387 shares; Common Stock, \$.01 par value	\$55,419,589

On November 30, 2005 there was an aggregate of 7,179,757 shares of Common Stock and Class A Common Stock of the Registrant outstanding.

CROSS REFERENCE SHEET

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5. Market for Registrant's Common Equity and Related Stockholder Matters	Market for the Company's Common Stock and Related Shareholder Matters
6. Selected Financial Data	Selected Financial Data
7. Management's Discussion and Analysis of Financial Condition and Results of Operations	Management's Discussion and Analysis of Financial Condition and Results of Operations
7A. Quantitative and Qualitative Disclosures about Market Risk	Quantitative and Qualitative Disclosures about Market Risk
8. Financial Statements and Supplementary Data	Financial Statements and Supplementary Data
9. Changes In and Dis- agreements With Accountants On Accounting and Financial Disclosure	Changes In and Dis- agreements With Accountants On Accounting and Financial Disclosure
9A. Control and Procedures	Control and Procedures
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12. Security Ownership of Certain Beneficial	Security Ownership of Certain Beneficial

Owners and Management	Owners and Management
13. Certain Relationships and Related Transactions	Certain Relationships and Related Transactions
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15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K	Exhibits, Financial Statement Schedules, and Reports on Form 8-K

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PART I

Item 1. BUSINESS

(a) General

CCA INDUSTRIES, INC. (hereinafter, “CCA” or the “Company”) was incorporated in Delaware in 1983.

The Company operates in one industry segment, in what may be generally described as the health-and-beauty aids business, selling numerous products in several health-and-beauty aids and cosmeceutical categories. All of the Company’s products are manufactured by contract manufacturers, pursuant to the Company’s specifications and formulations.

The Company owns registered trademarks, or exclusive licenses to use registered trademarks, that identify its products by brand-name. Under most of the brand names, the Company markets several different but categorically-related products. The principal brand and trademark names include “Plus+White” (oral health-care products), “Sudden Change” (skin-care products), “Nutra Nail” and “Power Gel” and “Nutra Nail 60” (nail treatments), “Bikini Zone” (pre and after-shave products), “Mega - T” Green Tea and “Mega G” Grapefruit (dietary products), “Mega - T” chewing gum (anti-oxidant dietary product), Hair Off” (depilatories), “IPR” (foot-care products), “Solar Sense” (sun-care products), “Wash 'N Curl” (shampoos), “Cherry Vanilla” (perfumes), and “Scar Zone” (scar diminishing cream).

All Company products are marketed and sold to major drug and food chains, mass merchandisers, and wholesale beauty-aids distributors throughout the United States and Canada. In addition, certain of the Company’s products are sold internationally.

The Company recognizes sales at the time its products are shipped to customers. However, while sales are not formally subject to any contract contingency, the acceptance of returns is an industry-wide practice. The Company thus estimates ‘unit returns’ based upon a review of the market’s recent-historical acceptance of subject products as well as current market-expectations, and equates its reserves for estimated returns in the sum of the gross profits, in the five preceding months, realized upon an equivalent number of subject-product sales. (See Item 15, Financial Statements, Note 2). Of course, there can be no precise going-forward assurance in respect to return rates and gross margins, and in the event of a significant increase in the rate of returns, the circumstance could have a materially adverse affect upon the Company’s operations.

The Company's total revenues in fiscal 2005 were \$63,721,326. Gross profits were \$40,784,764. International sales accounted for approximately 2% of sales. The Company experienced a net profit of \$3,785,502 for the current fiscal

year. Net worth at November 30, 2005, was \$25,999,656 despite the repurchase of 500,000 shares of the Company's common stock on October 5, 2004 from Officers/Directors David Edell and Ira W. Berman. (See Certain Relationships and Related Transactions.

Including the principal members of management (see Directors and Executive Officers), the Company, at November 30, 2005, had 153 sales, administrative, creative, accounting, receiving, and warehouse personnel in its employ.

(b) Manufacturing and Shipping

The Company creates and/or oversees formulations, chooses colors and mixtures, and arranges with independent contractors for the manufacture of its products pursuant to Company specifications. Manufacturing and component-supply arrangements are maintained with various manufacturers and suppliers. All orders and other product shipments are delivered from the Company's own warehouse facilities, which results in more effective inventory control, more efficient shipping procedures, and the realization of related economies.

(c) Marketing

The Company markets its products to major drug, food and mass-merchandise retail chains, and leading wholesalers, through an in-house sales force of employees and independent sales representatives throughout the United States.

The Company sells its products to approximately 310 accounts, most of which have numerous outlets. Approximately 40,000 stores carry at least one Company product (SKU).

During the fiscal year ended November 30, 2005, the Company's largest customers were Wal-Mart (approximately 32 % of net sales), McLanes (approximately 12 %), Walgreens, CVS, and Rite Aid (approximately 10%, 8%, and 5%, respectively). The loss of any of these principal customers, or substantial reduction of sales revenues realized from their business, could materially and negatively affect the Company's earnings.

Most of the Company's products are not particularly susceptible to seasonal-sales fluctuation. However, sales of depilatory, sun-care and diet-aids products customarily peak in the Spring and Summer months, while fragrance-product sales customarily peak in the Fall and Winter months.

The Company employs brand managers who are responsible for the marketing of CCA's brands. These managers work with the Company's in-house advertising and art departments to create media advertising, packaging and point-of-purchase displays.

The Company primarily utilizes local and national television advertisements to promote its leading brands. On occasion, print and radio advertisements are engaged. In addition, and more-or-less continuously, store-centered product promotions are co-operatively undertaken with customers.

Each of the Company's brand-name products is intended to attract a particular demographic segment of the consumer market, and advertising campaigns are directed to the respective market-segments.

The Company's in-house advertising department is responsible for the selection of its media advertising. Placement is accomplished either directly or through media-service companies.

(d) "Wholly-Owned" Products

The majority of the Company's sales revenues are from sales of the Company's "wholly-owned" product lines (i.e., products sold under trademark names owned by the Company, and not subject to any other party's interest or license), which included principally "Plus+White", "Sudden Change", "Wash 'N Curl", "Bikini Zone", "Mood Magic", "Mega

-T", "Cherry Vanilla", and "Scar Zone".

(e) All Products

The Company's gross sales net of returns by category percentage were: Dietary Supplement 35%; Skin Care 31%; Oral Care 17%; Nail Care 9%; Hair Care 5%; and Fragrance and Miscellaneous 3%.

(f) License-Agreements Products

i. Alleghany Pharmacal

In 1986, the Company entered into a license agreement with Alleghany Pharmacal Corporation (the "Alleghany Pharmacal License"). Under the terms of the Alleghany Pharmacal License, the Company was granted, and yet retains, the exclusive right to manufacture and market certain products, and to use their associated trademarks, including "Nutra Nail," "Nutra Nail 60," "Pro Perm," "Hair Off," "Permathene" and "IPR".

The Alleghany Pharmacal License required the Company (a) to pay royalties of 6% *per annum* on net sales of "Pro-Perm" hair-care products, the PPA-based and now discontinued dietary-product "Permathene", "IPR" foot-care products, "Nutra-Nail" nail-enamel products, and "Hair-Off" depilatories; and (b) to pay 1% royalties on net sales of a "Hair-Off" mitten that is a depilatory-product accessory, and "Nutra Nail 60", a fast-acting nail enamel, and "Nutra Nail Power Gel."

The Company had been required to pay not less than \$360,000 *per annum* in order to maintain exclusive rights under the Alleghany Pharmacal License. (Royalties have always exceeded the minimum; but, if they did not, the Company would be entitled to maintain exclusive license rights by electing to pay the 'difference.' At the same time, the Company would not be required to pay any fee in excess of royalties payable in respect of realized sales if sales did not yield 'minimum royalties' and the Company chose in such circumstance to concede the license rights.)

The Alleghany Pharmacal License agreement provides that if, and when, in the aggregate, \$9,000,000 in royalties has been paid thereunder, the royalty-rate for those products 'charged' at 6% will be reduced to 1%. The Company paid an aggregate of \$9,000,000 in royalties to Allegheny in April 2003. Commencing May 1, 2003, the license royalty was reduced to 1%.

The products subject to the Alleghany-Pharmacal License accounted for approximately \$9,917,000 or 16 % of total net sales in the fiscal year ended November 30, 2005. "Nutra Nail" and the "Hair-Off" depilatory were the leaders among all of the Alleghany license-agreement products, producing approximately 9 % and 6 %, respectively, of net sales.

ii. Solar Sense, Inc.

CCA commenced the marketing of its sun-care products line following a May 1998 License Agreement with Solar Sense, Inc. (the "Solar Sense License"), pursuant to which it acquired the exclusive right to use the trademark names "Solar Sense" and "Kids Sense" and the exclusive right to market mark-associated products. The Solar Sense License requires the Company to pay a royalty on net sales of said licensed products until \$1 million total royalties are paid. CCA realized approximately \$ 348,000 in net sales of sun-care products in 2005.

iii. The Nail Consultants Ltd.

In October of 1999, the Company entered into a License Agreement with The Nail Consultants, Ltd. for the use of an activator invented in connection with a method for applying a protective covering to fingernails. The Company's License Agreement with The Nail Consultants, Ltd. is for the use of the method and its composition in a new product kit packaged and marketed by CCA under its own name, "Nutra Nail Power Gel". The Company is required to pay a royalty of net sales of all products sold under the license, by the Company. Net sales were approximately \$1,940,000 in 2005 and the Company paid or accrued the Nail Consultants the prescribed royalty.

iv. Dr. Stephen Hsu - Green Tea

Stephen Hsu, PhD., research faculty member of the Medical College of Georgia, entered into an agreement with the Company on February 26, 2004, to create green tea skin care products based on his years of research related to the various uses of green tea anti-oxidants for skin care problems.

Dr. Hsu collaborated with Drew Edell, Vice-President of Research and Development for the Company, to create and file a patent application for a special anti-oxidant green tea serum to be used for topical skin application. The patent was filed in November 2004.

Dr. Hsu will be entitled to a commission on the net factory sales of all of the Company's products using the green tea serum created exclusively for the Company. The special anti-oxidant green tea serum was used as one of the skus in the Denise Austin "Skin Fit For Life" line and has been included in the new Sudden Change skin care line. Net sales of the products utilizing the green tea serum were \$3,062,000 for the fiscal year ended November 30, 2005.

v. Mega -T Green Tea Chewing Gum and Mints

On May 18, 2004, The Company entered into a license agreement with Tea-Guard, Inc. to manufacture and distribute Mega -T Green Tea chewing gum and Mega -T Green Tea mints. Dr. Stephen Hsu created both formulations under special arrangements with Tea-Guard, Inc. (not related to the Company).

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The license agreement requires the Company to pay a minimum royalty after the first eighteen months of the license. The minimum payments are required to maintain the Company's exclusivity for the sale of the products and to continue marketing the products and until royalties have aggregated to \$10,000,000, at which time all royalty obligations cease. Except as to maintain its rights to "exclusivity", the Company has no obligation to meet minimum royalty requirements.

The Company commenced sales of the Mega -T Green Tea Chewing Gum in July 2004. Net sales of the Mega-T Green Tea chewing gum for the fiscal year ended November 30, 2005 were \$2,087,000.

vi. Denise Austin "Skin Fit For Life" skin care line

On July 14, 2004, the Company entered into a license agreement with Denise Austin, a well known, respected fitness expert. Under the agreement, the Company created a special anti-oxidant line of signature skin care products called the Denise Austin "Skin Fit For Life" skin care line.

The license agreement requires the Company to pay a minimum royalty in order to maintain the exclusive use of the name, "Denise Austin" to manufacture and sell a special line of skin care and cosmetic products. The license will continue so long as minimum royalty payments are met. The license agreement does not require the Company to meet any minimum requirements. Net sales of the "Skin Fit For Life" skin care line were \$3,062,000 for the fiscal year ended November 30, 2005. The Company had returns of \$1,804,000 for the fiscal year which includes a reserve of \$938,000 for additional returns, credits and/or allowances.

The Company will not continue with the license in March 2006.

vii. Hugger Corporation

In October 2002, the Company entered into a License Agreement with Hugger Corporation for use of its patented oral hygiene system to be used in conjunction with regular toothpaste. The Company's License Agreement is for the use of the product designated and referred to in the patent owned by Hugger Corporation. The Company designed, marketed and distributed the patented product called "Booster" under its Plus+White brand.

The Company terminated the license agreement without any liability on June 29, 2005. Net sales during fiscal 2005 were \$88,000.

viii. Other Licenses

(g) Trademarks

The Company's own trademarks and licensed-use trademarks serve to identify its products and proprietary interests. The Company considers these marks to be valuable assets. However, there can be no assurance, as a practical matter, that trademark registration results in marketplace advantages, or that the presumptive rights acquired by registration will necessarily and precisely protect the presumed exclusivity and asset value of the marks.

(h) Competition

The market for cosmetics and perfumes, and health-and-beauty aids products in general, including patent medicines, is characterized by vigorous competition among producers, many of whom have substantially greater financial, technological and marketing resources than the Company. Major competitors such as Revlon, L'Oreal, Colgate, Del Laboratories, Unilever, and Procter & Gamble have Fortune 500 status, and the broadest-based public recognition of their products. Moreover, a substantial number of other health-and-beauty aids manufacturers and distributors may also have greater resources than the Company.

(i) Government Regulation

All of the products that the Company markets are subject or potentially subject to particular regulation by government agencies, such as the U.S. Food and Drug Administration, the Federal Trade Commission, and various state and/or local regulatory bodies. In the event that any future regulations were to require new approval for any in-the-market products, or should require approval for any planned product, the Company would attempt to obtain the necessary approval and/or license, assuming reasonable and sufficient market expectations for the subject product. However, there can be no assurance, in the absence of particular circumstances that Company efforts in respect of any future regulatory requirements would result in approvals and issuance of licenses. Moreover, if such license-requirement circumstances should arise, delays inherent in any application-and-approval process, as well as any refusal to approve, could have a material adverse affect upon existing operations (i.e., concerning in-the-market products) or planned operations.

Item 2. PROPERTY

The principal executive offices of the Company are located at 200 Murray Hill Parkway, East Rutherford, New Jersey. Under a new net lease, the Company occupies approximately 58,625 square feet of space. Approximately 43,598 square feet in such premises is used for warehousing and 15,027 square feet for offices. The annual rental is \$327,684, with an annual CPI increase not cumulatively exceeding 15% in any consecutive five year period. The lease expires on May 31, 2012 with a renewal option for an additional five years.

The lease requires the Company to pay for additional expenses, Common Area Maintenance ("CAM"), which includes real estate taxes, common area expense, utility expense, repair and maintenance expense and insurance expense. For the year ended November 30, 2005, CAM was \$189,776.

The Company entered into a warehouse lease on May 1, 2005 at 300-1(D), Route 17, Lodi, New Jersey for the 12 month period ending April 30, 2006. The lease comprises 13,000 square feet for warehousing. The year end net rental expense including CAM was \$80,070. The Company anticipates extending the lease for an additional one year period.

Item 3. LEGAL PROCEEDINGS

The only material legal proceedings outstanding as of November 30, 2005 were related to the Company's diet suppressant products containing phenylpropanolamine ("PPA"). There were approximately thirteen suits pending in 2002. Reference is made to Forms 8K filed on May 22, 2002 and November 20, 2002 for the background and the insurance issues relative thereto. Three additional 8Ks have been filed: one on October 29, 2003, one on November 24, 2003 and one on December 11, 2003. Two additional 8Ks were filed in 2004, one on April 7, 2004 and one on August 3, 2004. Eleven of the suits have been dismissed with prejudice with two remaining. One suit is in the process of being dismissed. The remaining suit is insured and is being defended by the Company's insurance carrier.

There were approximately 6,000 suits that have been brought against numerous pharmaceutical companies that have been engaged in distributing and/or manufacturing PPA products. Almost all have been referred to the United States District Courts in the Western District of Washington (MDL 1407). Outside counsel for the Company believes that the two PPA cases still pending against the Company are defensible. Of the Company's two pending suits, one is insured by the Company's liability carrier. However, there can be no assurance that the current PPA litigation will not have a material adverse effect upon the Company's operations.

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

On June 15, 2005, the Company held its annual meeting of shareholders. The actions taken, and the voting results thereupon, were as follows:

- (1) David Edell, Ira W. Berman, Jack Polak, and Stanley Kreitman were elected as directors by the holders of Class A Common Stock. (No proxy was solicited therefore, whereas Messrs. Berman and Edell own 100% of the Class A Common Stock, and they proposed themselves, Mr. Polak and Mr. Kreitman.)
- (2) As proposed by Management, Dunnan Edell, Robert Lage and Gio Batta Gori, Ph.D., were elected as directors by the holders of the Common Stock.
- (3) The Board's appointment of KGS LLP as the Company's independent certified public accountants for the 2005 fiscal year was approved.
- (4) The Shareholders approved the Amended and Restated Stock Option Plan.

