

CREATIVE COMPUTER APPLICATIONS INC  
Form 10QSB  
August 15, 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 June 30, 2005.

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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, including area code):

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,483,900 common shares as of August 10, 2005.

**Transitional Small Business Disclosure Format (check one):**

Yes  No

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**CREATIVE COMPUTER APPLICATIONS, INC.**

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**CREATIVE COMPUTER APPLICATIONS, INC.**

**PART 1 - FINANCIAL INFORMATION**

**Item 1. Financial Statements**



**CONDENSED CONSOLIDATED BALANCE SHEETS**

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	June 30, 2005 (Unaudited)	December 31, 2004 (Unaudited)
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,354,505	\$ 1,655,063
Receivables, net	710,560	1,736,768
Inventory	104,101	86,298
Prepaid expenses and other assets	314,806	256,289
Deferred tax asset	539,420	539,420
<b>TOTAL CURRENT ASSETS</b>	<b>3,023,392</b>	<b>4,273,838</b>
PROPERTY AND EQUIPMENT, net	447,503	345,004
INVENTORY OF COMPONENT PARTS	209,135	186,599
CAPITALIZED SOFTWARE COSTS, net of accumulated amortization of \$1,056,657 and \$878,021	1,693,358	1,531,573
DEFERRED MERGER COSTS	199,790	
DEFERRED TAX ASSET	254,457	254,457
	<b>\$ 5,827,635</b>	<b>\$ 6,591,471</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Notes payable to bank (Note 4)	200,000	300,000
Accounts payable	309,419	377,768
Accrued liabilities:		
Vacation pay	247,371	243,060
Accrued payroll	104,491	128,227
Other	183,748	173,808
Deferred service contract income	838,747	1,235,032
Deferred revenue on system sales	369,896	226,111
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,253,672</b>	<b>2,684,006</b>
<b>SHAREHOLDERS EQUITY:</b>		
Common shares, no par value; 20,000,000 shares authorized; 3,409,900 and 3,321,900 shares issued and outstanding	6,287,692	6,195,692
Accumulated deficit	(2,713,729)	(2,288,227)
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>3,573,963</b>	<b>3,907,465</b>
	<b>\$ 5,827,635</b>	<b>\$ 6,591,471</b>

See Notes to Condensed Consolidated Financial Statements.



## CREATIVE COMPUTER APPLICATIONS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,	
	2005	2004
	(Unaudited)	
<b>NET SYSTEM SALES AND SERVICE REVENUE:</b>		
System sales	\$ 296,600	\$ 723,087
Service revenue	1,259,407	1,071,907
	1,556,007	1,794,994
<b>COSTS OF PRODUCTS AND SERVICES SOLD:</b>		
System sales	371,218	530,905
Service revenue	409,831	398,777
	781,049	929,682
Gross profit	774,958	865,312
<b>OPERATING EXPENSES</b>		
Selling, general and administrative	771,245	596,678
Research and development	244,097	258,534
Total operating expenses	1,015,342	855,212
Operating income (loss)	(240,384)	10,100
INTEREST AND OTHER INCOME	4,415	584
INTEREST EXPENSE	(2,569)	(570)
Income (Loss) before provision for income taxes	(238,538)	10,114
<b>PROVISION FOR INCOME TAXES</b>		
NET INCOME (LOSS)	\$ (238,538)	\$ 10,114
<b>EARNINGS (LOSS) PER SHARE (Note 3):</b>		
Basic	\$ (.07)	\$ .00
Diluted	(.07)	.00
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:</b>		
Basic	3,383,233	3,318,900
Diluted	3,383,233	3,418,109

See Notes to Condensed Consolidated Financial Statements.



## CREATIVE COMPUTER APPLICATIONS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Six Months Ended June 30,	
	2005	2004
	(Unaudited)	
<b>NET SYSTEM SALES AND SERVICE REVENUE:</b>		
System sales	\$ 883,707	\$ 1,617,851
Service revenue	2,497,588	2,135,843
	3,381,295	3,753,694
<b>COSTS OF PRODUCTS AND SERVICES SOLD:</b>		
System sales	824,568	976,539
Service revenue	824,693	806,563
	1,649,261	1,783,102
Gross profit	1,732,034	1,970,592
<b>OPERATING EXPENSES</b>		
Selling, general and administrative	1,599,977	1,319,074
Research and development	558,940	514,880
Total operating expenses	2,158,917	1,833,954
Operating income (loss)	(426,883)	136,638
INTEREST AND OTHER INCOME	9,142	1,858
INTEREST EXPENSE	(7,761)	(1,685)
Income (Loss) before provision for income taxes	(425,502)	136,811
<b>PROVISION FOR INCOME TAXES</b>		
NET INCOME (LOSS)	\$ (425,502)	\$ 136,811
<b>EARNINGS (LOSS) PER SHARE (Note 3):</b>		
Basic	\$ (.13)	\$ .04
Diluted	(.13)	.04
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:</b>		
Basic	3,368,567	3,318,900
Diluted	3,368,567	3,423,240

See Notes to Condensed Consolidated Financial Statements.



