

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

For Quarter Ended August 31, 2003

Commission File Number 2-85538

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

Delaware  
(State or other jurisdiction of  
Incorporation or organization)

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

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

07073  
(Zip Code)

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Common Stock, \$.01 Par Value - 6,318,614 shares as of August 31, 2003

Class A Common Stock, \$.01 Par Value - 958,230 shares as of  
August 31, 2003

CCA INDUSTRIES, INC. AND SUBSIDIARIES

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CCA INDUSTRIES, INC. AND SUBSIDIARIES  
<TABLE>  
CONSOLIDATED BALANCE SHEETS

<CAPTION>

A S S E T S

|   | August 31,<br>2003 | November 30,<br>2002 |
|---|--------------------|----------------------|
| <S>   | <C>                | <C>                  |
| Current Assets  |                    |                      |
| Cash and cash equivalents   | \$ 3,677,532       | \$ 1,585,647         |
| Short-term investments and marketable securities  | 3,281,204          | 3,479,544            |
| Accounts receivable, net of allowances of \$1,239,409 and \$1,222,408, respectively                                   | 6,890,495          | 6,265,955            |
| Inventories   | 5,791,287          | 3,743,131            |
| Prepaid expenses and sundry receivables   | 438,731            | 363,457              |
| Deferred income taxes   | 1,167,258          | 1,287,568            |
| Prepaid income taxes and refunds due  | -                  | 1,703                |
| Deferred advertising  | 1,253,588          | -                    |
| <br>Total Current Assets  | <br>22,500,095     | <br>16,727,005       |
| Property and Equipment, net of accumulated depreciation and amortization  | 774,705            | 720,739              |
| Intangible Assets, net of accumulated amortization of \$215,151 at August 31, 2003 and \$179,134 at November 30, 2002 | 544,243            | 577,414              |
| Other Assets  |                    |                      |
| Marketable securities   | 7,180,453          | 6,723,518            |
| Other   | 46,488             | 56,388               |
| <br>Total Other Assets  | <br>7,226,941      | <br>6,779,906        |
| <br>Total Assets  | <br>\$31,045,984   | <br>\$24,805,064     |

</TABLE>

See Notes Consolidated to Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED BALANCE SHEETS

<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY

|   | August 31,<br>2003 | November 30,<br>2002 |
|---|--------------------|----------------------|
| <S>   | <C>                | <C>                  |
| Current Liabilities   |                    |                      |
| Accounts payable and accrued liabilities  | \$ 6,372,225       | \$ 5,284,109         |
| Income taxes payable  | 1,353,704          | 178,690              |
| Total Current Liabilities   | 7,725,929          | 5,462,799            |
| Subordinated Debentures   | 497,656            | 501,656              |
| Deferred Income Taxes   | 11,500             | 5,186                |
| Shareholders' Equity  |                    |                      |
| Preferred stock, \$1.00 par; authorized<br>20,000,000 shares; none issued   |                    |                      |
| Common stock, \$.01 par; authorized<br>15,000,000 shares; issued 6,592,669 and<br>6,440,523 shares, respectively                    | 65,927             | 64,405               |
| Class A common stock, \$.01 par; authorized<br>5,000,000 shares; 958,230 and 973,230<br>shares issued and outstanding, respectively | 9,582              | 9,732                |
| Additional paid-in capital  | 3,831,424          | 3,832,796            |
| Retained earnings   | 19,463,373         | 15,389,415           |
| Unrealized (losses) on marketable<br>securities   | ( 200,701)         | ( 107,990)           |
|   | 23,169,605         | 19,188,358           |
| Less: Treasury Stock (274,055 and<br>271,155 shares at August 31,<br>2003 and November 30,<br>2002, respectively)                   | 358,706            | 352,935              |
| Total Shareholders' Equity  | 22,810,899         | 18,835,423           |
| Total Liabilities and Shareholders' Equity  | \$31,045,984       | \$24,805,064         |

</TABLE>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

(UNAUDITED)

|     | Three Months Ended |      | Nine Months Ended  |      |
|-----|--------------------|------|--------------------|------|
|     | August 31,<br>2003 | 2002 | August 31,<br>2003 | 2002 |
| <S> | <C>                | <C>  | <C>                | <C>  |

|                                |              |              |              |              |
|--------------------------------|--------------|--------------|--------------|--------------|
| Revenues                       |              |              |              |              |
| Sales of Health and Beauty Aid |              |              |              |              |
| Products - Net                 | \$12,739,346 | \$11,391,258 | \$42,541,384 | \$34,763,488 |
| Other income                   | 113,191      | 120,056      | 437,185      | 307,367      |
|                                | 12,852,537   | 11,511,314   | 42,978,569   | 35,070,855   |