The Company has not submitted any matter to a vote of security holders since the 2005 Annual Meeting.

PART II

Item 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

In June 2000, the Company filed a Schedule TO (and an Amendment No.1 thereto) with the Securities And Exchange Commission ("SEC"); and, contemporaneously thereafter, presented the tender offer subject of the Schedule to its shareholders. Pursuant thereto, the Company offered to purchase up to 2,500,000 shares of its own Common Stock (but not Class A Common Stock), in exchange for a \$2 subordinated debenture, which matured on August 1, 2005, with 6% interest, payable semi-annually. In response, 278,328 shares were tendered and accepted for payment. The tender offer closed, as provided in the Schedule TO and the Offer documents presented to all Common Stock shareholders, on July 31, 2000. (A second and final amendment to the Schedule TO, reporting the results of the tender offer, was filed with the SEC on August 1, 2000.)

The Company's Common Stock was traded on the NASDAQ National Market. Because, for some time (a) the Common Stock had traded at less than \$1.00 per share, and (b) the total market value of shares available for public trading had been below \$5,000,000, NASDAQ notified the Company that its stock was de-listed. The stock was then traded on the National Market Bulletin Board and continued trading on the BB through the first quarter of fiscal 2003. On March 18, 2003 the stock was listed and began trading on the American Stock Exchange under the symbol "CAW."

The range of high and low sales prices of the Common Stock during each quarter of its 2005, 2004 and 2003 fiscal years was as follows:

<u>Quarter Ended</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
February 29	\$10.75 - \$13.80	\$ 9.35 - \$ 6.70	\$3.80 - \$1.70
May 31	\$12.56 - \$ 9.45	\$ 8.70 - \$ 7.20	\$5.43 - \$3.05
August 31	\$11.40 - \$ 8.85	\$10.80 - \$ 6.75	\$8.69 - \$5.10
November 30	\$ 9.90 - \$ 7.00	\$11.30 - \$ 7.00	\$8.50 - \$6.60

The high and low prices for the Company's Common Stock, on February 1, 2006 were \$10.10 to \$10.30 per share.

The Company's only 'sales' of unregistered securities were represented by its issuance, in consequence of the above described tender offer and Schedule TO, of the \$2, five-year promissory notes, 6% interest, subject of the offer's \$2 subordinated debenture. (Those securities are unregistered pursuant to an exemption from registration requirements. In any event, and in addition to the form denominated by the SEC as "Schedule TO", with the Schedule TO information, the following documents subject of the tender offer were filed with the SEC, prior to commencement of the offering: A Trust Indenture, a form of the eventually-issued Promissory Notes, and the Offering Document that was thereafter transmitted to Common Stock shareholders.)

On August 1, 2005, the remaining outstanding \$497,656 subordinated debentures were redeemed by the Company.

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As at November 30, 2005, there were approximately 200 individual shareholders of record of the Company's common stock. (There are a substantial number of shares held of record in various street and depository trust accounts, which represent approximately 1,000 additional shareholders.)

The dividend policy is at the discretion of the Board of Directors and will depend on numerous factors, including earnings, financial requirements and general business conditions. On January 8, 2003, the Board of Directors approved the payment of the Company's first cash dividend in the amount of \$0.12 per share, payable to the holders of the Company's common stock, \$0.06 payable on May 1, 2003 and December 1, 2003 to the shareholders of record on April 1, 2003 and November 1, 2003, respectively.

On December 13, 2003, the Board of Directors declared a \$0.14 per share dividend for fiscal 2005, \$0.07 payable to all shareholders of record May 1, 2005 payable on June 1, 2005 and \$0.07 payable to all shareholders of record November 1, 2004 payable on December 1, 2004.

On June 16, 2004, the Board of Directors declared a 2% stock dividend payable to all shareholders of record on November 1, payable December 1, 2004.

On January 11, 2005, the Board of Directors declared a \$0.16 per share dividend for fiscal 2005, \$0.08 payable to all shareholders of record May 1, 2005 payable on June 1, 2005 and \$0.08 payable to all shareholders of record November 1, 2005 payable on December 1, 2005.

On November 15, 2005, the Board of Directors declared a \$0.05 per share dividend for the first quarter ending February 28, 2006. The dividend is payable to all shareholders of record on February 1, 2006 payable on March 1, 2006.

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Item 6. SELECTED FINANCIAL DATA

<u>2002</u>	<u>2001</u>	<u>2005</u>	<u>2004</u>	<u>Year Ended November 30,</u> <u>2003</u>	
Statement of Income					
Sales		\$63,148,417	\$60,667,562	\$54,145,480	\$45,241,493

\$41,364,648				
Other income	<u>572,909</u>	<u>850,196</u>	<u>591,271</u>	<u>439,481</u>
<u>338,883</u>				
41,703,531	63,721,326	61,517,758	54,736,751	45,680,974
Costs and Expenses	56,613,798	52,143,479	46,239,853	40,645,418
38,522,778				
Income Provision for				
Income Taxes	7,107,528	9,374,279	8,496,898	5,035,556
3,180,753				
Net Income	\$ 3,785,502	\$ 5,796,663	\$ 5,252,131	\$ 3,074,353
\$ 2,014,369				
Earnings Per Share:				
Basic	\$.53	\$.78*	\$.71*	\$
.42* \$.29*				
Diluted	\$.52	\$.75*	\$.68*	\$
.40* \$.26*				
Weighted Average Number				
of Shares Outstanding	7,145,297	7,399,472*	7,372,232*	
7,241,751* 7,031,097*				
Weighted Average Number				
of Shares and Common Stock				
Equivalents Outstanding	7,317,994	7,680,781*	7,768,361*	
7,731,583* 7,676,680*				
<u>Balance Sheet Data:</u>			As At November 30,	
	<u>2005</u>	<u>2004</u>	<u>2003</u>	
<u>2002</u> <u>2001</u>				
Working Capital	\$18,602,107	\$13,562,389	\$11,565,685	\$11,264,206
\$10,236,977				
Total Assets	35,309,308	31,556,577	29,839,216	24,805,064
20,598,917				
Total Liabilities	9,309,652	8,034,530	6,494,676	
5,969,641 4,674,278				
Total Shareholders' Equity (1)(2)(3)	25,999,656	23,522,047	23,344,540	
18,835,423 15,924,639				

(1) On June 16, 2004, The Company declared a 2% stock dividend payable to all shareholders of record on November 1, payable December 1, 2004.

On January 11, 2005, the Board of Directors declared a \$.16 dividend. \$0.08 payable to all shareholders of record May 1, 2005 payable on June 1, 2005 and \$0.08 payable to all shareholders of record November 1, 2005 payable December 1, 2005.

(2) On October 3, 2004, The Company repurchased 500,000 shares of its common stock at \$8.99 per share from management. (See Certain Relationships and Related Transactions).

(3) On November 15, 2005, the board of directors declared a \$0.05 per share dividend for the first quarter ending February 28, 2006. The dividend is payable to all shareholders of record on February 1, 2006 payable on March 1, 2006.

*Adjusted for 2% stock dividend in 2004.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except for historical information contained herein, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements. These statements involve known and unknown risks and uncertainties that may cause actual results or outcomes to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements, and statements which explicitly describe such issues. Investors are urged to consider any statement labeled with the terms "believes," "expects," "intends" or "anticipates" to be uncertain and forward-looking.

On March 3, 1986, the Company entered into a License Agreement with Alleghany Pharmacial Corporation under the terms of which the Company was granted the exclusive right to use the licensed products and trademarks for the manufacture and distribution of the products subject to the License Agreement. Under the terms of the Alleghany Pharmacial License (see "Business-License Agreements"), the royalty-rate for those Alleghany Pharmacial License products previously 'charged' at 6% will be reduced to 1% now that the sum of \$9,000,000 in royalties has been paid thereunder. In April 2003, the Company concluded payment of an aggregate of \$9,000,000. Therefore, all royalty payments were reduced to 1% on all future orders.

Comparison of Results for Fiscal Years 2005 and 2004

The Company's net sales increased from \$60,667,652 to \$63,148,417 for the current fiscal year. Gross profit margins on sales were 65% compared to 66% last fiscal year. The reduction in the gross profit margin was due mainly to the sales returns and allowances increase to 11.3% of gross sales from 9.2% last year as a result of the unsuccessful launch of its new skin care product line.

The Company's gross sales net of returns by category were: Dietary Supplement \$23,319,940, 35%; Skin Care \$20,669,366, 31%; Oral Care \$11,535,751, 17%; Nail Care \$5,976,850, 9%; Hair Care \$3,222,375, 5%; and Fragrance and Miscellaneous \$1,835,205, 3%; for an aggregate total of \$66,559,487.

While the Company makes every effort to control the cost of manufacturing, it has incurred substantial freight increases, as well as additional increases in the cost of chemicals, plastic resin and paper goods. The Company will attempt to pass on these increased costs in the coming year.

Income before taxes was \$7,107,528 as compared to \$9,374,279 in fiscal 2004. The decrease in income before taxes was a result of additional returns and reserves incurred from the disappointing introduction of the new skin care line, the increase in oil, pulp and resin prices, as well as additional SG&A. Returns, allowances and reserves for all products accounted for costs of \$5,706,163 that were expensed in fiscal 2005 as compared to \$3,694,702 in fiscal 2004.

The allowance for doubtful accounts is a combination of specific and general reserve amounts relating to accounts receivable. The general reserve is calculated based on historical percentages applied to aged accounts receivable and the specific reserves are established and revised based on individual customer circumstances. This allowance increased from \$111,078 as of November 30, 2004 to \$260,366 as of November 30, 2005 (134% increase). The increase is directly attributable to reserves for specific disputes.

The reserve for returns and allowances is based on a reserve for returns equal to its gross profit on its historical percentage of returns on its last five month sales, and specific reserves based on individual customer circumstances. This reserve increased from \$406,556 as of November 30, 2004 to \$678,346 as of November 30, 2005 (67% increase), primarily from possible increases in returns of the new skin care line.

The reserve for inventory obsolescence is based on a detailed analysis of inventory movement. There was a minimal decrease in the reserve for inventory obsolescence from \$871,488 as of November 30, 2004 to \$854,764 as of November 30, 2005 (3% decrease).

In accordance with GAAP, the Company reclassified certain advertising expenditures as a reduction of sales rather

than report them as advertising expenses. This reclassification is the adoption by the Company of the EITF 00-14 GAAP standard. The reclassification reflects a reduction in the sales for the fiscal years ended November 30, 2005 and 2004 by \$2,203,917 and \$2,005,596 respectively. The reclassification reduces the gross profit margin but does not affect the net income.

For the year ended November 30, 2005, the Company had revenues of \$ 63,721,326, net income of \$3,785,502 after a provision of \$3,322,026 for taxes. For year ended November 30, 2004, the Company had revenues of \$61,517,758, net income of \$5,796,663 after a provision of \$3,577,616 for taxes. Fully diluted earnings per share for fiscal 2005 were \$0.52, compared to \$0.75 in fiscal 2004. The increase in the effective tax rate for the year was due to the increase in the reserves and other non-deductible tax items as a percentage of the lower book net income.

For fiscal 2005, advertising, cooperative and promotional expenses were \$12,706,771 as compared to \$13,118,784 in the same period last year. Advertising expenses were 20.1 % of sales for the current fiscal year versus 21.6 % last fiscal year. The reduction in advertising expense was due to the change in the overall budget for the year and the specific reduction of the planned advertising on our unsuccessful launch of the new skin care line.

SG&A expenses increased from \$17,577,032 in fiscal 2004 to \$20,548,971 in fiscal 2005. The increases include freight-out of \$789,037, which was due to the increase in sales, the increase in oil prices, and the expedited delivery costs for the introduction of the new skin care product line. To promote sales, the Company offered IRC coupons on certain SKUs which increased expenses by \$169,415. IRC coupons are an "instant off" coupon placed on product at retail. Additionally, royalty expenses increased by \$162,535, health insurance costs \$58,994 and rent expenses partly due to the addition of a satellite warehouse increased \$148,154.

At year's end, there was approximately \$2,079,000 of open co-op commitments, of which \$32,000 is from 2003, \$248,000 from 2004 and \$1,799,000 for the current fiscal year. For fiscal 2004, there was approximately \$1,413,000 of open co-op commitments, of which \$46,000 was from 2003 and \$1,367,000 was from the 2004 fiscal year. The Company's total co-op commitment increased from \$5,500,000 in fiscal 2004 to \$6,000,000 in fiscal 2005 (9% increase). The increase in the total co-op commitment was in part to offset the reduction in media advertising. Co-op is advertising that is run by retailers in which the Company shares in part of the cost. If it becomes apparent that this co-op was not utilized, the unclaimed co-op will be offset against the expense during the fiscal year in which it is determined that it did not run. This procedure is consistent with the prior year's methodology with regard to the accrual of unsupported co-op commitments.

Comparison of Results for Fiscal Years 2004 and 2003

The Company's revenues increased from \$54,736,751 in fiscal 2003 to \$61,517,758 in the fiscal 2004. Gross profit margins remained at 66%. Net income was \$5,796,663 as compared to \$5,252,131 in fiscal 2003. In accordance with GAAP, the Company reclassified certain advertising expenditures as a reduction of sales rather than report them as advertising expenses. The reclassification is the adoption by the Company of the EITF 90-16 GAAP standard. The reclassification reflects a reduction in sales for the years ended November 30, 2004 and 2003 by \$2,005,596 and \$1,760,308, respectively. The reclassification reduces the gross profit margin but does not affect the net income.

For the 2004 fiscal year, advertising, cooperative and promotional allowance expenditures were \$13,118,784 as compared to \$10,328,695 in fiscal 2003. Advertising expenditures were 21.6% of sales vs. 19.1% last year. SG&A expenses increased 5% to \$17,577,032 from \$16,753,269 in 2003. The increase was due mainly to SG&A expenses, which vary in relation to additional sales volume (i.e. payroll, freight-out, royalties, etc.). Sales returns and allowances increased to 9.2% of gross sales from 8.5% last year. Research and development expenses decreased to \$876,665 from \$884,425.

During fiscal 2004, a major drug chain entered into an agreement to be acquired by another major drug chain. The decrease in their orders caused revenue to decrease approximately \$1,563,000 from the prior year.

On November 26, 2004, the Company sold 1,125 shares of K-Mart Holding Corp, (the shares received in distribution in the K-Mart Chapter 11 proceedings) in the gross amount of \$159,483.

Liquidity and Capital Resources

As of November 30, 2005, the Company had working capital of \$18,602,107 as compared to \$13,562,389 at November 30, 2004. The ratio of total current assets to current liabilities is 3.0 to 1 as compared to a ratio of 2.7 to 1 for the prior year. On October 5, 2004, the working capital and the current ratio in 2004 was reduced by the Company's purchase of an aggregate of 500,000 shares of the Company's common stock at \$8.99 per share from officers/directors, David Edell and Ira W. Berman respectively. Stockholders' equity increased to \$25,999,656 from \$23,522,047 primarily due to the income from operations.

The Company's cash position and short-term investments at year-end were \$10,586,568, up from \$5,094,968 as at November 30, 2004. The Company paid cash dividends in fiscal 2005 in the amount of \$1,059,277, representing the dividends declared at the end of fiscal 2004 but not paid until fiscal 2005 of \$483,426 and \$575,848 in dividends declared and paid for fiscal 2005. As of November 30, 2005 there were dividends declared but not paid of \$575,560. The company's increase in its cash and short-term investment position was due partly to the conversion of roughly \$4,500,000 of long-term (due in excess of one year) securities to short-term (due in less than one year). The cash generated by profits was offset by the repurchase of the company's outstanding debentures, the payment of dividends and the purchase of certain assets. The reclassification of the \$4,500,000 of long-term securities to short-term securities was also more than offset by the purchase of new long-term securities. The securities the company purchased are all of an investment grade rating of Triple A. Because of the

rating of the securities purchased, the company believes that there is very little risk with regard to the investments since, although they are all classified as "Available for Sale Securities", the Company could hold them all to maturity and realize their full value. Our investments are spread among many different Obligor and Municipalities to decrease the risk due to any specific concentrations.

The Company's investment in property and equipment consisted mostly of new computer hardware and software, additional racking for our expanded warehouse facilities, and furniture to accommodate our personnel. The increase in our intangible assets consisted of the costs of certain additional patents and trademarks obtained.

Inventories were \$6,554,150 and \$6,048,000, in 2005 and 2004 respectively, and accounts receivable were \$9,260,399 and \$8,677,984. The increase in inventory was due to a proportional increase in our core product sales plus additional inventory on hand due to the slower than expected sales of the newly launched skin care line in January 2005. Current liabilities are \$9,309,652 and \$8,023,805, in 2005 and 2004 respectively. The increase in liabilities was due mostly to the increase in the amount of the accruals for co-op advertising, refunds for returns, and for bonuses as of the end of the year. At year-end, the Company had long and short-term triple A investments and cash of \$16,861,958 as compared to \$13,947,166 in 2004. As of November 30, 2005, the Company was not utilizing any of the funds available under its \$10,000,000 unsecured credit line.

