

DICE HOLDINGS, INC.
Form 10-Q
May 07, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

OR

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

For the transition period from to

Commission File Number: 001-33584

DICE HOLDINGS, INC.

(Exact name of Registrant as specified in its Charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

20-3179218
(I.R.S. Employer
Identification No.)

3 Park Avenue

New York, New York
(Address of principal executive offices)

10016
(Zip Code)

(212) 725-6550

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year - if changed since last report)

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 preceding 12 months (or for 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.

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

As of April 30, 2008, 62,173,410 shares of common stock (Common Stock) of the Registrant were outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****DICE HOLDINGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(unaudited)****(in thousands except share and per share data)**

	March 31, 2008	December 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 78,073	\$ 57,525
Marketable securities	50	150
Accounts receivable, net of allowance for doubtful accounts of \$1,727 and \$1,631	18,076	19,112
Deferred income taxes - current	11,737	13,750
Prepaid and other current assets	2,532	2,582
Current assets of discontinued operations		195
Total current assets	110,468	93,314
Fixed assets, net	5,760	5,768
Acquired intangible assets, net	74,334	78,572
Goodwill	159,808	159,773
Deferred financing costs, net of accumulated amortization of \$1,460 and \$1,252	3,333	3,541
Other assets	449	484
Non-current assets of discontinued operations		135
Total assets	\$ 354,152	\$ 341,587
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 13,732	\$ 11,971
Deferred revenue	52,269	46,230
Current portion of long-term debt	750	2,850
Income taxes payable	5,066	3,697
Current liabilities of discontinued operations		1,404
Total current liabilities	71,817	66,152
Long-term debt	121,250	121,550
Deferred income taxes - non-current	25,043	26,256
Interest rate hedge liability	2,156	
Other long-term liabilities	6,995	7,002
Total liabilities	227,261	220,960
Commitments and contingencies (Note 6)		
Stockholders' equity		

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Common stock, \$.01 par value, authorized 240,000,000 shares; issued and outstanding: 62,173,410 and 62,172,690 shares, respectively	622	622
Additional paid-in capital	221,525	220,222
Accumulated other comprehensive income	3,806	3,130
Accumulated deficit	(99,062)	(103,347)
Total stockholders equity	126,891	120,627
Total liabilities and stockholders equity	\$ 354,152	\$ 341,587

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**DICE HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)****(in thousands except per share amounts)**

	For the three months ended March 31,	
	2008	2007
Revenues	\$ 39,569	\$ 30,389
Operating expenses:		
Cost of revenues	2,417	1,826
Product development	1,172	980
Sales and marketing	14,906	13,214
General and administrative	5,549	3,949
Depreciation	863	619
Amortization of intangible assets	4,242	5,228
Total operating expenses	29,149	25,816
Operating income	10,420	4,573
Interest expense	(2,684)	(2,347)
Interest income	482	74
Other expense	(2,266)	
Income from continuing operations before income taxes	5,952	2,300
Income tax expense (benefit)	2,186	(907)
Income from continuing operations	3,766	3,207
Discontinued operations:		
Income (loss) from discontinued operations	519	(949)
Income tax benefit from discontinued operations		(5,619)
Income from discontinued operations, net of tax	519	4,670
Net income	4,285	7,877
Convertible preferred stock dividends		(107,718)
Income (loss) attributable to common stockholders	\$ 4,285	\$ (99,841)
Basic and diluted earnings (loss) per share:		
From continuing operations	\$ 0.06	\$ (1,133.52)
From discontinued operations	0.01	50.65
	\$ 0.07	\$ (1,082.87)

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**DICE HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)****(in thousands)**