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Costs and Expenses                           |            |            |            |            |
| Costs of sales                               | 4,030,837  | 3,559,990  | 13,793,977 | 11,724,634 |
| Selling, general and administrative expenses | 4,195,547  | 4,039,125  | 13,232,809 | 11,640,576 |
| Advertising, cooperative and promotions      | 2,404,560  | 2,536,666  | 7,760,818  | 7,658,588  |
| Research and development                     | 229,477    | 184,203    | 661,250    | 412,264    |
| Provision for doubtful accounts              | ( 16,394)  | 6,287      | 216,499    | ( 139,874) |
| Interest expense                             | 8,010      | 8,688      | 23,808     | 25,923     |
|  | 10,852,037 | 10,334,959 | 35,689,161 | 31,322,111 |

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Income before Provision for Income Taxes | 2,000,500 | 1,176,355 | 7,289,408 | 3,748,744 |
|--|-----------|-----------|-----------|-----------|

|                            |              |            |              |              |
|----------------------------|--------------|------------|--------------|--------------|
| Provision for Income Taxes | 713,375      | 453,533    | 2,844,562    | 1,507,873    |
| Net Income                 | \$ 1,287,125 | \$ 722,822 | \$ 4,444,846 | \$ 2,240,871 |

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
| Earnings per Share |       |       |       |       |
| Basic              | \$.18 | \$.10 | \$.61 | \$.32 |
| Diluted            | \$.17 | \$.10 | \$.59 | \$.30 |

</TABLE>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
<CAPTION>  
(UNAUDITED)

|  |                    |      |                   |      |
|--|--------------------|------|-------------------|------|
|  | Three Months Ended |      | Nine Months Ended |      |
|  | August 31,         |      | August 31,        |      |
|  | 2003               | 2002 | 2003              | 2002 |

|            |             |            |             |             |
|------------|-------------|------------|-------------|-------------|
| <S>        | <C>         | <C>        | <C>         | <C>         |
| Net Income | \$1,287,125 | \$ 722,822 | \$4,444,846 | \$2,240,871 |

|                            |            |        |           |        |
|----------------------------|------------|--------|-----------|--------|
| Other Comprehensive Income |            |        |           |        |
| Unrealized holding gains   |            |        |           |        |
| (loss) on investments      | ( 109,960) | 46,326 | ( 92,711) | 37,877 |

|                         |           |        |           |        |
|-------------------------|-----------|--------|-----------|--------|
| Provision (Benefit) for |           |        |           |        |
| Taxes                   | ( 39,212) | 18,591 | ( 36,179) | 15,229 |

|                            |           |        |           |        |
|----------------------------|-----------|--------|-----------|--------|
| Other Comprehensive Income |           |        |           |        |
| - Net                      | ( 70,748) | 27,735 | ( 56,532) | 22,648 |

|                      |             |            |             |             |
|----------------------|-------------|------------|-------------|-------------|
| Comprehensive Income | \$1,216,377 | \$ 750,557 | \$4,388,314 | \$2,263,519 |
|----------------------|-------------|------------|-------------|-------------|

Earnings Per Share:

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | \$ .17 | \$ .11 | \$ .61 | \$ .32 |
| Diluted | \$ .16 | \$ .10 | \$ .58 | \$ .30 |

</TABLE>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

(UNAUDITED)