Inventory, Seasonality, Inflation and General Economic Factors

The Company attempts to keep its inventory for every product at levels that will enable shipment against orders within a three-week period. However, certain components must be inventoried well in advance of actual orders because of time-to-acquire circumstances. For the most part, purchases are based upon projected quarterly requirements, which are projected based upon sales indications received by the sales and marketing departments, and general business factors. All of the Company's contract-manufacture products and components are purchased from non-affiliated entities. Warehousing is provided at Company facilities, and all products are shipped from the Company's warehouse facilities.

The Company does not have any products that are particularly seasonal, but sales of its sun-care, depilatory and diet-aid products usually peak during the spring and summer seasons, and perfume sales usually peak in fall and winter. The Company does not have a product that can be identified as a 'Christmas item'.

The Company plans to continue to promote its sales through an advertising program consisting of a combination of media and coop advertising. We continue to invest money into research and development to build our core products to become leaders in their respective categories. We are trying to decrease the amount of "on hand" inventory we stock however to better service our customers we often find it difficult to reduce our "safety stock". We continue to evaluate our sales staff and to try to attract aggressive salespeople to increase the distribution of our current product line. We

are also continuing to look for additional businesses or product lines which we think will help the company to grow and are also reviewing possible acquisitions or any other offers which we feel will enhance shareholders' value.

Because our products are sold to retail stores (throughout the United States and, in small part, abroad), sales are particularly affected by general economic conditions. Accordingly, any adverse change in the economic climate can have an adverse impact on the Company's sales and financial condition. The Company does not believe that inflation or other general economic circumstance that would negatively affect operations can be predicted at present, but if such circumstances should occur, they could have material and negative impact on the Company's net sales and revenues, unless the Company was able to pass along related cost increases to its customers. There was no significant impact on operations as a result of inflation during the current fiscal year.

Contractual Obligations

The following table sets forth the contractual obligations in total for each year of the next five years as at November 30, 2005. Such obligations include the current lease for the Company's premises, written employment contracts and License Agreements.

	2006	2007	2008	2009	2010
Lease on Premises (1)	600,759	537,933	497,684	471,318	471,684
Royalty Expense (2)	606,000	606,000	606,000	606,000	606,000
Employment Contracts (3)	2,294,959	2,401,156	2,513,726	2,633,049	2,759,532
Open Purchase Orders	2,880,100				
Total Contractual Obligations	6,381,818	3,545,089	3,617,410	3,710,367	3,837,216

(1) The major Lease is a net, net lease requiring a yearly rental of \$327,684 plus Common Area Maintenance "CAM". See Section Part I, Item 2. The rental provided above is the base rental and estimated CAM. CAM for 2005 was \$189,776. The figures above do not include adjustments for the CPI. The lease has an annual CPI adjustment, not to cumulatively exceed 15% in any consecutive five year period. These figures assume an extension of the major lease to 2010. The Lodi lease requires a yearly rental of \$91,000 plus CAM. The lease is a 12-month lease which commenced in May 2005. The Company is negotiating to renew the lease until May 2007.

(2) See Section Part I, Item 1(e). The Company is not required to pay any royalty in excess of realized sales if the Company chooses not to continue under the license. The figures set forth above reflect estimates of the royalty expense anticipated minimum requirements to maintain the licenses under the various contracts for the licensed products based on fiscal 2005 sales. Royalty expense includes Alleghany Pharmacal, Solar Sense, Nail Consultants, Tea-Guard, Inc., Stephen Hsu, PhD, and Denise Austin.

(3) The Company has executed Employment Contracts with its CEO, David Edell, and its Chairman of the Board, Ira W. Berman. The contracts for both are exactly the same. The contracts expire on December 31, 2010. The contracts provide for a base salary which commenced in 1994 in the amount of \$300,000 (plus a bonus of 20% of the base salary), with a year-to-year CPI or 6% increase, plus 2.5% of the Company's pre-tax income less depreciation and amortization (EBITDA). (The 2.5% measure in the bonus provision of the Edell/Berman contracts was amended so as to calculate it against earnings before income taxes, less depreciation, amortization and expenditures for media and cooperative advertising in excess of \$8,000,000.) On May 24, 2001, the contract was amended increasing the base salary to \$400,000. The figures above include only the base salaries for the five years (plus 20% of the base salary), and

adjustment for CPI, and without estimating bonuses, as the bonus is contingent upon future earnings. David Edell's sons, Dunnan Edell and Drew Edell have five-year employment contracts in the amounts of \$270,000 and \$200,000 respectively, which expire on November 30, 2007 (See Item 11, Summary Compensation Table). In July 2003, Dunnan Edell's salary was increased to \$300,000 and in January 2004, Drew Edell's salary was increased to

\$225,000. In fiscal 2005, Drew Edell's salary was increased to \$250,000. Dunnan Edell is a director and during fiscal 2003 was appointed President of the Company and Chief Operating Officer. Drew Edell is the Vice President of Research, and Product Development. On February 10, 2006, the Board of Directors extended the employment contracts for Dunnan Edell and Drew Edell to December 31, 2010.

Recent Accounting Pronouncements

In December 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46R, "Consolidation of Variable Interest Entities ("FIN 46R"), which supercedes Interpretation No. 46, "Consolidation of Variable Interest Entities" issued in January 2003. FIN 46R requires a company to consolidate a variable interest entity ("VIE"), as defined, when the company will absorb a majority of the VIE's expected losses, receives a majority of the VIE's expected residual returns or both. FIN 46R also requires consolidation of existing, non-controlled affiliates if the VIE is unable to finance its operations without investor support, or where the other investors do not have exposure to the significant risks and rewards of ownership. FIN 46R applies immediately to a VIE created or acquired after January 31, 2003. For a VIE created before February 1, 2003, FIN 46R applies in the first fiscal year or interim period beginning after March 15, 2004. Application of FIN 46R is also required in financial statements that have interests in structures that are commonly referred to as special-purpose entities for periods ending after December 15, 2003. The adoption of FIN 46R did not have a material impact on our financial position, results of operations or cash flow.

In November 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 151, "Inventory Costs" ("SFAS 151"). SFAS 151 amends the guidance in Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing", to clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and requires the allocation of fixed production overheads to inventory based on normal capacity of production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of SFAS 151 is not expected to have an impact on our financial position, results of operations or cash flows.

In November 2004, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" in Determining Whether to Report Discontinued Operations" ("EITF 03-13"). Under the consensus, the approach for assessing whether cash flows of the component have been eliminated from the ongoing operations of the entity focuses on whether continuing cash flows are direct or indirect cash flows. The consensus should be applied to a component of an enterprise that is either disposed of or classified as held for sale in fiscal periods beginning after December 15, 2004. The adoption of EITF 03-13 did not have an impact on our financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS 153, "Exchanges of Nonmonetary Assets" ("SFAS 153"). SFAS 153 amends the guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions" to eliminate certain exceptions to the principle that exchanges of nonmonetary assets be measured based on the

fair value of the assets exchanged. SFAS 153 eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. This statement is effective for nonmonetary asset exchanges in fiscal years beginning after June 15, 2005. The adoption of SFAS 153 is not expected to have an impact on our financial position, results of operations or cash flows.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, ("SFAS 154"). SFAS No. 154 replaced APB No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and establishes retrospective application as the required method for reporting a change in accounting.

In December 2004, the FASB issued SFAS 123R which replaces SFAS 123 and supersedes APB 25. Under the new standard, companies will no longer be allowed to account for stock-based compensation transactions using the intrinsic value method in accordance with APB 25. Instead, companies will be required to account for such transactions using a fair value method and to recognize the expense in the statement of operations. The adoption of SFAS 123R will require additional accounting related to the income tax effects of share-based payment arrangements

and additional disclosure of their cash flow impacts. SFAS 123R also allows, but does not require companies to restate prior periods. In April 2005, the SEC issued a final rule that amended the effective date to the first annual reporting period that begins after December 15, 2005 (the Company's first quarter ending February 28, 2007). The impact of adoption is not anticipated to be material to our financial position, results of operations or cash flow.

Cautionary Statements Regarding Forward-Looking Statements

This annual report contains forward-looking statements based upon current expectations of management that involve risks and uncertainty. Actual risks could differ materially from those anticipated. Additional risks and uncertainties not presently known may possibly impair business operations. If any of these risks actually occur, the business, financial conditions and operating results could be materially adversely affected. The cautionary statements made in this Annual Report on Form 10K should be read as being applicable to all forward-looking statements whenever they appear in this Annual Report.

Concentration of Risk

The Company relies on mass merchandisers and major food and drug chains for the sales of its products. The loss of any one of those accounts could have a substantive negative impact upon its financial operations. All of the Company's products have independent competition and must be able to compete in order to maintain its position on the retail merchandisers' shelves. {See Business - General, Item 1(c)i Marketing.}

The Company does not manufacture any of its products. All of the products are manufactured for the Company by independent contract manufacturers. There can be no assurance that the failure of a supplier to deliver the products ordered by the Company when requested will not cause burdensome delays in the Company's shipments to accounts. The Company does constantly seek alternative suppliers should a major supplier fail to deliver as contracted. A failure of the Company to ship as ordered by its accounts could cause penalties and/or cancellations of our customers' orders.

There is No Assurance That The Business Will Continue to Operate Profitably.

In Fiscal 2005, net sales were \$63,148,417. Almost all of the products were able to maintain the projected gross profit margins. Net income was \$3,785,502. The Company's new skin care product line, "Skin Fit For Life," did not sell as well as the Company had anticipated. The Company had returns of \$ 1,803,794 which provides additional reserves of \$937,671 against future returns.

The Pending Litigations in Connection with the Sale of the Company's Products Containing PPA May Entail Significant Uncertainty and Expense.

As described in "Legal Proceedings" set forth, there were referenced 8Ks filed on May 23, 2002 and November 20, 2002, in which the legal issues were discussed. Currently, there are two remaining cases. One case in Pennsylvania is in the process of being dismissed. The other case pending in Louisiana is fully insured and is being defended by the Company's insurance carrier. All of the other cases have been dismissed with prejudice. As previously advised, it is independent counsel's opinion that the Company has a defensible position in the two remaining lawsuits.

Competition in the Cosmetic, Health and Beauty Aid Industry is Highly Competitive.

Reference is made to "Business ' Sub-section' of Competition."

CLASS A Shareholders Retain Control of Board of Directors.

See "Voting" in the Proxy Statement dated May 24, 2003. Class A Shareholders, David Edell, CEO and Ira W. Berman, Chairman of the Board of Directors, have the right to elect four members to the Board of Directors. Common stockholders have the right to elect three members to the Board of Directors.

Future Success Depends on Continued New Product Development.

The Company is not financially as strong as the major companies against whom it competes. The ability to successfully introduce new niche products and increase the growth and profitability of its current niche brand products will affect the business and prospects of the future of the Company and it relies upon the creativity and marketing skills of management.

**Item 7A. QUANTITATIVE AND QUALITATIVE
DISCLOSURE ABOUT MARKET RISK**

The Company’s financial statements (See Item 15) 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” (which, primarily, are intended to be held to maturity). \$151,649 of the Company’s \$13,325,415 portfolio of investments (as at Nov. 30, 2005) is invested in the ”Common Stock” and “Other Equity” category, and \$792,568 are invested in 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, thus the Company does not believe that its investment-market risk is material.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements are listed under Item 15 in this Form 10-K. The following financial data is a summary of the quarterly results of operations (unaudited) during and for the years ended November 30, 2005 and 2004:

<u>Fiscal 2005</u>	Three Months Ended			
	<u>Feb. 28</u>	<u>May 31</u>	<u>Aug. 31</u>	<u>Nov. 30</u>
Net Sales	\$14,688,237	\$18,492,442	\$15,064,845	\$14,902,893
Total Revenue	14,814,188	18,616,053	15,224,890	15,066,195
Cost of Products Sold	5,445,359	6,202,605	5,661,245	5,054,444
Net Income	944,830	1,750,656	(390,834)	1,480,850
Earnings Per Share:				
Basic	\$.13	\$.25	(\$.05)	\$.21
Diluted	\$.13	\$.24	(\$.05)	\$.20

<u>Fiscal 2004</u>	Three Months Ended			
	<u>Feb. 28</u>	<u>May 31</u>	<u>Aug. 31</u>	<u>Nov. 30</u>
Net Sales	\$12,929,465	\$18,143,645	\$16,535,940	\$13,058,512
Total Revenue	13,087,488	18,339,247	16,696,391	13,394,632
Cost of Products Sold	4,849,247	5,852,863	5,413,461	4,405,286
Net Income	836,142	2,798,203	1,457,230	705,088
Earnings Per Share:				
Basic	\$.11	\$.38	\$.19	\$.10
Diluted	.11	.36	..19	.09

**Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS
ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The Company did not change its accountants within the twenty-four months prior to the date of the most recent financial statements (nor since), and had no reported disagreement with its accountants on any matter of accounting principles or practices.

Item 9A. 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 November 30, 2005.

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) pursuant to preliminary evaluations that the Company believes will materially affect, or are reasonably likely to materially affect, internal control over financial reporting.

Under Act 404, The Company's fiscal 2007 annual report is required to be accompanied by a "Section 404 Formal Report" by management on the effectiveness of internal controls over financial reporting. Management has commenced preparing a report and reviewing the internal controls in each of the Company's departments. The Company's independent accounting firm is meeting with the Company to review the internal controls' effectiveness in each department. The filing of the Company's November 30, 2007 must contain an opinion by the Company's independent accounting firm on the effectiveness of the Company's internal controls. The Company's officers are currently working to evaluate and confirm that the Company's automated data processing software systems and other procedures are effective and that the information created by the Company's systems adequately confirm the validity of the information upon which the Company relies.

The Company is continuing to take a thorough review of the effectiveness of its internal controls and procedures, including financial reporting. It is working to strengthen all of its procedures wherever necessary.

The Company's preliminary review has not identified or required any changes over its internal controls that have materially affected, or are reasonably likely to materially affect internal controls over financial reporting.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

We have a code of ethics that applies to the Chairman of the Board, Directors, Officers and Employees, including our Chief Executive Officer and Chief Financial Officer. You can find our code of ethics in Exhibit 14.

The Executive Officers and Directors of the Company are as follows:

<u>NAME</u>	<u>POSITION</u>	<u>YEAR OF FIRST COMPANY SERVICE</u>
David Edell	Chief Executive Officer, Director	1983
Ira W. Berman	Chairman of the Board of Directors, Secretary, Executive Vice President	1983

Dunnan Edell	President, Chief Operating Officer and Director	1984
Stephen Heit	Executive Vice President of Operations	2005
Drew Edell	Vice President- Product Development and Production	1983
John Bingman	Chief Financial Officer	1986
Stanley Kreitman	Director	1996
Jack Polak	Director	1983
Robert Lage	Director	2003
Gio Batta Gori, PhD	Director	2004

David Edell, age 73, is a director, and the Company's Chief Executive Officer. Prior to his association with the Company, he was a marketing and financial consultant; and, by 1983, he had extensive experience in the health and beauty aids field as an executive director and/or officer of Hazel Bishop, Lanolin Plus and Vitamin Corporation of America. In 1954, David Edell received a Bachelor of Arts degree from Syracuse University.

Ira W. Berman, age 74, is the Company's Executive Vice President and Corporate Secretary. He is also Chairman of the Board of Directors. Mr. Berman is an attorney who has been engaged in the practice of law since 1955. He received a Bachelor of Arts Degree (1953) and Bachelor of Law Degree (1955) from Cornell University, and is a member of the American Bar Association.

Dunnan Edell is the 50 year-old son of David Edell. He is a graduate of George Washington University. He has been a director since 1994, and in fiscal 2003, he was promoted to position of President of the Company and Chief Operating Officer. He joined the Company in 1984 and was appointed Divisional Vice-President in 1986. He was employed by Alleghany Pharmacal Corporation from 1982 to 1984 and by Hazel Bishop from 1977 to 1981.

Stephen Heit, age 51 joined CCA in May 2005 as Executive Vice President – Operations. Prior to that he was Vice President – Business Strategies for Del Laboratories, Inc., a consumer products company that was listed on the American stock exchange, from 2003 to 2005. Mr. Heit served as President of AM Cosmetics, Inc. from 2001 to 2003, as Chief Financial Officer from 1998 to 2003, and Corporate Secretary to the Board of Directors from 1999 to 2003. From 1986 to 1997 he was the Chief Financial Officer of Pavion Limited, and also served on the Board of Directors. He also served as a Director of Loeb House, Inc., a non-profit organization serving mentally handicapped adults from 1987 to 1995, and Director of Nyack Hospital Foundation from 1993 to 1995. He received a Bachelor of Science from Dominican College in 1976, with additional graduate work in Professional Accounting at Fordham University from 1976 – 1978.

