

CREATIVE COMPUTER APPLICATIONS INC
Form 10-QT
March 01, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended

- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

For the transition period from September 1, 2004 to December 31, 2004.

Commission file number 0-12551

CREATIVE COMPUTER APPLICATIONS, INC.
(Exact name of small business issuer as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

95-3353465
(I.R.S. Employer
Identification No.)

26115-A Mureau Road, Calabasas, California 91302
(Address of principal executive offices)

(818) 880-6700
Issuer's telephone number:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,369,900 common shares as of February 15, 2005.

Transitional Small Business Disclosure Format (check one):

Yes No

FORM 10-QSB

I N D E X

PART I - Financial Information:

Condensed Consolidated Balance Sheets at December 31, 2004

Condensed Consolidated Statements of Operations for the four months ended
December 31, 2004 and December 31, 2003

Condensed Consolidated Statements of Cash Flows for the four months ended
December 31, 2004 and December 31, 2003

Notes to Condensed Consolidated Financial Statements

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2004 (Unaudited)	
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$	1,655,063
Receivables, net		1,736,768
Inventory		86,298
Prepaid expenses and other assets		256,289
Deferred tax asset		539,420
TOTAL CURRENT ASSETS		4,273,838
PROPERTY AND EQUIPMENT, net		345,004
INVENTORY OF COMPONENT PARTS		186,599
CAPITALIZED SOFTWARE COSTS, net of accumulated amortization of \$878,021		1,531,573
DEFERRED TAX ASSET		254,457
	\$	6,591,471
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Notes payable to bank (Note 3)	\$	300,000
Accounts payable		377,768
Accrued liabilities:		
Vacation pay		243,060
Accrued payroll		128,227
Other		173,808
Deferred service contract income		1,235,032
Deferred revenue on system sales		226,111
TOTAL CURRENT LIABILITIES		2,684,006
SHAREHOLDERS EQUITY:		
Common shares, no par value; 20,000,000 shares authorized; 3,321,900 shares issued and outstanding		6,195,692
Accumulated deficit		(2,288,227)
TOTAL SHAREHOLDERS EQUITY		3,907,465
	\$	6,591,471

See Notes to Condensed Consolidated Financial Statements.

*** As presented in the audited consolidated financial statements**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Four Months Ended December 31,	
	2004	2003
	(Unaudited)	
NET SYSTEM SALES AND SERVICE REVENUE:		
System sales	\$ 844,069	\$ 541,019
Service revenue	1,547,173	1,457,182
	2,391,242	1,998,201
COSTS OF PRODUCTS AND SERVICES SOLD:		
System sales	610,294	607,784
Service revenue	542,151	540,751
	1,152,445	1,148,535
Gross profit	1,238,797	849,666
OPERATING EXPENSES		
Selling, general and administrative	1,099,279	992,595
Research and development	406,214	342,824
Total operating expenses	1,505,493	1,335,419
Operating loss	(266,696)	(485,753)
INTEREST AND OTHER INCOME	4,589	1,761