|   | Nine Months<br>Ended<br>August 31,<br>2003 | Nine Months<br>Ended<br>August 31,<br>2002 |
|---|--|--|
|   | <C>  | <C>  |
| <S>   |  |  |
| Cash Flows from Operating Activities:   |  |  |
| Net income  | \$4,444,846                                | \$2,240,871                                |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |
| Depreciation and amortization   | 275,301                                    | 275,175                                    |
| (Gain) loss on sale of marketable securities and repurchase of debentures         | ( 22,758)                                  | 437  |
| Decrease in deferred income taxes   | 126,624                                    | 126,650                                    |
| (Increase) in accounts receivable - Net   | ( 624,540)                                 | ( 1,401,060)                               |
| (Increase) decrease in inventory  | ( 2,048,156)                               | 241,152                                    |
| (Increase) decrease in prepaid expenses and miscellaneous receivables             | ( 75,274)                                  | 130,086                                    |
| (Increase) in deferred advertising  | ( 1,253,588)                               | ( 944,111)                                 |
| Increase in accounts payable and accrued liabilities                              | 1,088,116                                  | 2,425,044                                  |
| Increase in taxes payable   | 1,175,014                                  | 342,124                                    |
| Decrease in other assets  | 9,900                                      | -  |
| Decrease in prepaid income taxes and refunds due                                  | 1,703                                      | 220,286                                    |
| Net Cash Provided by Operating Activities   | 3,097,188                                  | 3,656,654                                  |

Cash Flows from Investing Activities:

|  |            |            |
|--|------------|------------|
| Acquisition of property, plant and equipment | ( 293,250) | ( 442,160) |
|--|------------|------------|

|  |              |              |
|--|--------------|--------------|
| Acquisition of intangible assets               | ( 2,846)     | ( 2,946)     |
| Proceeds of money due from officers            | -            | 2,070        |
| Purchase of marketable securities              | ( 5,888,340) | ( 4,997,568) |
| Proceeds from sale and maturity of investments | 5,555,792    | 1,329,413    |
| Net Cash (Used in) Investing Activities        | ( 628,644)   | ( 4,111,191) |
| Cash Flows from Financing Activities:          |              |              |
| Purchase of treasury stock                     | ( 5,771)     | ( 87,960)    |
| Repurchase of outstanding debentures           | -            | ( 6,000)     |
| Dividends paid                                 | ( 370,888)   | -            |
| Net Cash (Used in) Financing Activities        | ( 376,659)   | ( 93,960)    |
| Net Increase (Decrease) in Cash                | 2,091,885    | ( 548,497)   |
| Cash at Beginning of Period                    | 1,585,647    | 2,555,938    |
| Cash at End of Period                          | \$3,677,532  | \$2,007,441  |

</TABLE>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

<CAPTION>

(UNAUDITED)

|  | Nine Months<br>Ended<br>August 31,<br>2003 | Nine Months<br>Ended<br>August 31,<br>2002 |
|--|--|--|
|  | <C>  | <C>  |
| <S>  |  |  |
| Supplemental Disclosures of Cash Flow Information: |  |  |
| Cash paid during the period for:                   |  |  |
| Interest   | \$ 31,441                                  | \$ 33,628                                  |
| Income taxes                                       | 1,537,051                                  | 913,748                                    |

</TABLE>

See Notes to Consolidated Financial Statements.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended August 31, 2003 are not necessarily indicative of the results that may be expected for the year ended November 30, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 2002.

NOTE 2 - ORGANIZATION AND DESCRIPTION OF BUSINESS

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

CCA manufactures and distributes health and beauty aid products.

CCA has several wholly-owned subsidiaries (CCA Cosmetics, Inc., CCA Labs, Inc., Berdell, Inc., Nutra Care Corporation, and CCA Online Industries, Inc.) and CCA Industries Canada (2003) Inc. (incorporated February 25, 2003), all of which are currently inactive.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

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

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CCA INDUSTRIES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

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

Short-Term Investments and Marketable Securities:

Short-term investments and marketable securities consist of corporate and government bonds and equity securities. The Company has classified its investments as Available-for-Sale securities. Accordingly, such investments are reported at fair market value, with the resultant unrealized gains and losses reported as a separate component of shareholders' equity.

Statements of Cash Flows Disclosure:

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

Inventories:

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

Product returns are recorded in inventory when they are received at the lower of their original cost or market, as appropriate. Obsolete inventory is written off and its value is removed from inventory at the time its obsolescence is determined.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation and Amortization

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

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

|   |                    |
|---|--------------------|
| Machinery and equipment                                     | 7-10 Years         |
| Furniture and fixtures                                      | 5-7 Years          |
| Tools, dies and masters                                     | 2-7 Years          |
| Transportation equipment                                    | 7 Years            |
| Leasehold improvements<br>of lease, whichever is<br>shorter | 7-10 Years or life |



#### Intangible Assets:

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

#### Financial Instruments:

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

#### Income Taxes:

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

#### Tax Credits:

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

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### CCA INDUSTRIES, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

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

##### Earnings Per Common Share:

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 net 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.