Drew Edell, the 48 year-old son of David Edell, is a graduate of Pratt Institute, where he received a Bachelor's degree in Industrial Design. He joined the Company in 1983, and in 1985, he was appointed Vice President of Product Development and Production.

John Bingman, age 54, received a Bachelor of Science degree from Farleigh Dickenson University in 1973. He worked as a Certified Public Accountant who practiced with the New Jersey accounting firm of Zarrow, Zarrow & Klein from 1976 to 1986.

Jack Polak, age 93, has been a private investment consultant and a banker since April 1982. He is a certified Dutch Tax Consultant and a member of The Netherlands Federation of Certified Tax Consultants. He was knighted on his 80th birthday by Queen Beatrix of the Netherlands for his untiring efforts on behalf of the Anne Frank Center USA for which he is still actively working as the “Chairman-Emeritus.” On May 23, 2004, Hofstra University in Long

Island, NY awarded him with an honorary doctorate in humane letters.

Stanley Kreitman, age 73 has been Vice Chairman of Manhattan Associates an equity investment firm since 1994. He is a director of Medallion Financial Corp. (NASDAQ), Capital Lease Financial Corp.(NYSE), KSW Corp., Geneva Mortgage Corp., and Century Bank. He also serves as Chairman of the New York City Board of Corrections, Nassau County Crime Stoppers, and serves on the board of the Police Athletic League. From 1975 to 1993 he was President of United States Banknote Corp.(NYSE) a securities printer.

Robert Lage, age 69, is a retired CPA. He became a director in fiscal 2003. He was a partner at Price WaterhouseCoopers Management Consulting Service prior to his retirement in 1997. He has been engaged in the practice of public accounting and management consulting since 1959. He received a BBA from Bernard Baruch College of the City University of New York in 1958.

Gio Batta Gori, PhD, 75, was elected as a director in June of 2004. He is president of the Health Policy Center, Bethesda, Maryland, a consulting group in toxicology, epidemiology, nutrition, and related scientific, industrial, and regulatory issues. Advisor to major corporations worldwide, his previous experiences include directing the Franklin Institute Policy Analysis Center, and executive positions at the National Cancer Institute as Deputy Director of the Division of

Cancer Causes and Prevention, Director of the Smoking and Health Program, Director of the Diet, Nutrition and Cancer Program. He held earlier positions in the pharmaceutical and biologics industry, and in academia. Recipient of the U.S. Department of Health Education and Welfare Superior Service Award, he is active in toxicology, carcinogenesis, nutrition, tobacco, and environmental issues. He has been a two-term President of the International Society of Regulatory Toxicology and Pharmacology, is a member of scientific societies, fellow of the Academy of Toxicological Sciences, funding and former editor of the journal *Nutrition and Cancer*, and editor of the journal *Regulatory Toxicology and Pharmacology*.

Item 11. EXECUTIVE COMPENSATION

i. Summary Compensation Table

The following table summarizes compensation earned in the 2005, 2004 and 2003 fiscal years by all of the executive officers whose fiscal 2005 compensation exceeded \$100,000, including the Chief Executive Officer (the "Named Officers").

Annual Compensation Long-Term Compensation

Name and Principal Position	Year	Salary	Bonus	All Other Annual Compen- sation(1)	Number of Shares	
					Covered by Stock Options Granted(2)	Other Long-Term Compen- sation
David Edell, Chief Executive Officer	2005	\$695,738	\$510,857	\$40,752	-	0
	2004	656,357	573,543	38,294	--	0
	2003	619,205	459,240	39,476	--	0
Ira W. Berman, Secretary and Executive Vice President	2005	\$695,738	\$510,857	\$30,256	-	0
	2004	656,357	573,543	24,739	--	0
	2003	619,205	459,240	29,499	--	0
Dunnan Edell,	2005	\$300,000	\$ 120,000	\$12,317	-	0

President, Chief	2004	312,692	95,000	5,305	--	0
Operating Officer	2003	282,692	50,000	1,931	--	0
Stephen Heit Executive Vice President, Operations	2005 ⁽³⁾	\$110,000	\$ 15,000	\$ 3,721	--	0

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Drew Edell	2005	\$243,269	\$ 60,000	\$ 8,867	--	0
Vice President	2004	222,596	50,000	1,951	-	0
Product Development and Production	2003	200,000	25,000	5,081	-	0
John Bingman	2005	\$111,980	\$ 45,000	\$ 1,587	-	0
Chief Financial Officer	2004	111,980	40,000	1,005	-	0
	2003	105,128	25,000	2,696	-	0
Joel Last	2005	\$171,838	\$ 50,881	\$ 6,020	--	0
Vice President	2004	167,077	40,900	185	--	0
Sales	2003	160,000	32,000	4,833	-	0

(1) Includes the personal-use value of Company-leased automobiles, the value of Company-provided life insurance, and health insurance that is made available to all employees.

(2) Information in respect of stock option plans appears below in the sub-topic, Employment Contracts/Executive Compensation Program.

(3) Mr. Heit commenced employment on May 1, 2005.

ii. Fiscal 2005 Option Grants and Option Exercises,
Year-End Option Valuation, Option Repricing

No new options were issued to the Named Officers in fiscal 2005.

The next table identifies 2005 fiscal-year option exercises by Named Officers and Directors, and reports a valuation of their options.

	Number of Shares Acquired <u>On Exercise</u>	Value Realized (1)	Number of Shares Covered by Un- exercised Options <u>at December 1, 2005</u>	Value of Unexercised In-the-Money Options <u>at December 1, 2005</u>
David Edell	65,000	\$705,700	47,500	\$ 175,050
Ira W. Berman	59,000	\$651,700	53,000	217,840
Dunnan Edell	-	-	90,000	583,500
Drew Edell	-	-	15,000	-
Jack Polak	-	-	25,000	194,500
John Bingman	-	-	10,000	-

(1) Represents the difference between market price and the respective exercise prices of options as of the exercise date. The market price at December 1, 2005 was \$8.28.

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Repriced Options

The following table identifies the stock options held by the Named Officers and all other officers and directors, the exercise prices of which have been reduced during the past 10 years.

	<u>Number of Shares</u>	<u>Original Grant Date</u>	<u>Original Price</u>	<u>Date Repriced</u>	<u>New Price</u>
David Edell (1)	100,000	Aug. 1, 1997	\$2.50	May 24, 2001	\$.50
Ira W. Berman (1)	100,000	Aug. 1, 1997	2.50	May 24, 2001	.50
Dunnan Edell (1)	50,000	Aug. 1, 1997	2.50	May 24, 2001	.50
Drew Edell (1)	50,000	Aug. 1, 1997	2.50	May 24, 2001	.50
Stanley Kreitman (1)	25,000	Aug. 1, 1997	2.50	May 24, 2001	.50
Jack Polak (1)	25,000	Aug. 1, 1997	2.50	May 24, 2001	.50
Dunnan Edell (1)(2)	25,000	Jun. 10, 1995	4.50	May 24, 2001	.50
Drew Edell (1)(2)	25,000	Jun. 10, 1995	4.50	May 24, 2001	.50

(1) On November 3, 1998, the full Board of Directors authorized the repricing in consequence of a declining market valuation, inconsistent with the Company's realizable value. The market price of the Common Stock at the date of repricing was \$1.00; and, at that date, the original option terms (10 years from August 1, 1997) had approximately 8 years and 10 months remaining. When the options were originally issued, on August 1, 1997, the market price of the Company's Common Stock was \$2.50. On May 24, 2001, the Company repriced the options again when the market price was \$.50.

(2) On June 10, 2000, the full Board of Directors authorized the repricing in consequence of a declining market valuation, inconsistent with the Company's realizable value. The market price of common stock at the date of repricing was \$1.10; and at that date the original terms (5 years from June 10, 1995) were extended for an additional 5 years. When the options were originally issued on June 10, 1995, the market price of the Company's common stock was \$3. On May 24, 2001, the Company repriced the options again when the market price was \$.50, and changed the expiration date to August 1, 2007.

iii. Compensation of Directors

Each outside director was paid between \$2,500 and \$5,000 per meeting for attendance of board meetings in fiscal 2005 (without additional compensation for committee meetings). Mr. Lage received an additional \$30,000 as chairman of the audit committee. The full Board of Directors met five times in fiscal 2005.

iv. Executive Compensation Principles

Audit and Compensation Committee

The Company's Executive Compensation Program is based on guiding principles designed to align executive compensation with Company values and objectives, business strategy, management initiatives, and financial performance. In applying these principles the Audit and Compensation Committee of the Board of Directors, comprised of Stanley Kreitman, Jack Polak and Robert Lage, which met four times in fiscal 2005, has established a program to:

- . Reward executives for long-term strategic management and the enhancement of shareholder value.
- . Integrate compensation programs with both the Company's annual and long-term strategic planning.

. Support a performance-oriented environment that rewards performance not only with respect to Company goals but also Company performance as compared to industry performance levels.

Stanley Kreitman, former president of a national bank, qualifies as a "financial expert" as defined by the SEC in Instruction 1 to proposed Item 309 of Regulation S-K, which is set forth in the SEC Release No. 34 - 46701 dated October 22, 2003. Mr. Kreitman is an "independent" as that term is used in Section 10A(m)(3) of the Exchange Act.

Jack Polak was knighted by the Dutch government in 1993. He is a certified Dutch tax consultant and a member of the association of certified tax accountants. The Board has deemed that he is both "independent" and qualifies as a "financial expert."

Robert A. Lage, Chairman of the Audit Committee and a retired CPA, was a partner at PriceWaterhouseCoopers Management Consulting Service prior to his retirement in 1997. He has been engaged in the practice of public accounting and management consulting since 1959. He received a BBA from Bernard Baruch College of the City University of New York in 1958. The Board has deemed that he is both "independent" and qualifies as a "financial expert".

v. Employment Contracts/Compensation Program

The total compensation program consists of both cash and equity based compensation. The Audit and Compensation Committee (the "Committee") determines the level of salary and bonuses, if any, for key executive officers of the Company. The Committee determines the salary or salary range based upon competitive norms. Actual salary changes are based upon performance, and bonuses were awarded by the Committee in consideration of the Company's performance during the 2004 fiscal year.

The Company has executed Employment Contracts with its CEO, David Edell and its Chairman of the Board, Ira W. Berman. The contracts for both are exactly the same. The contracts expire on December 31, 2010. The contracts provide for a base salary which commenced in 1994 in the amount of \$300,000, with a year-to-year CPI or 6% increase plus 2.5% of the Company's pre-tax income less depreciation and amortization (EBITDA), plus 20% of the base salary for the fiscal year. (The "2.5% measure" in the bonus provision of the Edell/Berman contracts was amended so as to calculate it against earnings before income taxes, less depreciation, amortization and expenditures for media and cooperative advertising in excess of \$8,000,000). On May 24, 2001, the contract was amended increasing the base salary to \$400,000.

David Edell's sons, Dunnan Edell and Drew Edell have five-year employment contracts in the amounts of \$270,000 and \$200,000 respectively, which expire on November 30, 2007. On February 10, 2006, the Board of Directors extended the contracts for Dunnan Edell and Drew Edell to December 31, 2010 (See Item 11, Summary Comprehensive Table). Dunnan Edell is a director and President of the Company. Drew Edell is the Vice President of Product Development and Production. On July 1 2003, Dunnan Edell's salary was increased to \$300,000, and on January 5, 2004, Drew Edell's salary was increased to \$225,000 and in 2005, it was increased to \$250,000.

vi. Stock Option Plans

Long-term incentives are provided through the issuance of stock options.

(The 1984 Stock Option Plan covered 1,500,000 shares of its Common Stock, and the 1986 Stock Option Plan covered 1,500,000 shares of its Common Stock.) On July 9, 2003, the Company's Stock Option Plan was approved by the shareholders authorizing the issuance of options to issue up to 1,000,000 shares.

The Company's 2003 Stock Option Plan covers 1,000,000 shares of its Common Stock.

The 2003 Option Plan provides (as had the 1984, 1986 and the 1994 plans) for the granting of two (2) types of options: "Incentive Stock Options" and "Nonqualified Stock Options". The Incentive Stock Options (but not the Nonqualified Stock Options) are intended to qualify as "Incentive Stock Options" as defined in Section 422(a) of The Internal Revenue Code. The Plans are not qualified under Section 401(a) of the Code, nor subject to the provisions of

the Employee Retirement Income Security Act of 1974.

Options may be granted under the Options Plans to employees (including officers and directors who are also employees) and consultants of the Company provided, however, that Incentive Stock Options may not be granted to any non-employee director or consultant.

Option Plans are administered and interpreted by the Board of Directors. (Where issuance to a Board member is under consideration, that member must abstain.) The Board has the power, subject to plan provisions, to determine the persons to whom and the dates on which options will be granted, the number of shares subject to each option, the time or times during the term of each when options may be exercised, and other terms. The Board has the power to delegate administration to a Committee of not less than two (2) Board members, each of whom must be disinterested within the meaning of Rule 16b-3 under the Securities Exchange Act, and ineligible to participate in the option plan or in any other stock purchase, option or appreciation right under plan of the Company or any affiliate. Members of the Board receive no compensation for their services in connection with the administration of option plans.

Option Plans permit the exercise of options for cash, other property acceptable to the Board or pursuant to a deferred payment arrangement. The 1994 Plan specifically authorizes that payment may be made for stock issuable upon exercise by tender of Common Stock of the Company; and the Executive Committee is authorized to make loans to option exercisers to finance optionee tax-consequences in respect of option exercise, but such loans must be personally guaranteed and secured by the issued stock.

The maximum term of each option is ten (10) years. No option granted is transferable by the optionee other than upon death.

On June 15, 2005, the shareholders approved an amended and Restated Stock Option Plan amending the 2003 Stock Option Plan.

The Plan provides that the stock option committee may make awards in the form of (a) incentive stock options, (b) non-qualified stock options, (c) stock appreciation rights, (d) restricted stock, and (e) performance shares.

No new awards were made by the committee in fiscal 2005.

Under the plans, options will terminate three (3) months after the optionee ceases to be employed by the Company or a parent or subsidiary of the Company unless (i) the termination of employment is due to such person's permanent and total disability, in which case the option may, but need not, provide that it may be exercised at any time within one (1) year of such termination (to the extent the option was vested at the time of such termination); or (ii) the optionee dies while employed by the Company or a parent or subsidiary of the Company or within three (3) months after termination of such employment, in which case the option may, but need not provide that it may be exercised (to the extent the option was vested at the time of the optionee's death) within eighteen (18) months of the optionee's death by the person or persons to whom the rights under such option pass by will or by the laws of descent or distribution; or (iii) the option by its terms specifically provides otherwise.

The exercise price of all nonqualified stock options must be at least equal to 85% of the fair market value of the underlying stock on the date of grant. The exercise price of all Incentive Stock Options must be at least equal to the fair market value of the underlying stock on the date of grant. The aggregate fair market value of stock of the Company (determined at the date of the option grant) for which any employee may be granted Incentive Stock Options in any calendar year may not exceed \$100,000, plus certain carryover allowances. The exercise price of an Incentive Stock Option granted to any participant who owns stock possessing more than ten (10%) of the voting rights of the Company's outstanding capital stock must be at least 110% of the fair market value on the date of grant. As at November 30, 2005, 285,500 stock options, yet exercisable, to purchase 285,500 shares of the Company's Common Stock, were outstanding.

The Company has adopted Stock Appreciation Rights incentives and Restricted Stock grants in the 2005 Amended Stock Option Plan. No such grants were issued in fiscal 2005. All of the terms and conditions of the Plan were included in the June 15, 2005 Proxy, which Plan was approved by the shareholders at the annual meeting. The Proxy

is incorporated by reference to this 10K Annual Report.

vii. Performance Graph

Set forth below is a line graph comparing cumulative total shareholder return on the Company's Common Stock, with the cumulative total return of companies in the NASDAQ Stock Market (U.S.) and the cumulative total return of Dow Jones's TMI/Personal Products Index.

GRAPH

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock and/or Class A Common Stock as of November 30, 2005 by (i) all those known by the Company to be owners of more than five percent of the outstanding shares of Common Stock or Class A Common Stock; (ii) each officer and director; and (iii) all officers and directors as a group.

Unless otherwise indicated, each of the shareholders has sole voting and investment power with respect to the shares owned (subject to community property laws, where applicable), and is beneficial owner of them.

