

TRACK DATA CORP  
Form 10-Q  
November 12, 2004

**U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

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

For the quarterly period ended **September 30, 2004**

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 checkmark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of October 31, 2004 there were 48,282,000 shares of common stock outstanding.

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**PART I. FINANCIAL INFORMATION**

- Item 1. Financial Statements  
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- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations  
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*Track Data Corporation and Subsidiaries*  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(in thousands, except number of shares)*

	<b>September 30, 2004</b>	<b>December 31, 2003</b>
	<i>Unaudited</i>	<i>Derived from audited financial statements</i>
<b>ASSETS</b>		
<b>CASH AND EQUIVALENTS</b>	\$ 5,439	\$ 8,315
<b>ACCOUNTS RECEIVABLE - net</b>	1,441	1,099
<b>DUE FROM CLEARING BROKER</b>	481	547
<b>DUE FROM BROKER</b>	29,703	37,141
<b>MARKETABLE SECURITIES</b>	18,519	21,427
<b>FIXED ASSETS - at cost (net of accumulated depreciation)</b>	1,690	2,140
<b>EXCESS OF COST OVER NET ASSETS ACQUIRED - net</b>	1,900	1,900

<b>OTHER ASSETS</b>	1,067	929
<b>TOTAL</b>	\$ 60,240	\$ 73,498
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,813	\$ 4,112
Notes payable - other	-	494
Trading securities sold but not yet purchased	30,111	40,996
Net deferred income tax liabilities	2,059	2,475
Other liabilities, including income taxes	456	1,616
Total liabilities	36,439	49,693
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS EQUITY</b>		
Common stock - \$.01 par value; 300,000,000 shares authorized; issued and outstanding - 48,311,000 shares in 2004 and 49,001,000 shares in 2003	483	490
Additional paid-in capital	13,528	14,152
Retained earnings	6,952	5,701
Accumulated other comprehensive income	2,838	3,462
Total stockholders equity	23,801	23,805
<b>TOTAL</b>	\$ 60,240	\$ 73,498

See notes to condensed consolidated financial statements

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*Track Data Corporation and Subsidiaries*  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003**  
*(in thousands, except earnings and dividends per share)*  
*(Unaudited)*

	<b>2004</b>	<b>2003</b>
<b>SERVICE FEES AND REVENUE</b>	\$ 29,817	\$ 30,891
<b>COSTS, EXPENSES AND OTHER:</b>		
Direct operating costs	17,179	17,787

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Selling and administrative expenses	10,898	11,560
Marketing and advertising	359	277
Gain on marketable securities (including \$746 and \$25 from sale of Innodata common stock in 2004 and 2003, respectively)	(1,761)	(1,237)
Interest expense - net	239	75
Total	26,914	28,462
<b>INCOME BEFORE INCOME TAXES</b>	2,903	2,429
<b>INCOME TAXES</b>	1,162	972
<b>NET INCOME</b>	\$ 1,741	\$ 1,457
<b>BASIC AND DILUTED NET INCOME PER SHARE</b>	\$.04	\$.03
<b>DIVIDENDS PER SHARE</b>	\$.01	\$.01
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	48,788	49,927
<b>ADJUSTED DILUTIVE SHARES OUTSTANDING</b>	48,843	49,981

See notes to condensed consolidated financial statements

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*Track Data Corporation and Subsidiaries*  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003**  
*(in thousands, except (losses) earnings and dividends per share)*  
*(Unaudited)*

	<b>2004</b>	<b>2003</b>
<b>SERVICE FEES AND REVENUE</b>	\$ 9,222	\$ 9,872
<b>COSTS, EXPENSES AND OTHER:</b>		
Direct operating costs	5,756	5,404
Selling and administrative expenses	3,491	3,432
Marketing and advertising	91	143
Gain on marketable securities (including \$204 and \$8 from sale of Innodata common stock in 2004 and 2003, respectively)	(108)	(471)
Interest expense - net	117	42
Total	9,347	8,550
<b>(LOSS) INCOME BEFORE INCOME TAXES (BENEFIT)</b>	(125)	1,322

<b>INCOME TAXES (BENEFIT)</b>	(49)	529
<b>NET (LOSS) INCOME</b>	\$ (76)	\$ 793
<b>BASIC AND DILUTED NET INCOME PER SHARE</b>	\$ .00	\$ .02
<b>DIVIDENDS PER SHARE</b>		\$ .01
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	48,516	48,864
<b>ADJUSTED DILUTIVE SHARES OUTSTANDING</b>	48,516	49,027

See notes to condensed consolidated financial statements

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*Track Data Corporation and Subsidiaries*  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS  
EQUITY AND COMPREHENSIVE INCOME  
NINE MONTHS ENDED SEPTEMBER 30, 2004**  
*(in thousands)*  
*(Unaudited)*

	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total Stock- holders Equity</b>	<b>Compre- hensive Income</b>
<b>BALANCE, JANUARY 1, 2004</b>	<b>\$ 490</b>	<b>\$ 14,152</b>	<b>\$ 5,701</b>	<b>\$ 3,462</b>	<b>\$ 23,805</b>	
Net income			1,741		1,741	\$ 1,741
Stock options and warrants exercised		11			11	
Dividends paid			(490)		(490)	
Purchase and retirement of treasury stock	(7)	(635)			(642)	
Reclassification adjustment for gain on marketable securities-net of taxes				(445)	(445)	(445)

Unrealized loss on marketable securities - net of taxes				(179)	(179)	(179)
Comprehensive income						\$1,117
<b>BALANCE, SEPTEMBER 30, 2004</b>	<b>\$ 483</b>	<b>\$ 13,528</b>	<b>\$ 6,952</b>	<b>\$ 2,838</b>		