##### Accounts Receivable:

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

The Company uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts of \$750,180 and \$695,824 as of August 31, 2003 and November 30, 2002, respectively.

##### Shipping and Handling Costs:

The Company presents shipping and handling costs as part of Selling, general and administrative expense and not as part of Cost of sales. Freight costs were \$2,302,746 and \$1,605,771 for the nine months ended August 31, 2003 and 2002, respectively.

## Comprehensive Income:

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

## Reclassifications

Certain prior year amounts have been reclassified to conform to the 2003 presentation.

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## CCA INDUSTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 4 - INVENTORIES

The components of inventory consist of the following:

|                | August 31,<br>2003 | November 30,<br>2002 |
|----------------|--------------------|----------------------|
| Raw materials  | \$3,728,163        | \$3,031,400          |
| Finished goods | 2,063,124          | 711,731              |
|                | \$5,791,287        | \$3,743,131          |

At August 31, 2003 and November 30, 2002, the Company had a reserve for obsolescence of \$997,950 and \$976,788, respectively.

#### NOTE 5 - PROPERTY AND EQUIPMENT

The components of property and equipment consisted of the following:

|  | August 31,<br>2003 | November 30,<br>2002 |
|--|--------------------|----------------------|
| Machinery and equipment                            | \$ 104,718         | \$ 97,003            |
| Furniture and equipment                            | 665,554            | 552,615              |
| Transportation equipment                           | 10,918             | 10,918               |
| Tools, dies, and masters                           | 329,064            | 213,188              |
| Leasehold improvements                             | 279,366            | 222,646              |
|  | 1,389,620          | 1,096,370            |
| Less: Accumulated depreciation<br>and amortization | 614,915            | 375,631              |
| Property and Equipment - Net                       | \$ 774,705         | \$ 720,739           |

Depreciation expense for the nine months ended August 31, 2003 and 2002 amounted to \$239,284 and \$239,331, respectively.

#### NOTE 6 - INTANGIBLE ASSETS

Intangible assets consist of the following:

|                                | August 31,<br>2003 | November 30,<br>2002 |
|--------------------------------|--------------------|----------------------|
| Patents and trademarks         | \$759,394          | \$756,548            |
| Less: Accumulated amortization | 215,151            | 179,134              |
| Intangible Assets - Net        | \$544,243          | \$577,414            |

Amortization expense for the nine months ended August 31, 2003 and 2002 amounted to \$36,017 and \$35,844, respectively.

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - DEFERRED ADVERTISING

In accordance with APB 28 Interim Financial Reporting the Company expenses its advertising and related costs proportionately over the interim periods based on its total expected costs per its various advertising programs. Consequently a deferral of \$1,253,588 is accordingly reflected in the balance sheet for the interim period. This deferral is the result of the Company's \$8,000,000 media budget and \$5,000,000 for the year which contemplates lower spending in the 4th quarter than in the other three quarters.

The table below sets forth the calculation:

|  | August<br>2003<br>(In Millions) | August<br>2002<br>(In Millions) |  |
|--|---------------------------------|---------------------------------|--|
| Media advertising budget for the fiscal year | \$8.00                          | \$7.50                          |  |
| Pro-rata portion for nine months             | \$6.00                          | \$5.63                          |  |
| Media advertising spent                      | 6.70                            | 6.40                            |  |
| Accrual (deferral)                           | (\$0.70)                        | (\$0.77)                        |  |
| Anticipated Co-op advertising commitments    | \$5.00                          | \$4.00                          |  |
| Pro-rata portion for nine months             | 3.75                            | \$3.00                          |  |
| Co-op advertising spent                      | 4.30                            | 3.17                            |  |
| Accrual (deferral)                           | (\$ .55)                        | (\$0.17)                        |  |

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

|                      | August 31,<br>2003<br>(In Thousands) | November 30,<br>2002<br>(In Thousands) |
|----------------------|--------------------------------------|--|
| a) Media advertising | \$ 1,053                             | \$ *                                   |
| b) Coop advertising  | 925                                  | 804                                    |
| c) Accrued returns   | 1,101                                | 878                                    |
| d) Accrued bonuses   | 717                                  | 467                                    |
| e) Vacation accrual  | *                                    | 320                                    |
| * under 5%           | \$3,796                              | \$2,469                                |