<u>Name and Address</u>	<u>Number of Shares Owned (1):</u>	<u>“Option Shares” (1)</u>	<u>Ownership, As A Percentage of All Shares Out- Standing/Assuming Option Share Exercise (1)</u>
-------------------------	--	--------------------------------	--

	Common Stock	Class A (2)			
David Edell c/o CCA Industries, Inc. 200 Murray Hill Parkway East Rutherford, NJ 07073	225,359	484,615	47,500	9.9%	10.5%
Ira W. Berman c/o CCA Industries, Inc.	234,089	483,087	53,000	10.0%	10.6%
Luxor Capital Partners, LP (3) 551 Fifth Avenue New York, NY 10176	359,477	-	-	4.3%	4.3%
Alexander Enterprise Holdings Inc. (4) 1114 Ave of the Americas New York, NY 10036	310,800	--	-	4.3%	4.3%
Jack Polak 195 Beach Street Eastchester, NY 10709	28,254	-	25,000	..4%	.7%
Stanley Kreitman c/o CCA Industries, Inc.	24,392	-	-	.3%	.3%
Dunnan Edell c/o CCA Industries, Inc.	42,075	-	90,000	.6%	1.8%
Robert Lage 72 Cypress Point Lane Jackson, NJ 08527	-	-	-	--	-

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Drew Edell c/o CCA Industries, Inc.	123,108	-	15,000	1.7%	1.9%
John Bingman c/o CCA Industries, Inc.	-	-	10,000	0%	.1%
Officers and Directors as a group (10 persons)	1,347,554	967,702	240,500		

(1) The number of “Option Shares” represents the number of shares that could be purchased by and upon exercise of unexercised options exercisable within 60 days; and the percentage ownership figure denominated “Assuming Option Share Exercise” assumes, per person, that unexercised options have been exercised and, thus, that subject shares have been purchased and are actually owned. In turn, the “assumed” percentage ownership figure is measured, for each owner, as if each had exercised such options, and purchased subject ‘option shares,’ and thus increased total shares actually outstanding, but that no other option owner had ‘exercised and purchased.’

(2) David Edell and Ira Berman own 100% of the outstanding shares of Class A Common Stock. Messrs. David Edell, Dunnan Edell, and Ira Berman are officers and directors. Messrs. John Bingman and Drew Edell is an officer. Messrs. Lage, Kreitman and Polak are independent, outside directors.

(3) Luxor Capital Group is the investment manager of the Onshore Fund and the Offshore Fund. Luxor Management

is the general partner of Luxor Capital Group. Mr. Leone is the managing member of Luxor Management. The principle business of the Onshore Fund and Offshore Fund is that of a private investment fund engaged in the purchase and sale of securities for its own account. The principle business of Luxor Capital Group is providing investment management services. The principle business of Luxor Management is serving as the general partner of Luxor Capital Group. The principle business of LCG Holdings is serving as the general partner or managing member of the Onshore Fund and other private investment funds.

(4) Alexander Enterprise Holdings Corp. is a British Virgin Island corporation, a wholly owned subsidiary of Berggruen Holdings Ltd, a British Virgin Islands corporation. All of the shares of Berggruen Holdings Ltd. are owned by Terragona Trust, a British Virgin Island trust. The trustee of Terragona Trust is Maitland Trustees Limited, a British Virgin Island corporation.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During fiscal 2005, several related parties provided services to the Company, which were deemed immaterial to the financial statements.

On October 3, 2004, the Company repurchased 500,000 shares of the Company's common stock, 250,000 shares each from David Edell and Ira W. Berman at a price of \$8.99.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

KGS LLP ("KGS") (formerly known as Sheft Kahn & Company LLP) served as the Company's independent auditors for 2005 and 2004. The services performed by KGS in this capacity included conducting an audit in accordance with generally accepted auditing standards of, and expressing an opinion on, the Company's consolidated financial statements.

Audit Fees

KGS's fees for professional services rendered in connection with the audit and review of Forms 10-K and all other SEC regulatory filings were \$227,803 for the 2005 fiscal year and \$162,178 for the 2004 fiscal year. The Company has paid and is current on all billed fees.

Audit Related Fees

Audit related fees billed in Fiscal 2005 and 2004 by KGS were \$39,012 and \$3,265, respectively. Audit related fees consist primarily of fees billed for professional services rendered by KGS for accounting consultations and services related to business acquisitions and dispositions, responses to SEC correspondence, and readiness consultations for Section 404 of the Sarbanes Oxley Act of 2002.

Tax Fees

KGS's fees for professional services rendered in connection with Federal and State tax return preparation and other tax matters for the 2005 and 2004 fiscal years were \$51,235 and \$41,181, respectively.

All Other Fees

All other fees of \$724 and \$565 billed in Fiscal years 2005 and 2004, respectively, represent fees for miscellaneous services other than those described above.

Engagements Subject to Approval

Under its charter, the Audit Committee must pre-approve all subsequent engagements of our independent auditor unless an exception to such pre-approval exists under the Securities Exchange Act of 1934 or the rules of the

Securities and Exchange Commission. Each year, the independent auditor's retention to audit our financial statements, including the associated fee, is approved by the committee before the filing of the preceding year's annual report on form 10-K. At the beginning of the fiscal year, the Audit Committee will evaluate other known potential engagements of the independent auditor, including the scope of the work proposed to be performed and the proposed fees, and approve or reject each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent auditor's independence from management. At each subsequent committee meeting, the committee will receive updates on the services actually provided by the independent auditor, and management may present additional services for approval. The committee has delegated to the Chairman of the committee the authority to evaluate and approve engagements on behalf of the committee in the event that a need arises for pre-approval between committee meetings. If the Chairman so approves any such engagements, he will report that approval to the full committee at the next committee meeting.

Since the May 6, 2003 effective date of the Securities and Exchange Commission rules stating that an auditor is not independent of an audit client if the services it provides to the client are not appropriately approved, each new engagement of KGS LLP, formerly known as Sheft Kahn & Company LLP was approved in advance by the Audit Committee, and none of those engagements made use of the *de minimus* exception to pre-approval contained in the Commission's rules.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

Financial Statements:

Table of Contents, Independent Auditors' Report, Consolidated Balance Sheets as of November 30, 2005 and 2004, Consolidated Statements of Income (Loss) for the years ended November 30, 2005, 2004 and 2003, Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Shareholders' Equity for the years ended

November 30, 2005, 2004 and 2003, Consolidated Statements of Cash Flows for the years ended November 30, 2005, 2004 and 2003, Notes to Consolidated Financial Statements.

Financial Statement Schedules:

Schedule II: Valuation Accounts; Years Ended Nov. 30, 2005, 2004 and 2003. The remaining financial statement schedules have been omitted since they are not required to be filed.

Exhibits:

(1) The Indenture (and the Promissory note exhibited therewith) defining the rights of former shareholders who tendered Common Stock to the Company for its \$2 per share, five- year, 6% debenture, is incorporated by reference to the filing of such documents with the Schedule TO filed with the SEC, on June 5, 2001.

(3) The Company's Articles of Incorporation and Amendments thereof, and its By-Laws, are incorporated by reference to their filing with the Form 10-K/A filed April 5, 1995. (Exhibit pages 000001-23).

(10.1) The Following Material Contracts are incorporated by reference to their filing with the Form 10-K/A filed April 5, 1995: Amended and Restated Employment Agreements of 1994, with David Edell and Ira Berman; License Agreement made February 12, 1986 with Alleghany Pharmacal Corporation.

(10.2) The February 1999 Amendments to the Amended and Restated Employment Agreements of David Edell and Ira Berman (1994) are incorporated by reference to the 1998 10-K. (Exhibit pages 00001-00002). The May 29, 2001 Amended and Restated Employment Agreements of David Edell and Ira Berman are incorporated by reference herein.

Previously filed as an exhibit to an incorporated by reference from the indicated report filed with the Securities and Exchange Commission:

(1) The Forms 8K, filed on May 22, 2002 and November 20, 2002, are incorporated by reference to this 2005 10K. Three 8Ks are referenced, October 29, 2003, November 24, 2003 and December 11, 2003. Three additional 8Ks are referenced, one on April 7, 2004, one on August 3, 2004 and the last on October 6, 2004.

(2) Forms 8K filed on April 11, 2005, June 27, 2005, and July 15, 2005 are incorporated by reference to this 10K

(3) The Company's 2003 Stock Option Plan was filed with the 2003 Proxy and is incorporated by reference to this 10K.

(4) The Company's 2005 Amended and Restated Stock Option Plan and the 2005 Proxy are incorporated by reference herein.

The following reports were filed with the Securities and Exchange Commission during the three months ended November 30, 2005:

(1) Form 10Q, filed on October 17, 2005, for the quarter ended August 31, 2005.

(2) Form 8K, filed on October 17, 2005, announcing our news release of October 12, 2005 discussing our third quarter and nine months earnings.

(3) Form 10Q/A, filed on October 17, 2005, amending our third quarter ended August 31, 2005.

(4) Form 10Q/A, filed on November 15, 2005, amending our third quarter ended August 31, 2005.

(5) Form 13D, filed on November 17, 2005 by filing person, purchasing the subject class of securities at five percent of outstanding stock.

- (11) Statement re Per Share Earnings (included in Item 15, Financial Statements)
- (14) Code of Ethics for Chief Executive Officer and Senior Financial Officers are referenced
- (31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14(a) included herein
- (31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14(a) included herein
- (32.1) Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350 included herein
- (32.2) Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350 included herein

Shareholders may obtain a copy of any exhibit not filed herewith by writing to CCA Industries, Inc., 200 Murray Hill Parkway, East Rutherford, New Jersey 07073. Moreover, exhibits may be inspected and copied at prescribed rates at the Commission's public reference facilities at Judiciary Plaza, 450 Fifth Street, NW, Washington, D.C. 20549; Jacob K. Javits Federal Building, 26 Federal Plaza, New York, New York 10278; and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials may also be obtained by mail at prescribed rates from the Public Reference Branch of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and one is available at the Commission's Internet website (<http://www.sec.gov>).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(A) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

CCA INDUSTRIES, INC.

By: s/ _____

DUNNAN EDELL, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>s/ _____</u> DAVID EDELL	Chief Executive Officer, Director	February 28, 2006
<u>s/ _____</u> IRA W. BERMAN	Chairman of the Board of Directors, Executive Vice President, Secretary	February 28, 2006
<u>s/ _____</u> DUNNAN EDELL	President, Chief Operating Officer, Director	February 28, 2006
<u>s/ _____</u> STEPHEN HEIT	Vice President, Operations	February 28, 2006
<u>s/ _____</u> DREW EDELL	Vice President, Product Development	February 28, 2006
<u>s/ _____</u> JOHN BINGMAN	Chief Financial Officer	February 28, 2006

s/ _____ Director February 28, 2006
STANLEY KREITMAN

s/ _____ Director February 28, 2006
ROBERT LAGE

s/ _____ Director February 28, 2006
JACK POLAK

s/ _____ Director February 28, 2006
GIO BATTÀ GORI

CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2005 AND 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
CCA Industries, Inc.
East Rutherford, New Jersey

We have audited the consolidated balance sheets of CCA Industries, Inc. and Subsidiaries as of November 30, 2005 and 2004, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended November 30, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CCA Industries, Inc. and Subsidiaries as of November 30, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended November 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 16, subsequent to the issuance of the Company's 2004 financial statements and our report thereon dated January 30, 2005, we became aware that those financial statements reflected the Company's issuance of a stock dividend as if it was a stock split. In our original report, we expressed an unqualified opinion on the 2004 financial statements, and our opinion on the revised statements, as expressed herein, remains unqualified.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule titled "Schedule II – Valuation and Qualifying Accounts" is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has been subjected to the auditing

procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KGS LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 3, 2006
Jericho, New York

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

A S S E T S

	November 30,	
	<u>2005</u>	<u>2004</u>
Current Assets		
Cash and cash equivalents (Note 14)	\$ 3,536,542	\$ 3,142,230
Short-term investments and marketable securities (Notes 2 and 6)	7,050,026	1,952,738
Accounts receivable, net of allowances of \$938,712 and \$517,634, respectively (Note 2)	9,260,399	8,677,984
Inventories (Notes 2 and 3)	6,554,150	6,048,000
Prepaid expenses and sundry receivables	526,134	695,653
Prepaid income taxes and refunds due (Note 8)	165,560	418,651
Deferred income taxes (Note 8)	<u>818,948</u>	<u>650,938</u>
Total Current Assets	<u>27,911,759</u>	<u>21,586,194</u>
Property and Equipment, net of accumulated depreciation and amortization (Notes 2 and 4)	<u>467,238</u>	<u>569,745</u>
Intangible Assets, net of accumulated amortization (Notes 2 and 5)	<u>583,177</u>	<u>511,029</u>
Other Assets		
Marketable securities (Notes 2 and 6)	6,275,390	8,852,198
Deferred income taxes (Note 8)	23,419	-
Other	<u>48,325</u>	<u>37,411</u>
Total Other Assets	<u>6,347,134</u>	<u>8,889,609</u>
Total Assets	<u>\$35,309,308</u>	<u>\$31,556,577</u>

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See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	November 30,	
	<u>2005</u>	<u>2004</u>
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 8,734,092	\$ 6,982,835
Income tax payable	-	59,888
Dividends payable	575,560	483,426
Subordinated debentures (Note 7)	<u>-</u>	<u>497,656</u>
Total Current Liabilities	<u>9,309,652</u>	<u>8,023,805</u>
Deferred Income Taxes (Note 8)	<u>-</u>	<u>10,725</u>
Commitments and Contingencies (Note 12)	-	-
Shareholders' Equity		
Preferred stock, \$1.00 par; authorized 20,000,000 shares; none issued	-	-
Common stock, \$.01 par; authorized 15,000,000 shares; issued and outstanding 6,212,055 and 6,153,503 shares, respectively	62,121	61,535
Class A common stock, \$.01 par; authorized 5,000,000 shares; issued and outstanding 967,702 and 977,394 shares, respectively	9,677	9,774
Additional paid-in capital	5,105,732	5,094,660
Retained earnings	21,200,465	18,734,693
Unrealized (losses) on marketable securities	(<u>378,339</u>)	(<u>228,944</u>)
	25,999,656	23,671,718
Less: Treasury Stock 86,703 shares, at cost	<u>-</u>	<u>149,671</u>
Total Shareholders' Equity	<u>25,999,656</u>	<u>23,522,047</u>
Total Liabilities and Shareholders' Equity	<u>\$35,309,308</u>	<u>\$31,556,577</u>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	<u>Years Ended November 30,</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues			
Sales of health and beauty aid products, net	\$63,148,417	\$60,667,562	\$ 54,145,480
Other income	<u>572,909</u>	<u>850,196</u>	<u>591,271</u>
	<u>63,721,326</u>	<u>61,517,758</u>	<u>54,736,751</u>
Costs and Expenses			
Cost of sales	22,363,653	20,520,857	18,168,528
Selling, general and administrative expenses	20,548,971	17,577,032	16,753,269
Advertising, cooperative and promotions	12,706,771	13,118,784	10,328,695
Research and development	772,627	876,665	884,425
Provision for doubtful accounts	201,864	18,675	73,537
Interest expense	<u>19,912</u>	<u>31,466</u>	<u> </u>
<u>31,399</u>	<u>56,613,798</u>	<u>52,143,479</u>	<u>46,239,853</u>
Income before Provision for Income Taxes	7,107,528	9,374,279	8,496,898
Provision for Income Tax	<u>3,322,026</u>	<u>3,577,616</u>	<u>3,244,767</u>
Net Income	<u>\$ 3,785,502</u>	<u>\$ 5,796,663</u>	<u>\$ 5,252,131</u>
Weighted Average Shares			
Outstanding			
Basic	<u>7,145,297</u>	<u>7,399,472*</u>	<u>7,372,232*</u>
Diluted	<u>7,317,994</u>	<u>7,680,781*</u>	<u>7,768,361*</u>
Earnings Per Common Share			
(Note 2):			
Basic	<u>\$.53</u>	<u>\$.78*</u>	<u>\$.71*</u>
Diluted	<u>\$.52</u>	<u>\$.75*</u>	<u>\$.68*</u>

* Adjusted for 2% stock dividend.

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>Years Ended November 30,</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Income	<u>\$3,785,502</u>	<u>\$5,796,663</u>	<u>\$ 5,252,131</u>
Other Comprehensive Income (Loss)			

Unrealized holding gain (loss) on investments	(149,395)	(133,716)	12,762
Provision (Benefit) for Income Taxes	(<u>69,767</u>)	(<u>51,032</u>)	<u>4,874</u>
Other Comprehensive Income (Loss) - Net	(<u>79,628</u>)	(<u>82,684</u>)	<u>7,888</u>
Comprehensive Income	<u>\$3,705,874</u>	<u>\$5,713,979</u>	<u>\$ 5,260,019</u>
Earnings Per Share:			
Basic	<u>\$.52</u>	<u>\$.77*</u>	<u>\$.71*</u>
Diluted	<u>\$.51</u>	<u>\$.74*</u>	
<u>\$.68*</u>			

* Adjusted for 2% stock dividend.

