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SECURITIES COMMISSION
.. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

(A)

SEC FILE NUMBER
8-32233

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 10-1-02 AND ENDING 9-30-03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Craig + Associates Inc. OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1200 - 5TH AVE, SUITE 1800
(No. and Street)

SEATTLE WA 98101
(City) (State) (Zip Code)

FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
GARY CRAIG 206-405-3255
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

JACK W. BROWN INC. P.C.
(Name - if individual, state last, first, middle name)

419 OCCIDENTAL AVE. S. SUITE 600 SEATTLE, WA 98104
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

FEB 04 2004

THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, GARY CRAIG, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CRAIG ASSOCIATES, as of 12/22, 20003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

JOHN C. TATE
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 12-10-05

[Signature]
Notary Public

[Signature]
Signature
PRESIDENT
Title

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

NET CAPITAL REQUIREMENT:

Pursuant to Rule 15c3-1(a)(2) under the Securities Exchange Act of 1934, the Company has a \$5,000 net capital requirement. For the year ended September 30, 2003, the Company's net capital balance was \$54,268.

CRAIG & COMPANY, INC.
COMPUTATION of NET CAPITAL Under SEC. RULE 15c3-1

Net Capital per audited Financial Statements, September 30, 2003	\$ 139,949
Less Non-Allowable Assets	(79,523)
Less haircut	<u>(6,158)</u>
Net Capital, September 30, 2003	<u>\$ 54,268</u>

See the Reconciliation of Audited and Unaudited Computation of Net Capital on the following page.

CRAIG & COMPANY, INC.
 RECONCILIATION of AUDITED & UNAUDITED COMPUTATION of NET
 CAPITAL

	Unaudited Form X-17A-5 Part II Prepared by Craig & Associates	Audited Form X17A	
<u>Differences</u>	<u>Filed on 10/15/03</u>	<u>Part IIA</u>	<u>Differences</u>
Page 10			
Line 10	\$ 54,428	\$ 54,268	<u>(\$ 160)</u>
<u>Explanations</u>			
Line 17	Understated business taxes payable		<u>(\$ 160)</u>