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

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - OTHER INCOME

Other income consists of the following at August 31:

|                              | 2003      | 2002      |
|------------------------------|-----------|-----------|
| Interest and dividend income | \$352,572 | \$265,399 |

|                |           |           |
|----------------|-----------|-----------|
| Royalty income | 58,699    | 41,821    |
| Miscellaneous  | 22,914    | 147       |
|                | \$434,185 | \$307,367 |

NOTE 10 - SUBORDINATED DEBENTURES

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company has been named as a defendant in 10 lawsuits alleging that the plaintiffs were injured as a result of their purchasing and ingesting a diet suppressant containing phenylpropanolamine (PPA), which the Company utilized as its active ingredient in its products prior to November 2000. The lawsuits brought against the Company are for unspecified amounts of compensatory and exemplary damages.

The Company is insured for three of the 10 cases. CCA has not renewed the product liability policy covering possible additional lawsuits that might commence against the Company in connection with PPA. Outside counsel has advised CCA that as a general matter the PPA cases are defensible, and the Company plans to vigorously defend its positions. However, there can be no assurances the current PPA litigations will not have a material adverse effect on the Company's operations.

Dividends

In January 2003, the Company announced its first dividend of \$0.12 per share payable to all holders of the Company's common stock, \$0.06 payable to shareholders of record on April 1, 2003 and \$0.06 payable to shareholders of record on November 1, 2003.

CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<CAPTION>

NOTE 12 - 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 August 31, 2003 and November 30, 2002 were as follows:

|   | August 31,<br>2003 |              | November 30,<br>2002 |              |
|---|--------------------|--------------|----------------------|--------------|
| <S>   | <C>                | <C>          | <C>                  | <C>          |
| Current:  | COST               | MARKET       | COST                 | MARKET       |
| Corporate obligations   | \$ 1,527,900       | \$ 1,532,368 | \$ 2,066,040         | \$ 2,071,603 |
| Government obligations (including mortgage backed securities) | 1,287,751          | 1,237,278    | 1,330,345            | 1,314,604    |

|                          |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|
| Common stock             | 304,379      | 287,638      | -            | -            |
| Mutual funds             | 176,961      | 113,220      | 169,589      | 93,337       |
| Other equity investments | 111,750      | 110,700      | -            | -            |
| Total                    | 3,408,741    | 3,281,204    | 3,565,974    | 3,479,544    |
| Non-Current:             |              |              |              |              |
| Corporate obligations    | 2,525,000    | 2,509,028    | 1,025,806    | 1,016,715    |
| Government obligations   | 3,399,122    | 3,342,737    | 4,867,627    | 4,848,293    |
| Preferred stock          | 1,229,495    | 1,228,688    | 751,645      | 758,510      |
| Other equity investments | 100,000      | 100,000      | 100,000      | 100,000      |
| Total                    | 7,253,617    | 7,180,453    | 6,745,078    | 6,723,518    |
| Total                    | \$10,662,358 | \$10,461,657 | \$10,311,052 | \$10,203,062 |

</TABLE>

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CCA INDUSTRIES, INC. AND SUBSIDIARIES

<TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<CAPTION>

NOTE 12 - SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES (CONTINUED)

The market value at August 31, 2003 was \$10,462,657 as compared to \$10,203,062 at November 30, 2002. The gross unrealized gains and losses were \$43,968 and \$244,669 for August 31, 2003 and \$58,411 and (\$166,401) for November 30, 2002. The cost and market values of the investments at August 31, 2003 were as follows:

| COL. A                                 |               | COL. B  | COL. C          | COL. D                     | COL. E  |                               |                                |
|--|---------------|---|-----------------|----------------------------|---|-------------------------------|--------------------------------|
| Name of Issuer and Title of Each Issue | Maturity Date | Number of Units-Principal Amount of Interest Rate | Bonds and Notes | Market Value of Each Issue | Amount at Which Of Equity Security Issues and Each Other Security | Cost of at Balance Sheet Date | Issue Carried in Balance Sheet |
| <S>                                    | <C>           | <C>   | <C>             | <C>                        | <C>   | <C>                           | <C>                            |
| CORPORATE OBLIGATIONS:                 |               |   |                 |                            |   |                               |                                |
| GMAC Smartnotes                        | 10/15/03      | 4.600%  | 250,000         | \$ 250,000                 | \$ 250,708  | \$ 250,708                    | \$ 250,708                     |
| GMAC Smartnotes                        | 10/15/03      | 4.750   | 325,000         | 325,000                    | 325,959   | 325,959                       | 325,959                        |
| GMAC Smartnotes                        | 5/15/04       | 4.250   | 250,000         | 250,000                    | 252,165   | 252,165                       | 252,165                        |
| GMAC Smartnotes                        | 5/15/05       | 5.000   | 175,000         | 175,000                    | 177,048   | 177,048                       | 177,048                        |
| GMAC Smartnotes                        | 8/15/04       | 2.650   | 250,000         | 250,000                    | 248,053   | 248,053                       | 248,053                        |
| GMAC Smartnotes                        | 6/15/05       | 3.550   | 200,000         | 200,000                    | 198,532   | 198,532                       | 198,532                        |
| GMAC Smartnotes                        | 5/15/06       | 4.050   | 400,000         | 400,000                    | 395,788   | 395,788                       | 395,788                        |
| Household Finance Corp.                |               |   |                 |                            |   |                               |                                |
| Internotes                             | 5/15/04       | 4.250   | 250,000         | 250,000                    | 254,273   | 254,273                       | 254,273                        |
| International Business Machines        |               |   |                 |                            |   |                               |                                |
| Machines                               | 9/22/03       | 5.370   | 100,000         | 102,040                    | 100,209   | 100,209                       | 100,209                        |
| Colgate-Palmolive                      | 12/1/03       | 5.270   | 100,000         | 100,860                    | 101,001   | 101,001                       | 101,001                        |
| Ford Motor Credit                      | 5/22/06       | 4.750   | 250,000         | 250,000                    | 248,890   | 248,890                       | 248,890                        |
| CIT Group Inc.                         | 1/15/06       | 4.000   | 200,000         | 200,000                    | 202,158   | 202,158                       | 202,158                        |
| CIT Group Inc.                         | 3/15/05       | 3.200   | 100,000         | 100,000                    | 100,799   | 100,799                       | 100,799                        |
| CIT Group Inc.                         | 7/15/05       | 2.000   | 100,000         | 100,000                    | 98,741  | 98,741                        | 98,741                         |
| GE Capital Group Internotes            | 2/15/06       | 2.450   | 250,000         | 250,000                    | 247,660   | 247,660                       | 247,660                        |
| GE Capital Group Internotes            | 7/15/06       | 2.150   | 200,000         | 200,000                    | 195,132   | 195,132                       | 195,132                        |
| Sears Roebuck Acceptance Corp.         |               |   |                 |                            |   |                               |                                |
| Corp.                                  | 5/15/06       | 3.500   | 250,000         | 250,000                    | 249,078   | 249,078                       | 249,078                        |
| American General Fin. Corp.            | 8/15/05       | 2.050   | 200,000         | 200,000                    | 198,520   | 198,520                       | 198,520                        |