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2005, 2004 AND 2003

Unrealized (Loss) on Marketable Securities	Treasury Stock	Common Stock (1)		Additional	Gain
		<u>Shares</u>	<u>Amount</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>
Balance - November 30, 2002 (\$107,990)	(\$352,935)	7,562,014	\$75,620	\$3,831,313	\$15,389,415
Issuance of common stock	-	139,889	1,399	(1,399)	-

Net income for the year	--	-	-	5,252,131	
-	-				
Dividends declared	--	-	-	(750,005)	
-	-				
Unrealized gain on marketable securities	--	-	-	-	
12,762	-				
Purchase of 2,958 shares of treasury stock					
<u>-</u>	<u>(5,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Balance - November 30, 2003	7,701,903	77,019	3,829,914	19,891,541	(
95,228)	(358,706)				
Issuance of common stock	131,825	1,318	3,682	-	
--	-				
Net income for the year	--	-	-	5,796,663	
-	-				
Unrealized (loss) on marketable securities	--	-	-	-	(
133,716)	-				
Retirement of treasury stock	(192,849)	(1,928)	38	(207,145)	
-	209,035				
Purchase and retirement of common stock	(510,000)	(5,100)	100	(4,490,000)	
-	--				
Stock dividend	--	-	1,260,926	(1,260,926)	
-	-				
Dividends declared	<u>-</u>	<u>-</u>	<u>-</u>	<u>(995,440)</u>	
--	--				
Balance - November 30, 2004, as revised	7,130,879	71,309	5,094,660	18,734,693	(
228,944)	(149,671)				
Issuance of common stock	137,769	1,378	11,072	-	
--	-				
Net income for the year	--	-	-		
3,785,502	-	-			
Dividends declared	--	--	-	(
1,151,411)	-	-			
Unrealized (loss) on marketable securities	--	-	-	-	(
149,395)	--				
Purchase of 2,188 shares of common stock	--	--	--	-	
--	(19,537)				
Retirement of treasury stock	<u>(88,891)</u>	<u>(889)</u>	<u>--</u>	<u>(168,319)</u>	-

-	<u>169,208</u>					
Balance - November 30, 2005		<u>7,179,757</u>	<u>\$71,798</u>	<u>\$5,105,732</u>	<u>\$21,200,465</u>	(\$
<u>378,339)</u>	<u>\$ -</u>					

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30,

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:			
Net income	\$3,785,502	\$5,796,663	\$5,252,131
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	329,278	307,598	361,730
(Gain) on sale of securities	- -	(143,736)	(9,518)
Loss (gain) on sale or impairment of intangibles	42,380	(9,947)	-
Decrease (increase) in deferred income taxes	(202,154)	308,600	333,569
(Increase) in accounts receivable	(582,415)	(2,073,002)	(339,027)
(Increase) decrease in inventory	(506,150)	(735,301)	(1,569,568)
(Increase) decrease in prepaid expenses and sundry receivables	169,519	(104,803)	(227,393)
(Increase) decrease in prepaid income taxes and refunds due	253,091	(182,031)	(234,917)
(Increase) decrease in other assets	(10,914)	1,727	17,250
Increase in accounts payable and accrued liabilities	1,751,257	1,379,685	319,041
Increase (decrease) in income taxes payable	(<u>59,888</u>)	<u>59,888</u>	(<u>178,690</u>)
Net Cash Provided by Operating Activities	<u>4,969,506</u>	<u>4,605,341</u>	<u>3,724,608</u>
Cash Flows from Investing Activities:			
Acquisition of property and equipment	(215,066)	(140,674)	(321,446)
Acquisition of intangible assets	(126,233)	(27,036)	(2,846)
Purchase of available for sale securities	(4,616,689)	(4,249,221)	(9,888,309)
Proceeds from sale of available for sale securities	1,946,814	7,078,164	6,485,792
Proceeds from sale of trademark	<u>-</u>	<u>50,000</u>	<u>-</u>
Net Cash (Used in) Provided by Investing Activities	(<u>3,011,174</u>)	<u>2,711,233</u>	(<u>3,726,809</u>)
Cash Flows from Financing Activities:			
Purchase and retirement of common shares	(19,537)	(4,495,000)	- -
Repurchase of outstanding debentures	(497,656)	-	-

Proceeds from exercise of stock options	12,450	5,000	
Purchase of treasury stock	- -	-	(5,771)
Dividends paid	(1,059,277)	(891,131)	(370,888)
Net Cash (Used in) Financing Activities	(1,564,020)	(5,381,131)	(376,659)
Net Increase (Decrease) In Cash	394,312	1,935,443	(378,860)
Cash at Beginning of Year	3,142,230	1,206,787	1,585,647
Cash at End of Year	\$3,536,542	\$3,142,230	\$1,206,787
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the year for:			
Interest	\$ 19,912	\$ 31,466	\$ 31,529
Income taxes	3,297,371	3,382,450	3,322,700
Supplemental Disclosure of Non-Cash Information:			
Dividends declared and accrued	\$ 575,560	\$ 483,426	\$ 379,117
Retirement of 88,891 and 192,849 shares of treasury stock	\$ 169,208	\$ 209,035	\$ -

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - 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, and CCA Online Industries, Inc., all of which are currently inactive.

NOTE 2 - 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"). All significant inter-company accounts and transactions have been eliminated.

Estimates and Assumptions:

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.

Other Comprehensive Income:

Total comprehensive income includes changes in equity that are excluded from the consolidated statements of operations and are recorded directly into a separate section of consolidated statements of comprehensive income. The Company's accumulated other comprehensive income shown on the consolidated balance sheet consist of unrealized gains and losses on investment holdings.

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.

Accounts Receivable

Accounts receivable consist of trade receivables recorded at original invoice amount, less an estimated allowance for uncollectible amounts. 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.

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.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statements of Cash Flows Disclosure (Continued):

During fiscal 2003, three officers/shareholders exercised in the aggregate 157,000 options (160,140 as adjusted for the 2% stock dividend) in exchange for 19,854 shares (20,251 as adjusted for the 2% stock dividend) of previously issued common stock.

During fiscal 2004, five officers/shareholders exercised in the aggregate 138,000 options (140,760 as adjusted for the 2% stock dividend) in exchange for 8,758 shares (8,933 as adjusted for the 2% stock dividend) of previously issued common stock.

During fiscal 2005, three officers/directors exercised in the aggregate 139,000 options, David Edell - 65,000, Ira Berman - 59,000 and Stanley Kreitman - 15,000. In addition, 5,000 options were exercised by an outside consultant.

For the year ended November 30, 2005, dividends declared but not yet due amounted to \$575,560.

Inventories:

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

Product returns that are resalable 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.

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 (ranging from 1-9 years)

Intangible Assets:

Intangible assets are stated at cost. Patents are amortized on the straight-line method over a period of 17 years. Such intangible assets are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

Financial Instruments:

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

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Earnings Per Common Share:

The Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 128, “Earnings Per Share” in 1998. 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 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 comprise gross revenues 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.

Sales Incentives

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. Had EITF 00-14 not been adopted, net sales for the years ended November 2005, 2004 and 2003 would have been \$65,352,334, \$62,673,158, and \$55,905,788, respectively.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs:

The Company’s policy for fiscal financial reporting is to charge advertising cost to operations as incurred. During the fiscal year, the Company changed its estimate of future benefits it derives from its advertising expenditures and the affect it has on its allocations of advertising expenses among the interim quarters. Going forward the Company will expense its advertising based on when the advertising actually runs. The Change in estimate affects interim reporting

and has no effect on the Company's earnings for the year end November 30, 2005.

Shipping Costs:

The Company's policy for fiscal financial reporting is to charge shipping costs to operations as incurred. For the years ended November 30, 2005, 2004 and 2003, included in selling, general and administrative expenses are shipping costs amounting to \$3,601,322, \$2,813,479, and \$2,668,246, respectively.

Stock Options:

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 equal the market price of the underlying stock on the date of grant, no compensation expense is recognized in the consolidated statement of operations.

Recent Accounting Pronouncements:

In December 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46R, "Consolidation of Variable Interest Entities ("FIN 46R"), which supercedes Interpretation No. 46, "Consolidation of Variable Interest Entities" issued in January 2003. FIN 46R requires a company to consolidate a variable interest entity ("VIE"), as defined, when the company will absorb a majority of the VIE's expected losses, receives a majority of the VIE's expected residual returns or both. FIN 46R also requires consolidation of existing, non-controlled affiliates if the VIE is unable to finance its operations without investor support, or where the other investors do not have exposure to the significant risks and rewards of ownership. FIN 46R applies immediately to a VIE created or acquired after January 31, 2003. For a VIE created before February 1, 2003, FIN 46R applies in the first fiscal year or interim period beginning after March 15, 2004. Application of FIN 46R is also required in financial statements that have interests in structures that are commonly referred to as special-purpose entities for periods ending after December 15, 2003. The adoption of FIN 46R did not have a material impact on our financial position, results of operations or cash flow.

In November 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 151, "Inventory Costs" ("SFAS 151"). SFAS 151 amends the guidance in Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing", to clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and requires the allocation of fixed production overheads to inventory based on normal capacity of production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of SFAS 151 is not expected to have an impact on our financial position, results of operations or cash flows.

In November 2004, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" in Determining Whether to Report Discontinued Operations" ("EITF 03-13"). Under the consensus, the approach for assessing whether cash flows of the component have been eliminated from the ongoing operations of the entity focuses on whether continuing cash flows are direct or indirect cash flows. The consensus should be applied to a component of an enterprise that is either disposed of or classified as held for sale in fiscal periods beginning after December 15, 2004. The adoption of EITF 03-13 did not have an impact on our financial position, results of operations or cash flows.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In December 2004, the FASB issued SFAS 153, "Exchanges of Nonmonetary Assets" ("SFAS 153"). SFAS 153 amends the guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions" to eliminate certain exceptions to the principle that exchanges of nonmonetary assets be measured based on the fair value of the assets exchanged. SFAS 153 eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. This statement is effective for nonmonetary asset exchanges in fiscal years beginning after June 15, 2005. The adoption of SFAS 153 is not expected to have an impact on our financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS 123R which replaces SFAS 123 and supersedes APB 25. Under the new standard, companies will no longer be allowed to account for stock-based compensation transactions using the intrinsic value method in accordance with APB 25. Instead, companies will be required to account for such transactions using a fair value method and to recognize the expense in the statement of operations. The adoption of SFAS 123R will require additional accounting related to the income tax effects of share-based payment arrangements and additional disclosure of their cash flow impacts. SFAS 123R also allows, but does not require companies to restate prior periods. In April 2005, the SEC issued a final rule that amended the effective date to the first annual reporting period that begins after December 15, 2005 (the Company's first quarter ending February 28, 2007). The impact of adoption is not anticipated to be material to our financial position, results of operations or cash flow.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections," ("SFAS 154"). SFAS No. 154 replaced APB No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" and establishes retrospective application as the required method for reporting a change in accounting.

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NOTE 3 - INVENTORIES

At November 30, 2005 and 2004, inventories consist of the following:

	<u>2005</u>	<u>2004</u>
Raw materials	\$3,946,164	\$3,764,473
Finished goods	<u>2,607,986</u>	<u>2,283,527</u>
	<u>\$6,554,150</u>	<u>\$6,048,000</u>

At November 30, 2005 and 2004, the Company had a reserve for obsolete inventory of \$854,764 and \$871,488, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

At November 30, 2005 and 2004, property and equipment consisted of the following:

	<u>2005</u>	<u>2004</u>
Machinery and equipment	\$ 125,788	\$ 115,104
Office furniture and equipment	793,937	708,184
Transportation equipment	10,918	10,918
Tools, dies, and masters	548,846	433,221
Leasehold improvements	<u>294,067</u>	<u>291,063</u>
	1,773,556	
1,558,490		
Less: Accumulated depreciation and amortization	<u>1,306,318</u>	—
<u>988,745</u>		
Property and Equipment - Net	<u>\$ 467,238</u>	<u>\$ 569,745</u>

Depreciation expense for the years ended November 30, 2005, 2004 and 2003 amounted to \$317,573, \$299,451, and \$313,663, respectively.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of owned trademarks and patents for ten product lines covering thirty countries. The cost and accumulated amortization for November 30, 2005 and 2004 is as follows:

	<u>2005</u>	<u>2004</u>
Trademarks and patents	\$741,427	\$678,124
Less: Accumulated amortization	<u>158,250</u>	<u>167,095</u>
Intangible Assets - Net	<u>\$583,177</u>	<u>\$511,029</u>

Patents are amortized on a straight-line basis over their legal life of 17 years and trademarks are adjusted to realizable value for each quarterly reporting period. Amortization expense for the years ended November 30, 2005, 2004 and 2003 amounted to \$11,705, \$8,147, and \$48,067, respectively. Estimated amortization expense for each of the ensuing years through November 30, 2010 will remain approximately \$12,000. The Company determined that \$42,380 and \$40,053 of the net value of certain of its patents and trademarks had been impaired during fiscal years 2005 and 2004, respectively, and the corresponding cost and prior amortization were written off.

NOTE 6 - 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 November 30, 2005 and November 30, 2004 were as follows:

	<u>November 30,</u> <u>2005</u>		<u>November 30,</u> <u>2004</u>	
Current:	COST	MARKET	COST	MARKET
Corporate obligations	\$ 4,169,918	\$ 4,080,882	\$ 1,475,000	\$ 1,470,690
Government obligations (including mortgage backed securities)	2,732,192	2,726,444	296,814	297,045
Common stock	51,649	52,368	51,649	52,656
Mutual funds	198,305	136,191	188,247	132,347
Other equity	<u>60,335</u>	<u>54,141</u>	<u>-</u>	<u>-</u>
Total	<u>7,212,399</u>	<u>7,050,026</u>	<u>2,011,710</u>	<u>1,952,738</u>
Non-Current:				
Corporate obligations	3,040,192	2,926,098	5,546,097	5,446,625
Government obligations	2,526,319	2,456,724	2,751,228	2,689,721
Preferred stock	824,845	792,568	624,845	615,852
Other equity investments	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Total	<u>6,491,356</u>	<u>6,275,390</u>	<u>9,022,170</u>	<u>8,852,198</u>
-				
Total	<u>\$13,703,755</u>	<u>\$13,325,416</u>	<u>\$11,033,880</u>	<u>\$10,804,936</u>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6-SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

The market value at November 30, 2005 was \$13,325,416 as compared to \$10,804,936 at November 30, 2004. The gross unrealized gains and losses were \$13,577 and (\$391,896) for November 30, 2005 and \$4,227 and (\$233,171) for November 30, 2004. The cost and market values of the investments at November 30, 2005 were as follows:

D	COL. A COL. E		COL. B	COL. C	COL.
Amount at Which					
Each Portfolio			Number of		Market
Of Equity Security			Units-Principal		Value of
Issues and Each			Amount of		Each Issue
Other Security					
Name of Issuer and Issue Carried in	Maturity	Interest	Bonds and	Cost of	at Balance
<u>Title of Each Issue</u>	<u>Date</u>	<u>Rate</u>	<u>Notes</u>	<u>Each Issue</u>	<u>Sheet Date</u>
<u>Balance Sheet</u>					
CORPORATE OBLIGATIONS:					
American Express Co	11/20/07	3.750%	100,000	\$ 99,858	\$ 98,092
\$ 98,092					
American General Fin Corp	09/15/06	2.500%	100,000	100,000	
98,168 98,168					
Banc One Corp Global Notes	06/30/08	2.625%	125,000	124,363	
118,219 118,219					
Bank of America Corp	01/15/08	3.875%	200,000	199,644	196,252
196,252					
Bank of America Corp	01/15/08	3.875%	50,000	49,916	
49,063 49,063					
Bank of America Corp	08/15/08	3.250%	200,000	199,630	
191,942 191,942					
Bear Stearns	03/30/06	3.000%	200,000	199,272	
199,004 199,004					
Bear Stearns	02/15/07	2.650%	100,000	100,000	97,268

97,268						
BP Capital Markets	12/29/06	2.750%	250,000	247,588		
244,492	244,492					
BP Capital Markets	12/29/06	2.750%	50,000	49,522		
48,898	48,898					
Caterpillar Finl Svcs Corp	09/15/06	2.350%	100,000	99,717		
98,122	98,122					
CIT Group Inc.	01/15/06	4.000%	200,000	200,000		
199,748	199,748					
CITGROUP Global Markets	03/15/07	2.350%	150,000	150,000		
145,064	145,064					
CITGROUP Global Markets	03/15/07	3.750%	150,000	150,000		
147,817	147,817					
Ford Motor Credit	10/20/06	4.250%	100,000	100,000		
93,148	93,148					
GE Capital Corp Internotes	10/15/06	2.250%	300,000	300,000	293,061	
293,061						
GE Capital Corp Internotes	02/15/07	2.500%	200,000	200,000		
194,152	194,152					
GE Capital Corp Internotes	02/15/06	2.450%	250,000	250,000		
248,930	248,930					
GE Capital Corp Internotes	07/15/06	2.150%	200,000	200,000		
196,666	196,666					

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6-SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

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

CORPORATE OBLIGATIONS (Continued):

