

TRACK DATA CORP  
Form 10-Q  
August 11, 2006

**U.S. 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 **June 30, 2006**

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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

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 July 31, 2006 there were 8,374,000 shares of common stock outstanding.

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PART FINANCIAL INFORMATION

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PART OTHER INFORMATION

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

|   | <b>2006</b>      | <b>2005</b>    |
|---|------------------|----------------|
|   | <i>Unaudited</i> | <i>Audited</i> |
| <b>ASSETS</b>   |                  |                |
| <b>CASH AND EQUIVALENTS</b>   | \$ 5,675         | \$ 4,469       |
| <b>ACCOUNTS RECEIVABLE</b> - net of allowance for doubtful accounts of \$218 in 2006 and \$225 in 2005                                      | 2,838            | 1,950          |
| <b>DUE FROM CLEARING BROKER</b>   | 470              | 154            |
| <b>DUE FROM BROKER</b>  | 13,686           | 15,591         |
| <b>MARKETABLE SECURITIES</b>  | 7,753            | 9,492          |
| <b>FIXED ASSETS</b> - at cost (net of accumulated depreciation)   | 1,900            | 1,701          |
| <b>EXCESS OF COST OVER NET ASSETS ACQUIRED</b> - net  | 1,900            | 1,900          |
| <b>OTHER ASSETS</b>   | 650              | 950            |
| <b>TOTAL</b>  | \$ 34,872        | \$ 36,207      |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                  |                |
| <b>LIABILITIES</b>  |                  |                |
| Accounts payable and accrued expenses   | \$ 4,353         | \$ 3,707       |
| Note payable - bank   | 1,091            | 1,137          |
| Trading securities sold, but not yet purchased  | 5,465            | 8,223          |
| Net deferred income tax liabilities   | 537              | 959            |
| Other liabilities, including income taxes   | 915              | 632            |
| Total liabilities   | 12,361           | 14,658         |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                  |                |
| <b>STOCKHOLDERS' EQUITY</b>   |                  |                |
| Common stock - \$.01 par value; 60,000,000 shares authorized; issued and outstanding -8,374,000 shares in 2006 and 8,380,000 shares in 2005 | 84               | 84             |

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|  |                   |                   |
|--|-------------------|-------------------|
| Additional paid-in capital             | 10,116            | 10,136            |
| Retained earnings                      | 11,989            | 10,374            |
| Accumulated other comprehensive income | 322               | 955               |
|  | <u>          </u> | <u>          </u> |
| Total stockholders' equity             | 22,511            | 21,549            |
|  | <u>          </u> | <u>          </u> |
| <b>TOTAL</b>                           | <b>\$ 34,872</b>  | <b>\$ 36,207</b>  |
|  | <u>          </u> | <u>          </u> |

See notes to condensed consolidated financial statements

*Track Data Corporation and Subsidiaries*  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**SIX MONTHS ENDED JUNE 30, 2006 AND 2005**  
*(in thousands, except earnings per share)*  
*(unaudited)*

|  | <b>2006</b>     | <b>2005</b>    |
|--|-----------------|----------------|
| <b>SERVICE FEES AND REVENUE</b>  |                 |                |
| Market Data Services   | \$ 11,044       | \$ 11,882      |
| ECN Services   | 7,769           | 3,630          |
| Broker-Dealer Commissions  | 3,706           | 3,075          |
|  | <hr/>           | <hr/>          |
| <b>Total</b>   | <b>22,519</b>   | <b>18,587</b>  |
|  | <hr/>           | <hr/>          |
| <b>COSTS, EXPENSES AND OTHER:</b>  |                 |                |
| Direct operating costs (includes depreciation and amortization of \$296,000 and \$330,000 in 2006 and 2005, respectively)            | 16,314          | 13,041         |
| Selling and administrative expenses (includes depreciation and amortization of \$46,000 and \$68,000 in 2006 and 2005, respectively) | 5,417           | 6,271          |
| Rent expense - related party   | 315             | 308            |
| Marketing and advertising  | 139             | 171            |
| Gain on arbitrage trading  | (566)           | (191)          |
| Gain on sale of marketable securities - Innodata and Edgar Online  | (1,776)         | (1,055)        |
| Interest income  | (207)           | (123)          |
| Interest expense   | 191             | 197            |
|  | <hr/>           | <hr/>          |
| <b>Total</b>   | <b>19,827</b>   | <b>18,619</b>  |
|  | <hr/>           | <hr/>          |
| <b>INCOME (LOSS) BEFORE INCOME TAXES</b>   | <b>2,692</b>    | <b>(32)</b>    |
| <b>INCOME TAXES (BENEFIT)</b>  | <b>1,077</b>    | <b>(13)</b>    |
|  | <hr/>           | <hr/>          |
| <b>NET INCOME (LOSS)</b>   | <b>\$ 1,615</b> | <b>\$ (19)</b> |
|  | <hr/>           | <hr/>          |
| <b>BASIC AND DILUTED NET INCOME PER SHARE</b>  | <b>\$.19</b>    | <b>\$.00</b>   |
|  | <hr/>           | <hr/>          |
| <b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>   |                 |                |