| Name of Issuer and Title of Each Issue | Maturity Date | Amount of Interest Rate | Bonds and Notes | Each Issue Cost of Each Issue | Other Security at Balance Sheet Date | Issue Carried in Balance Sheet |
|--|---------------|-------------------------|-----------------|-------------------------------|--------------------------------------|--------------------------------|
| <S>                                    | <C>           | <C>                     | <C>             | <C>                           | <C>                                  | <C>                            |
| <b>EQUITY:</b>                         |               |                         |                 |                               |                                      |                                |
| <b>Preferred Stock:</b>                |               |                         |                 |                               |                                      |                                |
| Public Income NTS                      |               |                         |                 |                               |                                      |                                |
| General Electric Cap Corp.             | 11/15/32      | 6.100%                  | 14,800          | \$ 379,495                    | \$ 375,328                           | \$ 375,328                     |
| Merrill Lynch Trust                    | 9/30/08       | 7.280                   | 6,000           | 150,000                       | 159,000                              | 159,000                        |
| Corporate Backed Trust                 |               |                         |                 |                               |                                      |                                |
| Certificates For AIG                   |               |                         |                 |                               |                                      |                                |
| Sun America                            | 5/17/07       | 6.700                   | 6,000           | 150,000                       | 154,800                              | 154,800                        |
| Corporate Backed Trust                 |               |                         |                 |                               |                                      |                                |
| Certificates For Bristol               |               |                         |                 |                               |                                      |                                |
| Myers Squibb                           | 5/23/07       | 6.800                   | 6,000           | 150,000                       | 155,460                              | 155,460                        |
| Morgan Stanley Cap Tr                  | 7/15/33       | 5.750                   | 4,000           | 100,000                       | 93,360                               | 93,360                         |
| ABN AMRO Cap Fund                      | 7/3/08        | 5.900                   | 2,000           | 50,000                        | 47,880                               | 47,880                         |
| JP Morgan Chase Cap IX                 | 6/15/33       | 5.875                   | 2,000           | 50,000                        | 47,500                               | 47,500                         |
| Wells Fargo Cap Tr VIII                | 8/1/33        | 5.625                   | 8,000           | 200,000                       | 195,360                              | 195,360                        |
|  |               | 1,229,495               | 1,228,688       |                               | 1,228,688                            |                                |
| <b>Common Stock:</b>                   |               |                         |                 |                               |                                      |                                |
| DTE Energy Co.                         |               | 1,200                   | 51,649          | 41,892                        | 41,892                               |                                |
| Consolidated Edison Inc.               |               | 3,800                   | 153,485         | 150,214                       | 150,214                              |                                |
| Progress Energy Inc.                   |               | 1,000                   | 48,000          | 40,490                        | 40,490                               |                                |
| Public Service Enterprise Group        |               |                         | 1,300           | 51,245                        | 55,042                               | 55,042                         |
|  |               | 304,379                 | 287,638         |                               | 287,638                              |                                |
| <b>Mutual Funds:</b>                   |               |                         |                 |                               |                                      |                                |
| Dreyfus Premier Limited                |               |                         |                 |                               |                                      |                                |
| Term High Income CL B                  |               | 15,968.952              | 176,961         | 113,220                       | 113,220                              |                                |
| <b>Other Equity Investments:</b>       |               |                         |                 |                               |                                      |                                |
| Aberdeen Asia Pacific                  |               |                         |                 |                               |                                      |                                |
| Income Fund                            |               |                         | 100,000         | 100,000                       | 100,000                              |                                |
| Enterprise Production Partners LP      |               |                         | 5,000           | 111,750                       | 110,700                              | 110,700                        |
|  |               | 211,750                 | 210,700         |                               | 210,700                              |                                |
|  |               | \$10,662,358            | \$10,461,657    |                               | \$10,461,657                         |                                |

</TABLE>

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CCA INDUSTRIES, INC.

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

(UNAUDITED)

For the three month period ended August 31, 2003, the Company had revenues of \$12,852,537 and net income of \$1,287,125 after a provision for taxes of \$713,375. Last year, for the August 31 quarter, the Company had \$11,511,314 of revenue and net income of \$722,822. This represents a 12% and 78% improvement in revenues and net income, respectively. Gross margins decreased slightly from 68.7% to 68.4%. Selling, general and administrative (SG&A) expenses increased to \$4,195,547 from \$4,039,125, as a result of an increase in staff and sales commissions.

For the three month period ending August 2003, advertising, cooperative and promotional allowance expenditures were \$2.40 million. Last year, for the same three-month period ending August 31, 2002, they were \$2.54 million. Advertising expenditures were 18.9% of sales compared to 22.3% last year. Since both co-op advertising and promotions have a material effect on the Company's operation, the Company attempts to anticipate its advertising and promotional commitments as a percent of gross sales in order to control its effect on its net income. In accordance with APB No. 28, Interim Financial Reporting, the Company expenses its advertising and related costs proportionately over the interim periods based on its total expected costs per its various advertising programs. Consequently, a deferral of \$.7 million for media expense and \$.55 million for co-op expenditures for the nine month period is reflected in the balance sheet. The Company deferred \$.770 million

of media costs in the prior year for the nine-month period. The deferral is the result of the Company's current \$8.0 million media budget for the entire year, which is predicated on substantially lower spending in the third and fourth quarters. Co-op expenditures are budgeted at \$5.0 million for the year. Specifically, the Company spent \$6.7 million for media advertising in the nine months and \$4.3 million for co-op advertising. The difference between the actual expense and the budgeted expense is deferred or accrued over the subsequent three month period, and by the end of the year will be fully expensed.