GE Capital Corp Internotes	09/15/06	2.550%	150,000	\$ 150,000	\$ 147,135
\$ 147,135					
GE Capital Corp Internotes	09/15/06	2.350%	300,000	300,000	
294,177	294,177				
GE Capital Corp Internotes	10/15/06	2.500%	400,000	400,000	
391,508	391,508				

GE Capital Corp Internotes 241,500	241,500	03/15/07	2.350%	250,000	250,000	
GE Capital Corp Medium 172,251	172,251	09/25/06	2.750%	175,000	173,840	
GE Capital Corp Medium 196,858	196,858	09/25/06	2.750%	200,000	197,644	
GE Capital Corp Medium 244,638	244,638	01/15/07	2.800%	250,000	247,270	
GE Capital Corp Medium 48,927	48,927	01/15/07	2.800%	50,000	49,459	
General Dynamics 148,424	148,424	05/15/06	2.125%	150,000	149,706	
General Dynamics 98,949	98,949	05/15/06	2.125%	100,000	99,739	
GlaxosmithklineCAP PLC 193,830	193,830	04/16/07	2.375%	200,000	198,894	
GMAC Smartnotes 171,722	171,722	09/15/07	3.750%	200,000	200,000	
GMAC Smartnotes 180,882	180,882	12/15/06	3.400%	200,000	200,000	
GMAC Smartnotes 231,050	231,050	10/15/06	3.550%	250,000	250,000	
GMAC Smartnotes 386,016	386,016	05/15/06	4.050%	400,000	400,000	
Household Finance Corp 98,025		10/15/06	2.750%	100,000	100,000	98,025
John Hancock Life Ins Co. 196,842		07/15/06	2.250%	200,000	200,000	196,842
John Hancock Life Ins Co. 97,590		10/15/06	2.450%	100,000	100,000	97,590
John Hancock Life Ins Co. 145,116	145,116	03/15/07	2.350%	150,000	150,000	
John Hancock Life Ins Co. 195,210		10/15/06	2.300%	200,000	200,000	195,210
United Healthcare Notes 72,598		01/30/08	3.300%	75,000	74,890	72,598
Wells Fargo & Co. 95,626		08/25/08	3.120%	100,000	99,158	95,626
					<u>7,210,110</u>	<u>7,006,980</u>
<u>7,006,980</u>						

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

D	COL. A COL. E	COL. B	COL. C	COL.
Amount at Which				
Each Portfolio		Number of		Market
Of Equity Security		Units-Principal		Value of

Issues and Each			Amount of		Each Issue
Other Security			Bonds and	Cost of	at Balance
Name of Issuer and Issue Carried in <u>Title of Each Issue</u> <u>Balance Sheet</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Notes</u>	<u>Each Issue</u>	<u>Sheet Date</u>
GOVERNMENT OBLIGATIONS:					
CA Infrastructure & Econ.Dev \$ 300,000	10/01/20	VARIABLE	300,000	\$ 300,000	\$ 300,000
Federal Home Loan Bank 246,875 246,875	06/19/06	2.260%	250,000	249,380	
Federal Home Loan Bank 196,876 196,876	07/28/06	2.189%	200,000	199,000	
Federal Home Loan Bank 197,126 197,126	08/21/06	2.590%	200,000	200,000	
Federal Home Loan Bank 98,156 98,156	07/24/08	2.125%	100,000	100,000	
FHLMC 245,483 245,483	11/15/09	3.250%	250,000	250,000	
FHLMC 195,312 195,312	11/15/17	4.500%	200,000	200,000	
FNMA 198,062 198,062	05/15/06	2.250%	200,000	198,772	
FNMA 194,126 194,126	09/24/07	3.000%	200,000	200,000	
FNMA 147,141 147,141	12/10/07	3.000%	150,000	150,000	
NJ State Turnpike Authority 150,000 150,000	01/01/30	1.050%	325,000	150,000	
Tennessee Valley Authority 437,742	05/01/29	6.500%	18,000	480,576	437,742
Power Bonds					
Tobacco Settlement Fin Corp. 200,188	06/01/15	5.000%	200,000	198,500	200,188
US Treasury Bill 596,982	01/19/06	0.000%	600,000	594,319	596,982
US Treasury Bill 422,560	01/26/06	3.528%	425,000	421,131	422,560
US Treasury Bill 298,278	01/26/06	0.000%	300,000	297,140	298,278
US Treasury Note 173,591	04/30/06	2.250%	175,000	174,003	173,591
US Treasury Note 198,188	06/30/06	2.750%	200,000	199,032	198,188
US Treasury Note 197,906 197,906	07/31/06	2.750%	200,000	199,415	
US Treasury Note 196,382 196,382	05/15/07	3.125%	200,000	199,465	
US Treasury Note 243,495 243,495	11/15/07	3.000%	250,000	248,109	
US Treasury Note <u>48,699</u>	11/15/07	3.000%	50,000	<u>49,669</u>	<u>48,699</u>
				<u>5,258,511</u>	<u>5,183,168</u>
<u>5,183,168</u>					-

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

D	COL. A COL. E	COL. B	COL. C	COL. D	COL. E
Amount at Which					
Each Portfolio					
Of Equity Security		Number of			Market
Issues and Each		Units-Principal			Value of
Other Security		Amount of			Each Issue
Name of Issuer and	Maturity	Interest	Bonds and	Cost of	at Balance
Issue Carried in					
<u>Title of Each Issue</u>	<u>Date</u>	<u>Rate</u>	<u>Notes</u>	<u>Each Issue</u>	<u>Sheet Date</u>
<u>Balance Sheet</u>					
EQUITY:					
Preferred Stock:					
ABN AMRO Cap Fund	07/03/08	5.900%	2,000	\$ 50,000	\$ 46,760
\$ 46,760					
General Electric Cap Corp	11/15/32	6.100%	8,800	224,845	
219,208 219,208					
JP Morgan Chase Cap IX	06/15/33	5.875%	2,000	50,000	46,680
46,680					
MetLife Floater	06/15/10	4.000%	8,000	200,000	205,920
205,920					
Morgan Stanley Cap Tr	07/15/33	5.750%	4,000	100,000	89,760
89,760					
Wells Fargo Cap Tr VIII	08/01/33	5.625%	8,000	<u>200,000</u>	<u>184,240</u>
<u>184,240</u>					
				<u>824,845</u>	<u>792,568</u>
<u>792,568</u>					
Common Stock:					
DTE Energy Co.			1,200	<u>51,649</u>	<u>52,368</u>
<u>52,368</u>					
Mutual Funds:					
Dreyfus Premier Limited					
Term High Income CL B			16,296.314	<u>198,305</u>	<u>136,191</u>
<u>136,191</u>					

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

COL. A			COL. B	COL. C	COL.	
D	COL. E					
Amount at Which						
Each Portfolio						
Of Equity Security						
Issues and Each						
Other Security						
Name of Issuer and		Maturity	Interest	Bonds and	Cost of	Market
Issue Carried in						Value of
<u>Title of Each Issue</u>		<u>Date</u>	<u>Rate</u>	<u>Notes</u>	<u>Each Issue</u>	<u>Sheet Date</u>
<u>Balance Sheet</u>						
Other Equity Investments:						
Aberdeen Asia Pacific						
Income Fund						
			4	\$ 100,000	\$ 100,000	
\$ 100,000						
Pimco Floating rate Strategy Fund						
			2,900	<u>60,335</u>	<u>54,141</u>	
<u>54,141</u>						
				<u>160,335</u>	<u>154,141</u>	
<u>154,141</u>						
Totals						
				<u>\$13,703,755</u>	<u>\$13,325,416</u>	
<u>\$13,325,416</u>						

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

During the years ended November 30, 2005, 2004 and 2003, available-for-sale securities were liquidated and proceeds amounting to \$1,946,814, \$7,078,164, and \$6,485,792 were received, with resultant realized gains/(losses)

totaling \$0.00, \$143,736, and \$9,518, respectively. Cost of available-for-sale securities includes unamortized premium or discount.

NOTE 7 - NOTES PAYABLE AND SUBORDINATED DEBENTURES

The Company has an available line of credit of \$10,000,000 which was increased from \$7,000,000 on May 27, 2004. Interest is calculated at the Company's option, either on the outstanding balance at the prime rate minus 1% or Libor plus 150 basis points at the Company's option. The line of credit is unsecured as of October 21, 2004 and must adhere to certain financial covenants pertaining to net worth and debt coverage. The Company was not utilizing their available credit line at November 30, 2005 and 2004. The Company has extended the line of credit through May 31, 2006.

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 accrued interest at 6% and have matured on August 1, 2005. The interest was paid semi-annually. The debentures and accrued interest paid in 2005 fully satisfied the Company's obligations.

NOTE 8 - INCOME TAXES

CCA and its subsidiaries file a consolidated federal income tax return. The Company's 2003 returns have been examined by the Internal Revenue Service. The proposed assessment is immaterial with no effect on the Company's financial position.

At November 30, 2005 and 2004, respectively, the Company has temporary differences arising from the following:

<u>Type</u>	<u>Amount</u>	<u>Deferred Tax</u>	<u>Classified As</u>	
			<u>Short- Term Asset (Liability)</u>	<u>Long- Term</u>
Depreciation	\$ 62,631	\$ 23,419	\$ -	\$23,419
Reserve for bad debts	260,366	97,172	97,172	-
Reserve for returns	678,348	253,650	253,650	-
Reserve for obsolete inventory	854,764	319,611	319,611	-
Vacation accrual	337,181	126,080	126,080	-
Section 263A costs	60,000	<u>22,435</u>	<u>22,435</u>	-
Net deferred income tax		<u>\$842,367</u>	<u>\$818,948</u>	<u>\$23,419</u>

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INCOME TAXES (Continued)

November 30, 2004

Classified As

<u>Type</u>	<u>Amount</u>	<u>Deferred Tax</u>	<u>Short- Term Asset (Liability)</u>	<u>Long- Term</u>
Depreciation	(\$ 26,714)	(\$ 10,725)	\$ -	(\$10,725)
Reserve for bad debts	111,078	44,595	44,595	-
Reserve for returns	406,558	163,221	163,221	-
Reserve for obsolete inventory	871,488	349,877	349,877	- -
Section 263A costs	123,239	49,477	49,477	-
Charitable contributions	109,023	<u>43,768</u>	<u>43,768</u>	<u>-</u>
Net deferred income tax		<u>\$640,213</u>	<u>\$650,938</u>	<u>(\$10,725)</u>

Income tax expense (benefit) is made up of the following components:

	November 30, 2005		
	<u>Federal</u>	<u>State & Local</u>	<u>Total</u>
Current tax expense	\$2,563,858	\$910,086	\$3,473,944
Tax credits	(40,000)	(30,000)	(70,000)
Deferred tax expense (benefit)	(<u>103,222</u>)	<u>21,304</u>	(<u>81,918</u>)
	<u>\$2,420,636</u>	<u>\$901,390</u>	<u>\$3,322,026</u>

	November 30, 2004		
	<u>Federal</u>	<u>State & Local</u>	<u>Total</u>
Current tax expense	\$2,494,109	\$768,251	\$3,262,360
Tax credits	(40,000)	-	(40,000)
Deferred tax expense	<u>282,855</u>	<u>72,401</u>	<u>355,256</u>
	<u>\$2,736,964</u>	<u>\$840,652</u>	<u>\$3,577,616</u>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INCOME TAXES (Continued)

	November 30, 2003		
	<u>Federal</u>	<u>State & Local</u>	<u>Total</u>
Current tax expense	\$2,265,262	\$690,924	\$2,956,186
Tax credits	(44,988)	-	(44,988)
Deferred tax expense	<u>257,604</u>	<u>75,965</u>	<u>333,569</u>
	<u>\$2,477,878</u>	<u>\$766,889</u>	<u>\$3,244,767</u>

Prepaid income taxes and refund due are made up of the following components:

	<u>Federal</u>	<u>State & Local</u>	<u>Total</u>
November 30, 2005	\$ <u>50,653</u>	\$ <u>114,907</u>	\$ <u>165,560</u>
November 30, 2004	\$ <u>315,670</u>	\$ <u>102,981</u>	\$ <u>418,651</u>

Income taxes payable are made up of the following components:

	<u>Federal</u>	<u>State & Local</u>	<u>Total</u>
November 30, 2005	\$ <u>-</u>	\$ <u>-</u>	\$ <u>- -</u>
November 30, 2004	\$ <u>-</u>	\$ <u>59,888</u>	\$ <u>59,888</u>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INCOME TAXES (Continued)

A reconciliation of income tax expense (benefit) computed at the statutory rate to income tax expense at the effective rate for each of the three years ended November 30, 2005 is as follows:

<u>2003</u>	<u>2005</u>		<u>2004</u>	
Percent of Pretax Income	<u>Amount</u>	<u>Income</u> Percent of Pretax	<u>Amount</u>	<u>Income</u> Percent of Pretax
Income tax expense (benefit)				
at federal statutory rate	\$2,416,559	34.00%	\$3,187,255	34.00%
\$2,888,945 34.00%				
Increases (decreases) in taxes resulting from:				
State income taxes, net of federal income tax benefit	594,911	8.40	554,830	5.92
506,147 5.96				

Non-deductible expenses and other adjustments	380,556	5.47	(124,469)	(1.32)	(
105,337) (1.24)					
Utilization of tax credits	(70,000)	(1.13)	(40,000)	(.43)	(
44,988) (0.53)					
Income tax expense (benefit) at effective rate	<u>\$3,322,026</u>	<u>46.74%</u>	<u>\$3,577,616</u>	<u>38.17%</u>	
<u>\$3,244,767</u> <u>38.19%</u>					

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - STOCK OPTIONS

On November 15, 1984, the Company authorized the granting of incentive stock options as well as non-qualified options. The plan was amended in 1986 and again in 1994. On July 9, 2003, the Company approved a Stock Option Plan authorizing the issuance of options up to 1,000,000 shares. The following summarizes the stock options outstanding under these plans as of November 30, 2005:

<u>Date Granted</u>	<u>Number Of Shares</u>	<u>Per Share Option Price</u>	<u>Expiration</u>
June 16, 1999	10,000	\$2.50	2009
May 24, 2001	150,500	\$.50	2007
March 9, 2004	50,000	\$9.00	2009
March 9, 2004	50,000	\$8.25	2009
August 24, 2004	<u>25,000</u>	\$7.50	2009
	<u>285,500</u>		

The following table summarizes stock option activity for the two years ended November 30, 2005:

	<u>Number Of Shares</u>	<u>Per Share Option Price</u>	<u>Value</u>
Balance - November 30, 2003	437,500		\$ 238,750
Granted	130,000	\$7.50-9.00	1,091,250
Exercised	(138,000)	(.50)	(69,000)
Balance - November 30, 2004	429,500		1,261,000
Exercised	(144,000)	(\$.50-8.25)	(110,750)
Balance - November 30, 2005	<u>285,500</u>		<u>\$1,150,250</u>

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - STOCK OPTIONS (Continued)

During the year 2004, the Company issued stock options to purchase 130,000 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:

	Year Ended November 30,		
	<u>2005</u>	<u>2004*</u>	<u>2003*</u>
Net income as reported	\$3,785,502	\$5,796,663	\$5,252,131
SFAS No. 123 based compensation	-	(976,619)	-
Income tax benefit	-	<u>390,648</u>	-
Net income - proforma	<u>\$3,785,502</u>	<u>\$5,210,692</u>	<u>\$5,252,131</u>
Basic net income per share - as reported	\$.53	\$.78	\$.71
Basic net income per share - proforma	\$.53	\$.76	\$.71
Diluted net income per share - as reported	\$.52	\$.75	\$.68
Diluted net income per share - proforma	\$.52	\$.73	\$.68
Weighted average shares used in computing net income and proforma net income per share:			
Basic	7,145,297	7,399,472	7,372,232
Diluted	7,317,994	7,680,781	7,768,361

* Adjusted for 2% stock dividend.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - STOCK OPTIONS

The Company used the Black-Scholes model to value stock options for pro forma presentation. The assumptions used to estimate the value of the options included in the pro forma amounts and the weighted average estimated fair value of options granted are as follows:

	Stock Option Plan Shares		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Average expected life (years)	2.50	5.00	3.75
Expected volatility*	-	237.35%	-
Risk-free interest rate*	-	3.95%	--
Weighted average fair value at grant - Exercise price equal to market price*	-	\$8.22	-
Weighted average remaining Contractual life of options Outstanding	3.20	4.10	4.00
Weighted average exercise Price of options outstanding	\$4.70	\$3.30	\$.55

*No options were granted during 2003 or 2005, therefore, these measures are not applicable for these periods.

- Average expected life is calculated based on the difference between the expiration date of the options and the valuation date of the financial statements. Expected volatility is calculated by using a logarithm of the average fluctuation of the stock price over the course of 36 months.

