

TRACK DATA CORP
Form 10-Q
November 13, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2008

Commission File Number 0-24634

TRACK DATA CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

22-3181095
(I.R.S. Employer
Identification No.)

95 Rockwell Place
Brooklyn, NY 11217
(Address of principal executive offices)

(718) 522-7373
(Registrant's telephone number)

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 past 12 months (or 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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 12, 2008 there were 8,392,000 shares of common stock outstanding.

PART I. FINANCIAL INFORMATION

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PART II. OTHER INFORMATION

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Track Data Corporation and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

September 30, December 31,
2008 2007

(Unaudited)

ASSETS

CASH AND EQUIVALENTS	\$ 6,896	\$ 5,275
ACCOUNTS RECEIVABLE – net of allowance for doubtful accounts of \$209 in 2008 and \$227 in 2007	1,432	1,382
DUE FROM CLEARING BROKER	787	635
DUE FROM BROKER	18,248	12,258
MARKETABLE SECURITIES	14,549	8,581
FIXED ASSETS - at cost (net of accumulated depreciation)	1,659	2,093
EXCESS OF COST OVER NET ASSETS ACQUIRED – net	1,900	1,900
OTHER ASSETS	675	829
TOTAL ASSETS	\$ 46,146	\$ 32,953

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 3,521	\$ 3,540
Trading securities sold, but not yet purchased	17,609	5,060
Net deferred income tax liabilities	461	755
Other liabilities	557	864
Total liabilities	22,148	10,219

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Common stock - \$.01 par value; 60,000,000 shares authorized; issued and outstanding –8,392,000 shares	84	84
Additional paid-in capital	10,183	10,183
Retained earnings	13,496	11,791
Accumulated other comprehensive income	235	676

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Total stockholders' equity	23,998	22,734
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 46,146	\$ 32,953

See notes to condensed consolidated financial statements

Track Data Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(in thousands, except earnings per share)
(unaudited)

	2008	2007
SERVICE FEES AND REVENUE		
Market Data Services	\$ 13,485	\$ 13,945
ECN Services	2,104	5,919
Broker-Dealer Commissions (includes \$72 in 2008 and \$92 in 2007 from related party)	8,084	5,980
Total	23,673	25,844
COSTS, EXPENSES AND OTHER:		
Direct operating costs (includes depreciation and amortization of \$554 and \$488 in 2008 and 2007, respectively)	14,886	19,603
Selling and administrative expenses (includes depreciation and amortization of \$47 and \$66 in 2008 and 2007, respectively)	6,653	8,065
Rent expense – related party	492	473
Marketing and advertising	224	181
Gain on arbitrage trading	(1,247)	(1,271)
Gain on sale of marketable securities – Innodata	(65)	-
Interest income	(289)	(360)
Interest expense	177	535
Total	20,831	27,226
INCOME (LOSS) BEFORE INCOME TAXES	2,842	(1,382)
INCOME TAXES PROVISION (BENEFIT)	1,137	(553)
NET INCOME (LOSS)	\$ 1,705	\$ (829)
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE	\$.20	\$(.10)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING -- BASIC AND DILUTIVE	8,392	8,392

See notes to condensed consolidated financial statements

Track Data Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(in thousands, except earnings per share)

(unaudited)

	2008	2007
SERVICE FEES AND REVENUE		
Market Data Services	\$4,425	\$4,480
ECN Services	758	1,889
Broker-Dealer Commissions (includes \$34 in 2008 and \$41 in 2007 from related party)	2,959	2,141
Total	8,142	8,510
COSTS, EXPENSES AND OTHER:		
Direct operating costs (includes depreciation and amortization of \$186 and \$165 in 2008 and 2007, respectively)	5,074	6,470
Selling and administrative expenses (includes depreciation and amortization of \$15 and \$20 in 2008 and 2007, respectively)	2,096	2,583
Rent expense – related party	164	158
Marketing and advertising	100	50
Gain on arbitrage trading	(524)	(634)
Interest income	(88)	(92)
Interest expense	46	265
Total	6,868	8,800
INCOME (LOSS) BEFORE INCOME TAXES	1,274	(290)
INCOME TAXES PROVISION (BENEFIT)	510	(117)
NET INCOME (LOSS)	\$ 764	\$ (173)
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE	\$.09	\$(.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING -		
BASIC AND DILUTIVE	8,392	8,392

See notes to condensed consolidated financial statements

Track Data Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS'

EQUITY AND COMPREHENSIVE INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2008

(in thousands)

(unaudited)

	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stock- holders' Equity	Compre- hensive Income
BALANCE, JANUARY 1, 2008	8,392	\$ 84	\$10,183	\$ 11,791	\$ 676	\$ 22,734	
Net income				1,705		1,705	\$ 1,705
Reclassification adjustment for gain on marketable securities - net of taxes					(34)	(34)	(34)
Unrealized loss on marketable securities - net of taxes					(407)	(407)	(407)
Comprehensive income							\$ 1,264