For the nine month period ended August 31, 2003, the Company had revenue of \$42,978,569 and a net income of \$4,444,846 after a provision for income taxes of \$2,844,562. In the prior year's period, the Company had revenues of \$35,070,855 and net income of \$2,240,871 after a provision for income taxes of \$1,507,873. Gross profit margins for the nine-month period ending August 31, 2003 increased from 66.3% in the prior year to 67.6%.

For the nine month period ended August 2003, advertising, cooperative and promotional allowance expenditures were \$7,760,818 as compared to \$7,658,588 for the nine-month period ending August 31, 2002. The company budgeted a national advertising expenditure for the current year at 8 million up from 7.5 million and budgeted co-op and promotions from 4 million to 5 million allocated over the current fiscal year. The co-op and promotions allowances increase were partially reversed by co-op advertising credits previously accrued in the prior year not taken by our customers, because the proposed promotion did not consummate. The reversed credits were allocated over the current fiscal year. Advertising expenditures were 18.2% of sales vs 22% last year.

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CCA INDUSTRIES, INC.

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

(UNAUDITED)

For the nine-month period ending August 31, 2003, research and development expenses were \$661,250 compared to \$412,264 last year.

The Company's financial position as of August 31, 2003 consists of current assets of \$22,500,095 and current liabilities of \$7,725,929. In addition, shareholders' equity increased from \$18,835,423 at November 30, 2002 to \$22,810,899 at August 31, 2003 primarily due to net income earned during the period.

The Company generated \$3,097,188 in cash from operations primarily due to the nine month net income of \$4.44 million, and an increase in taxes payable and decrease in deferred taxes of \$1.3 million, partially reversed by a \$2.04 million seasonal increase in deferred costs and accounts receivable of \$625,000.

The \$3.1 million cash generated by operations, however, was partially used to pay dividends of \$371,000, acquisition of fixed assets of \$293,000 and net purchases of marketable securities of \$332,548.



PART II, ITEM 6. (Continued)

EXHIBIT 11

CCA INDUSTRIES, INC. AND SUBSIDIARIES  
<TABLE>  
COMPUTATION OF EARNINGS PER SHARE  
<CAPTION>  
(UNAUDITED)

|   | Three Months Ended |            | Nine Months Ended |             |
|---|--------------------|------------|-------------------|-------------|
|   | August 31,         |            | August 31,        |             |
|   | 2003               | 2002       | 2003              | 2002        |
| <S><br>Item 6.  | <C>                | <C>        | <C>               | <C>         |
| Weighted average shares<br>outstanding - Basic  | 7,276,844          | 7,018,192  | 7,211,350         | 7,036,369   |
| Net effect of dilutive stock<br>options--based on the<br>treasury stock method<br>using average market<br>price | 397,390            | 566,851    | 382,246           | 525,643     |
| Weighted average shares<br>outstanding - Diluted  | 7,674,234          | 7,585,043  | 7,593,596         | 7,562,012   |
| Net income  | \$1,287,125        | \$ 722,822 | \$4,444,846       | \$2,240,871 |
| Per share amount  |                    |            |                   |             |
| Basic   | \$.18              | \$.10      | \$.61             | \$.32       |
| Diluted   | \$.17              | \$.10      | \$.59             | \$.30       |

</TABLE>

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CCA INDUSTRIES, INC.

PART II OTHER INFORMATION

Additional Exhibits

Certifications of Chief Executive Officer and Chief Financial Officer  
Pursuant to Title 18, United States Code, Section 1350, as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002.

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

The Company did not file any reports on Form 8-K during the nine months ended  
August 31, 2003.

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SIGNATURES

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

Date: October 7, 2003

CCA INDUSTRIES, INC.

By:

Dunnan Edell, President

By:

Ira W. Berman, Secretary

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

Dunnan Edell, Chief Executive Officer of CCA Industries, Inc. and John Bingman, Chief Financial Officer of CCA Industries, Inc., each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of CCA Industries, Inc. on Form 10-Q for the fiscal quarter ended August 31, 2003 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the

Securities Exchange Act of 1934, as amended, and that information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of CCA Industries, Inc.

Date: October 7, 2003

/s/

-----  
David Edell  
Chief Executive Officer

Date: October 7, 2003

/s/

-----  
John Bingman  
Chief Financial Officer