- 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, the Black-Scholes model requires the input of highly subjective assumptions, including the expected stock price volatility and option life. Because the Company's stock options granted to employees 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, existing models do not necessarily provide a reliable measure of the fair value of its stock options granted to employees. For purposes of this model, no dividends have been assumed.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ACCRUED EXPENSES AND OTHER ACCOUNTS PAYABLE

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

	November 30,	
	<u>2005</u>	<u>2004</u>
	(In Thousands)	
Coop advertising	\$1,372	\$ 932
Accrued returns	1,489	980
Accrued bonuses	<u>784</u>	<u>470</u>
	<u>\$3,645</u>	<u>\$2,382</u>

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

NOTE 11 - OTHER INCOME

Other income was comprised of the following:

	<u>2005</u>	November 30, <u>2004</u>	<u>2003</u>
Interest income	\$417,537	\$442,936	\$461,291
Dividend income	32,182	44,756	17,693
Realized gain (loss) on sale of securities	--	143,736	9,518
Royalty income	109,274	138,313	97,271
Sale of trademark	--	50,000	--
Miscellaneous	<u>13,916</u>	<u>30,455</u>	<u>5,498</u>
	<u>\$572,909</u>	<u>\$850,196</u>	<u>\$591,271</u>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Leases

The Company currently occupies approximately 58,625 square feet of space used for warehousing and corporate offices. The annual rental for this space is \$327,684, with an annual CPI increase not cumulatively exceeding 15% in any consecutive five year period. The lease requires the Company to pay for additional expenses "Expense Rent" (Common Area Maintenance "CAM"), which includes real estate taxes, common area expense, utility expense, repair and maintenance expense and insurance expense, which was \$189,776 for the current year. The lease expires on May 31, 2012 with a renewal option for an additional five years.

The Company entered into an additional lease on May 1, 2005 for warehouse space at 300-1(D), Route 17, Lodi, New Jersey for the 12 month period ending April 30, 2006. The lease comprises 13,000 square feet for warehousing. The year end net rental expense including CAM was \$80,070. The Company anticipates extending the lease for an additional one year period.

Rent expense for the years ended November 30, 2005, 2004 and 2003 was \$597,530, \$449,376, and \$322,684, respectively.

In addition, the Company has entered into various property and equipment operating leases with expiration dates ranging through November 2006.

Future commitments under noncancellable operating lease agreements having a remaining term in excess of one year for each of the next five (5) years and in the aggregate are as follows:

<u>Year Ending</u> <u>November 30,</u>	
2006	\$600,759
2007	537,933
2008	497,684
2009	471,318
2010	471,684

Royalty Agreements

In 1986, the Company entered into a license agreement with Alleghany Pharmacal Corporation (the "Alleghany Pharmacal License"). This license required the Company to pay 6% royalty on net sales but no less than \$360,000 per annum to maintain its license. The Company has expanded the lines licensed from Alleghany and pays only 1% royalty on various new products created by the Company.

The Alleghany Pharmacal License agreement provided that when, in the aggregate, \$9,000,000 in royalties have been paid thereunder, the royalty rate for those products originally "charged" at 6% would be reduced to 1%. The Company paid an aggregate of \$9,000,000 in royalties to Alleghany in April 2003. Commencing May 1, 2004, the license royalty was reduced to 1%.

The products subject to the Alleghany Pharmacal License accounted for \$9,916,576 or 16% of total net sales in the fiscal year ended November 30, 2005.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

In May of 1998, the Company entered into a License Agreement with Solar Sense, Inc. for the marketing of sun care products under trademark names. The Company's License Agreement with Solar Sense, Inc. is for the exclusive use of the trademark names "Solar Sense" and "Kids Sense", in connection with the commercial exploitation of sun care products. The Company is required to pay a royalty on net sales of the licensed products; with minimum per-annum royalties of \$30,000. The Company paid out the minimum \$30,000 for 2005, but has revised the contract omitting that minimum for the future. The Company realized \$348,354 in net sales of sun-care products in 2005.

In October of 1999, the Company entered into a License Agreement with The Nail Consultants, Ltd. for the use of an activator invented in connection with a method for applying a protective covering to fingernails. The Company's License Agreement with The Nail Consultants, Ltd. is for the exclusive use of the method and its composition in a new product kit packaged and marketed by CCA under its own name, "Nutra Nail Power Gel". The Company will pay a royalty of net sales of all licensed product sold by the Company. Net sales were \$1,939,508 in 2005.

In October 2002, the Company entered into a License Agreement with Hugger Corporation for use of its patented oral hygiene system to be used in conjunction with regular toothpaste. The Company's License Agreement is for the use of the product designated and referred to in the patent owned by Hugger Corporation. The Company designed, marketed and distributed the patented product called "Booster" under its Plus+White brand.

The Company is required to pay a royalty of net sales payable quarterly. During the first 18-month contract period ending June 30, 2004, the minimum royalty the Company was required to pay was \$100,000 to maintain its exclusive rights under the License Agreement. Thereafter, the Company is required to pay a minimum royalty of \$50,000 annually. The royalty will continue until the Patent expires or an aggregate of \$3,500,000 is paid to Licensor. Until that time, Licensee has no liability to meet minimum royalty requirements except to maintain its rights under the License Agreement. In fiscal 2005, the net sales were \$88,479. The company terminated the license agreement without any liability on June 29, 2005.

On May 18, 2004, the Company entered into a license agreement with Tea-Guard, Inc. to manufacture and distribute Mega-T Green Tea chewing gum and Mega-T Green Tea mints. The license agreement requires the Company to pay a minimum royalty after the first eighteen months of the license. The minimum payments are required to maintain the Company's exclusivity for the sale of the products and to continue marketing the products until royalties have aggregated to \$10,000,000, at which time all royalty obligations cease. Except as to maintaining its rights to "exclusivity", the Company has no obligation to meet minimum royalty requirements. In fiscal 2005, the net sales were \$2,086,968.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

On February 26, 2004, the Company entered into an agreement with Dr. Stephen Hsu, PhD. to create green tea skin care products. Dr. Hsu will be entitled to a commission on the net factory sales of all of the Company's products using the green tea serum created exclusively for the Company. The special anti-oxidant green tea serum has been included in the Denise Austin "Skin Fit For Life" skin care line and Sudden Change product line. Net sales of the products utilizing the green tea serum were \$3,062,000 for the year ended November 30, 2005.

On July 14, 2004, the Company entered into a license agreement with Denise Austin. The license agreement requires the Company to pay a minimum royalty in order to maintain the exclusive use of the name "Denise Austin" to manufacture and sell a special line of skin care and cosmetic products. The license will continue so long as minimum royalty payments are met. The Company will not meet the minimum required royalty and may terminate the license agreement. Net sales of the "Skin Fit For Life" skin care line were \$3,062,000 for the fiscal year ended November 30, 2005. The Company had returns of \$1,803,794 for the fiscal year which includes a reserve of \$937,671 for additional returns, credits and/or allowances. The Company will not continue with the license in March 2006.

The Company is not party to any other license agreement that is currently material to its operations.

Total royalty costs by licensor for each fiscal year is as follows:

Summary <u>Licensor</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
A	\$ 45,116	\$ 91,968	\$ 52,033
B	99,166	109,035	427,419
C	23,616	8,369	1,906
D	(3,497)	(910)	12,555
E	6,815	1,829	3,973
F	4,424	69,714	40,782
G	0	186	143
H	116,916	68,935	0
I	96,975	86,611	70,362
J	116,870	0	0
K	91,870	0	0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

Employment Contracts

The Company has executed Employment Contracts with its Chief Executive Officer and its Chairman of the Board. The contracts for both are exactly the same. The contracts expire on December 31, 2010. The contracts provide for a base salary which commenced in 1994 in the amount of \$300,000, with a year-to-year CPI or 6% plus 2.5% of the Company's pre-tax income less depreciation and amortization (EBITDA), plus 20% of the base salary for the fiscal year. The "2.5% measure" in the bonus provision of the two contracts was amended so as to calculate it against earnings before income taxes, less depreciation, amortization and expenditures for media and cooperative advertising in excess of \$8,000,000. On May 24, 2001, the contract was amended increasing the base salary to \$400,000.

Two officers of the Company, who are the two sons of the Chief Executive Officer of the Company, have five year contracts in the amounts of \$270,000 and \$200,000, which expire on November 30, 2007. In July 2003 and January 2004, such officers' salaries were increased to \$300,000 and \$225,000, respectively.

Collective Bargaining Agreement

On December 1, 2004, the Company signed a new collective bargaining agreement with Local 734, L.I.U. of N.A., AFL-CIO with similar provisions of the one that expired on November 30, 2004. Other than standard wage, holiday, vacation and sick day provisions, the agreement calls for CCA to provide certain medical and dental benefits and to contribute to the Local 734 Educational Fund \$.01 per hour for each hour the employees are paid. The new collective bargaining agreement is in effect through January 1, 2008. This agreement pertains to 29% of the CCA labor force.

Litigation

The only material legal proceedings sets forth the fact that there were originally 13 cases filed in which the Company was named along with other defendants 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. Eleven cases have been dismissed with prejudice. These cases cannot be legally reinstated. The one case in Philadelphia in which one of the defendants filed for bankruptcy has been delayed. The court is rendering a decision on our motion to dismiss. We agree with independent counsel that, as concluded under the decision in Seattle, unless a plaintiff ingested a product with PPA within three days of a stroke, there can be no causation to prove that a product caused the stroke. We feel that the case should be dismissed inasmuch as plaintiff at the deposition deposed that she took our product months before the stroke.

The remaining case in Louisiana is fully insured to the extent of \$5,000,000. After reviewing the plaintiff's medical records, it does not appear that there is ongoing significant medical problems that would cause a jury to render a substantial judgment. Counsel evidently in discussing the matter with Phoenix

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

Litigation (continued)

Insurance Company, has not made any substantial efforts to settle the case which we have been led to believe could be settled for under \$250,000.

We do not believe that any further litigations would be ensuing because the Statute of Limitations throughout the

country provided that the case must be instituted within three to four years within the time frame in which a plaintiff had constructive notice of the product that proximately caused a stroke. The FDA put out a news release nationally in October 2000. However, there can be no assurance that the current PPA litigation will not have a material adverse effect upon the Company's operations.

Dividends

CCA declared a 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 December 1, 2004. On June 16, 2004, CCA declared a 2% stock dividend payable to all shareholders of record on November 1, 2004, payable December 1, 2004. All references in the accompanying financial statements to the number of common shares and per-share amounts for 2004 and 2003 have been restated to reflect the stock dividend.

On January 11, 2005, the Board of Directors declared a \$0.16 per share dividend for fiscal 2005, \$0.08 payable to all shareholders of record May 1, 2005 payable on June 1, 2005 and \$0.08 payable to all shareholders of record November 1, 2005 payable on December 1, 2005.

On November 15, 2005, the board of Directors declared a \$0.05 per share dividend for shareholders of record on February 1, 2006 payable March 1, 2006.

NOTE 13 - 401 (K) PLAN

The Company has adopted a 401(K) Profit Sharing Plan that covers all 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. The Plan allows for the Company to make discretionary contributions. For all fiscal years to date, the Company did not make any contributions.

NOTE 14 - CONCENTRATION OF RISK

Most of the Company's products are sold to major drug, food chains, mass- merchandisers, and wholesale beauty-aids distributors throughout the United States and Canada.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - CONCENTRATION OF RISK (Continued)

During the years ended November 30, 2005, 2004 and 2003, certain customers each accounted for more than 5% of the Company's net sales, as follows:

<u>Customer</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
A	32%	34%	34%
B	10	11	13
C	12	9	8
D	8	7	7
E	5	7	6
F	*	7	*
Foreign Sales	1.98%	1.80%	2.10%

* under 5%

The loss of any one of these customers could have a material adverse affect on the Company's earnings and financial position.

During the years November 30, 2005, 2004 and 2003, certain products within the Company's product lines accounted for more than 10% of the Company's net sales as follows:

<u>Product</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Dietary Supplement	35%	26%	10%
Skin Care	31	37	37
Oral Care	17	24	31
Nail Care	9	8	16

The Company maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. In addition, the Company maintains accounts with several brokerage firms. The accounts contain cash and securities. Balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation (SIPC). Each brokerage firm has substantial insurance beyond the \$500,000 SIPC limit.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - EARNINGS PER SHARE

- Basic earnings per share is calculated using the average number of common shares outstanding. Diluted earnings per share is computed on the basis of the average number of common shares outstanding plus the effect of outstanding stock options using the "treasury stock method".

	Year Ended November 30,		
	<u>2005</u>	<u>2004*</u>	<u>2003*</u>
Net income available for common shareholders, basic and diluted	<u>\$3,785,502</u>	<u>\$5,796,663</u>	<u>5,252,131</u>
Weighted average common stock outstanding- Basic	7,145,297	7,399,472	7,372,232
- Net effect of dilutive stock options	<u>172,697</u>	<u>281,309</u>	<u>396,129</u>
- Weighted average common stock and common stock equivalents - Diluted	<u>7,317,994</u>	<u>7,680,781</u>	<u>7,768,361</u>
Basic earnings per share	<u>\$.53</u>	<u>\$.78</u>	<u>\$.71</u>
Diluted earnings per share	<u>\$.52</u>	<u>\$.75</u>	<u>\$.68</u>

*Adjusted for 2% stock dividend

CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - REVISED FINANCIAL STATEMENTS

Subsequent to the issuance of the Company's 2004 financial statements, management became aware that the Company recorded a 2% stock dividend as if it was a stock split. The inclusion of this item in the revised 2004 financial statements has the effect of increasing additional paid in capital by \$1,260,926 with a corresponding reduction of retained earnings. This change had no effect on the Company's shareholders' equity and net income.

NOTE 17 - SUBSEQUENT EVENTS

On February 10, 2006 the Company, as authorized by the Board of Directors, purchased an aggregate of 225,000 shares of the Company's common stock: 100,000 shares from David Edell, an officer and director, 100,000 shares from Ira Berman, an officer and director and 25,000 shares from Drew Edell, an officer of the company. The purchase price was \$10.50 discounted from \$10.82, the closing price at the close of business on that date. The purchase decreased the number of shares outstanding from 7,246,345 to 7,021,345, thus increasing earnings per share. Also, on February 10, 2006, the Board of Directors voted to extend the employment contracts for Dunnan Edell and Drew Edell to December 31, 2010.

SCHEDULE II

CCA INDUSTRIES, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED NOVEMBER 30, 2005, 2004 AND 2003

	COL. A	COL. B	COL. C	COL. D	COL.
E					

<u>Description</u>	<u>Balance at Beginning Of Year</u>	<u>Additions Charged To Costs and Expenses</u>	<u>Deductions</u>	<u>Balance At End Of Year</u>
Year Ended November 30, 2005 :				
Allowance for doubtful accounts	<u>\$ 111,078</u>	<u>\$ 206,736</u>	<u>\$ 57,448</u>	<u>\$ 260,366</u>
Reserve for returns and allowances	<u>\$ 406,556</u>	<u>\$6,240,837</u>	<u>\$ 5,969,045</u>	<u>\$ 678,348</u>
Reserve of inventory obsolescence	<u>\$ 871,488</u>	<u>\$ 265,032</u>	<u>\$ 281,756</u>	<u>\$ 854,764</u>
Year Ended November 30, 2004 :				
Allowance for doubtful accounts	<u>\$ 549,851</u>	<u>(\$ 309,780)</u>	<u>\$ 128,993</u>	<u>\$ 111,078</u>
Reserve for returns and allowances	<u>\$ 345,872</u>	<u>\$4,282,250</u>	<u>\$4,221,566</u>	<u>\$ 406,556</u>
Reserve for inventory obsolescence	<u>\$1,153,612</u>	<u>\$ 78,345</u>	<u>\$ 360,469</u>	<u>\$ 871,488</u>
Year ended November 30, 2003 :				
Allowance for doubtful accounts	<u>\$ 695,824</u>	<u>\$ 188,347</u>	<u>\$ 334,320</u>	<u>\$ 549,851</u>
Reserve for returns and allowances	<u>\$ 526,584</u>	<u>\$3,444,804</u>	<u>\$3,625,516</u>	<u>\$ 345,872</u>
Reserve for inventory obsolescence	<u>\$ 976,788</u>	<u>\$ 408,993</u>	<u>\$ 232,169</u>	<u>\$1,153,612</u>

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 Annual Report of CCA Industries, Inc. (the "Registrant") on Form 10-K for the annual period ended November 30, 2005 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: February 28, 2006

/s/
David Edell
Chief Executive Officer

Exhibit 32.2

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 Annual Report of CCA Industries, Inc. (the "Registrant") on Form 10-K for the annual period ended November 30, 2005 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: February 28, 2006

/s/
John Bingman
Chief Financial Officer

Exhibit 31.1

CERTIFICATION

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

1. I have reviewed this annual report on Form 10-K 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: February 28, 2006

/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 annual report on Form 10-K 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: February 28, 2006

/s/

John Bingman
Chief Financial Officer