

TRACK DATA CORP
Form 10-Q
August 14, 2003

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 June 30, 2003

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 July 31, 2003 there were 48,880,071 shares of common stock outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

See pages 2-11

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

See pages 12-18

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See page 18

Item 4. Controls and Procedures

See page 19

PART II. OTHER INFORMATION

See page 20

Track Data Corporation and Subsidiaries
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, except number of shares)

	June 30, 2003	December 31, 2002
	<i>Unaudited</i>	<i>Derived from audited financial statements</i>
ASSETS		
CASH AND EQUIVALENTS	\$ 5,973	\$ 5,491
ACCOUNTS RECEIVABLE - net	1,440	3,861

Edgar Filing: TRACK DATA CORP - Form 10-Q

DUE FROM CLEARING BROKER	643	324
DUE FROM BROKER	33,515	20,111
MARKETABLE SECURITIES	15,416	11,021
FIXED ASSETS - at cost (net of accumulated depreciation)	2,271	2,846
EXCESS OF COST OVER NET ASSETS ACQUIRED	1,900	1,900
OTHER ASSETS	1,000	862
	<u> </u>	<u> </u>
TOTAL	\$ 62,158	\$ 46,416
	<u> </u>	<u> </u>
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$ 4,117	\$ 4,338
Note payable - bank	-	1,030
Notes payable - other	482	870
Trading securities sold but not yet purchased	37,457	19,725
Capital lease obligations	29	83
Net deferred income tax liabilities	371	295
Other liabilities, including income taxes	544	468
	<u> </u>	<u> </u>
Total liabilities	43,000	26,809
	<u> </u>	<u> </u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY		
Common stock - \$.01 par value; 300,000,000 shares authorized; issued and outstanding 48,820,571 shares in 2003 and 50,912,475 shares in 2002	488	509
Additional paid-in capital	13,813	15,019
Accumulated other comprehensive income	849	735
Retained earnings	4,008	3,344
	<u> </u>	<u> </u>
Total stockholders equity	19,158	19,607
	<u> </u>	<u> </u>
TOTAL	\$ 62,158	\$ 46,416
	<u> </u>	<u> </u>

Track Data Corporation and Subsidiaries
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 SIX MONTHS ENDED JUNE 30, 2003 AND 2002
 (in thousands, except earnings per share)
 (Unaudited)

	2003	2002
SERVICE FEES AND REVENUE	\$ 21,019	\$ 26,375
COSTS AND EXPENSES:		
Direct operating costs	12,383	14,169
Selling and administrative expenses	8,128	9,471
Marketing and advertising	134	457
Writedown of investments in private companies	-	516
(Gain) loss on marketable securities	(766)	306
Interest expense net	33	593
Total	19,912	25,512
INCOME BEFORE INCOME TAXES	1,107	863
INCOME TAXES	443	346
NET INCOME	\$ 664	\$ 517
BASIC AND DILUTED NET INCOME PER SHARE	\$.01	\$.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	50,376	53,416
ADJUSTED DILUTIVE SHARES OUTSTANDING	50,376	53,957

See notes to condensed consolidated financial statements

3

Track Data Corporation and Subsidiaries
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 THREE MONTHS ENDED JUNE 30, 2003 AND 2002
 (in thousands, except earnings per share)
 (Unaudited)

	2003	2002
SERVICE FEES AND REVENUE	\$ 10,324	\$ 13,239
COSTS AND EXPENSES:		
Direct operating costs	6,029	7,702
Selling and administrative expenses	3,837	4,636
Marketing and advertising	56	168
Writedown of investments in private companies	-	516
Gain on marketable securities	(397)	(747)
Interest expense net	8	223
	9,533	12,498
Total		
INCOME BEFORE INCOME TAXES	791	741
INCOME TAXES	317	297
NET INCOME	\$ 474	\$ 444
BASIC AND DILUTED NET INCOME PER SHARE	\$.01	\$.01
WEIGHTED AVERAGE SHARES OUTSTANDING	50,088	52,857
ADJUSTED DILUTIVE SHARES OUTSTANDING	50,088	52,987

See notes to condensed consolidated financial statements

4

Track Data Corporation and Subsidiaries
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS
EQUITY AND COMPREHENSIVE INCOME**
SIX MONTHS ENDED JUNE 30, 2003
(in thousands)
(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Compre- hensive Income
BALANCE, JANUARY 1, 2003	\$ 509	\$ 15,019	\$ 735	\$ 3,344	
Net income				664	\$ 664
Purchase and retirement of treasury stock	(21)	(1,206)			
Reclassification adjustment for gain on marketable securities - net of taxes			(2)		(2)
Unrealized gain on marketable securities net of taxes			116		116
Comprehensive income					\$ 778
BALANCE, JUNE 30, 2003	\$ 488	\$ 13,813	\$ 849	\$ 4,008	

See notes to condensed consolidated financial statements

5

Track Data Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2003 AND 2002
(in thousands)
(Unaudited)

Edgar Filing: TRACK DATA CORP - Form 10-Q

	2003	2002
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 664	\$ 517
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	723	991
Writedown of investments in private companies	-	516
Gain on sale of Innodata and Edgar Online common stock	(17)	(124)
Changes in operating assets and liabilities:		
Accounts receivable and due from clearing broker	2,102	479
Due from broker	(13,405)	(58,015)
Marketable securities	(4,369)	11,412
Other assets	(158)	(160)
Accounts payable and accrued expenses	(221)	1,592
Securities sold, but not yet purchased	17,732	46,184
Other liabilities	8	308
	<u> </u>	<u> </u>
Net cash provided by operating activities	3,059	3,700
	<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(125)	(235)
Proceeds from sale of Innodata and Edgar Online common stock	182	170
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	57	(65)
	<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments under capital lease obligations	(54)	(238)
Net payments on note payable - bank	(1,030)	(749)
Net (payments) proceeds from notes payable - other	(388)	23
Net proceeds (payments) on loans from employee savings program	74	(1)
Purchase of treasury stock	(1,227)	(2,982)
Proceeds from exercise of stock options	-	210
	<u> </u>	<u> </u>
Net cash used in financing activities	(2,625)	(3,737)
	<u> </u>	<u> </u>
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH	(9)	(10)
	<u> </u>	<u> </u>
NET INCREASE (DECREASE) IN CASH	482	(112)
	<u> </u>	<u> </u>
CASH, BEGINNING OF PERIOD	5,491	5,687
	<u> </u>	<u> </u>