	Three Months Ended March 31,	
	2008	2007
Cash flows provided by operating activities:		
Net income	\$ 4,285	\$ 7,877
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	863	619
Amortization of intangible assets	4,242	5,228
Deferred income taxes	493	(7,386)
Gain on sale of joint venture	(611)	
Amortization of deferred financing costs	208	151
Share based compensation	1,296	574
Loss on interest rate hedges	2,266	
Changes in operating assets and liabilities:		
Accounts receivable	1,040	1,072
Prepaid expenses and other assets	(55)	(840)
Accounts payable and accrued expenses	2,015	(1,882)
Income taxes payable	1,505	205
Deferred revenue	6,030	7,706
Other, net	(6)	922
Net cash provided by operating activities of continuing operations	23,571	14,246
Cash flows used for investing activities:		
Purchases of fixed assets	(756)	(631)
Maturities and sales of marketable securities	100	
Other, net		(15)
Net cash used for investing activities of continuing operations	(656)	(646)
Cash flows used for financing activities:		
Proceeds from long-term debt		113,000
Payments on long-term debt	(2,400)	(11,000)
Dividends paid on convertible preferred stock		(107,718)
Dividends paid on common stock		(180)
Payments to holders of vested stock options in lieu of dividends		(4,602)
Financing costs paid		(2,239)
Payment of costs related to initial public offering	(354)	
Proceeds from stock option exercises	3	
Net cash used for financing activities of continuing operations	(2,751)	(12,739)
Net cash provided by (used for) operating activities of discontinued operations	(409)	718
Net cash used for investing activities of discontinued operations		(6)

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Net cash provided by (used for) discontinued operations	(409)	712
Effect of exchange rate changes	793	20
Net change in cash and cash equivalents for the period	20,548	1,593
Cash and cash equivalents, beginning of period	57,525	5,684
Cash and cash equivalents, end of period	\$ 78,073	\$ 7,277

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**DICE HOLDINGS, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited)****1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Dice Holdings, Inc. (DHI or the Company) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted and condensed pursuant to such rules and regulations. In the opinion of the Company's management, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial positions, the results of operations and cash flows for the periods presented. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2007, that are included in the Company's Annual Report on Form 10-K. Operating results for the three month period ended March 31, 2008 are not necessarily indicative of the results to be achieved for the full year.

Preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Management believes the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results could differ materially from management's estimates. There have been no significant changes in the Company's assumptions regarding critical accounting estimates during the first three months of 2008.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 does not impose fair value measurements on items not already accounted for at fair value; rather it applies, with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. FASB Staff Position 157-2: *Effective Date of FASB Statement No. 157* (FSP 157-2) delayed the implementation of SFAS 157 for certain nonfinancial assets and liabilities. The Company partially adopted SFAS 157 in the first quarter of 2008. The adoption did not have an impact on the Company's consolidated financial statements. The Company did not adopt SFAS 157 as it relates to goodwill and other intangible assets due to the delay allowed by FSP 157-2. SFAS 157 was adopted for interest rate hedge liabilities. These liabilities are valued using observable inputs from a third party provider. The assets measured at fair value on a recurring basis are as follows as of March 31, 2008 (in thousands):

	Fair Value Measurements Using			Total at March 31, 2008		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
	Interest rate hedge liabilities	\$	\$ 2,156		\$	\$ 2,156

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings at each subsequent reporting date. SFAS 159 is effective for fiscal years beginning after December 15, 2007. The Company adopted SFAS 159 in the first quarter of 2008 choosing not to elect the fair value measurement option for any of its assets and liabilities, therefore resulting in no changes to its consolidated financial statements. The Company will continue to evaluate items on a case-by-case basis for consideration of the fair value option.

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DICE HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

3. DISCONTINUED OPERATIONS

MeasureUp The Company provided certification test preparation and assessment products for technology professionals through its subsidiary, MUP, Inc. (MeasureUp). In February 2007, the Company decided to abandon the MeasureUp business after assessing the long-term economic viability of MeasureUp in light of its projected operating losses, the lack of an operational or strategic fit with the Company s core business, and after unsuccessfully attempting to sell the business. All significant business activities of MeasureUp ceased on March 30, 2007. Accordingly, the Company reflects the related assets, liabilities, and results of operations from this segment as discontinued operations for the period ended March 31, 2007. Expenses that are not directly identified to MeasureUp or are considered corporate overhead have not been allocated to this segment in arriving at results from discontinued operations. Summary results of operations for the former MeasureUp operating segment prior to ceasing operations were as follows (in thousands):

**Three Months
Ended
March 31,
2007**