DICE HOLDINGS, INC.
Form 10-Q
November 02, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

OR

o 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)

Delaware (State or other jurisdiction of incorporation or organization)	20-3179218 (I.R.S. Employer Identification No.)
1040 Avenue of the Americas, 16th Floor New York, New York (Address of principal executive offices)	10018 (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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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 o Accelerated filer x Non-accelerated filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of October 28, 2010, 63,086,951 shares of common stock ("Common Stock") of the Registrant were outstanding.

DICE HOLDINGS, INC.
TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

DICE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except per share data)

	September 30, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 38,641	$ 44,925
Marketable securities	3,510	4,214
Accounts receivable, net of allowance for doubtful accounts of $1,488 and $1,764	13,074	11,336
Deferred income taxes – current	1,436	812
Income taxes receivable	1,883	906
Prepaid and other current assets	2,170	1,360
Total current assets	60,714	63,553
Fixed assets, net	5,442	5,719
Acquired intangible assets, net	69,428	48,536
Goodwill	177,393	142,638
Deferred financing costs, net of accumulated amortization of $76 and $2,918	1,514	1,875
Other assets	239	234
Total assets	$ 314,730	$ 262,555
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 12,913	$ 9,930
Deferred revenue	44,745	33,909
Current portion of acquisition related contingencies	1,277	275
Current portion of long-term debt	4,000	1,000
Income taxes payable	1,031	601
Total current liabilities	63,966	45,715
Long-term debt	53,000	49,300
Deferred income taxes - non-current	18,261	10,886
Interest rate hedge liability - non-current	-	550
Accrual for unrecognized tax benefits	4,319	5,778
Acquisition related contingencies	9,565	588
Other long-term liabilities	1,168	1,118
Total liabilities	150,279	113,935
Commitments and contingencies (Note 8)		
Stockholders' equity		
	-	-

Convertible preferred stock, $.01 par value, authorized 20,000 shares; issued and outstanding: 0 shares				
Common stock, $.01 par value, authorized 240,000; issued and outstanding: 62,951 and 62,502 shares, respectively		630		625
Additional paid-in capital		236,021		232,508
Accumulated other comprehensive loss		(10,855)		(10,013)
Accumulated deficit		(61,345)		(74,500)
Total stockholders' equity		164,451		148,620
Total liabilities and stockholders' equity	$	314,730	$	262,555

See accompanying notes to the condensed consolidated financial statements.

1

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

	For the three months ended September 30, 2010	For the three months ended September 30, 2009	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
Revenues	$ 34,360	$ 26,733	$ 91,108	$ 83,311
Operating expenses:				
Cost of revenues	2,685	1,929	6,973	5,570
Product development	1,993	1,130	4,615	2,886
Sales and marketing	11,278	8,261	32,487	26,180
General and administrative	5,431	4,725	14,607	14,849
Depreciation	1,003	933	3,082	2,786
Amortization of intangible assets	3,374	3,822	8,518	11,730
Change in acquisition related contingencies	(181)	-	(481)	-
Total operating expenses	25,583	20,800	69,801	64,001
Operating income	8,777	5,933	21,307	19,310
Interest expense	(712)	(1,598)	(2,807)	(5,170)
Deferred financing cost write-off	(1,388)	-	(1,388)	-
Interest income	27	37	88	173
Other income	-	294	216	1,051
Income before income taxes	6,704	4,666	17,416	15,364
Income tax expense	538	1,664	4,261	5,728
Net income	$ 6,166	$ 3,002	$ 13,155	$ 9,636
Basic earnings per share	$ 0.10	$ 0.05	$ 0.21	$ 0.15
Diluted earnings per share	$ 0.09	$ 0.05	$ 0.20	$ 0.15
Weighted average basic shares outstanding	62,799	62,305	62,436	62,248
Weighted average diluted shares outstanding	67,561	65,659	67,406	66,070

See accompanying notes to the condensed consolidated financial statements.

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

	For the nine months ended September 30, 2010	2009
Cash flows from operating activities:		
Net income	$ 13,155	$ 9,636
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	3,082	2,786
Amortization of intangible assets	8,518	11,730
Deferred income taxes	(2,321)	(3,861)
Amortization of deferred financing costs	562	625
Write-off of deferred financing costs	1,388	-
Share based compensation	2,693	4,407
Change in acquisition related contingencies	(481)	-
Change in accrual for unrecognized tax benefits	(1,502)	-
Gain from interest rate hedges	(216)	(1,051)
Changes in operating assets and liabilities:		
Accounts receivable	(104)	4,853
Prepaid expenses and other assets	(478)	(51)
Accounts payable and accrued expenses	3,184	(1,743)
Income taxes receivable/payable	(569)	(1,315)
Deferred revenue	7,940	(9,646)
Payments to reduce interest rate hedge agreements	(333)	(514)
Other, net	134	507
Net cash from operating activities	34,652	16,363
Cash flows from investing activities:		
Purchases of fixed assets	(3,414)	(2,080)
Purchases of marketable securities	(2,442)	(1,750)
Maturities and sales of marketable securities	3,111	4,500
Payments for acquisitions, net of cash acquired of $1,152 and $0	(43,796)	(2,690)
Net cash from investing activities	(46,541)	(2,020)
Cash flows from financing activities:		
Payments on long-term debt	(62,300)	(32,900)
Proceeds from long-term debt	69,000	2,000
Financing costs paid	(1,450)	-
Other	825	19
Net cash from financing activities	6,075	(30,881)
Effect of exchange rate changes	(470)	2,017

Net change in cash and cash equivalents for the period		(6,284)		(14,521)
Cash and cash equivalents, beginning of period		44,925		55,144
Cash and cash equivalents, end of period	$	38,641	$	40,623
Non-cash investing and financing activities				
Contingent consideraton to be paid in cash for acquisitions	$	10,510	$	863
Issuance of common stock for the acquisition of AllHealthcareJobs		-		959

See accompanying notes to the condensed consolidated financial statements.

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 (“U.S. GAAP”) 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, 2009 that are included in the Company’s Annual Report on Form 10-K. Operating results for the nine month period ended September 30, 2010 are not necessarily indicative of the results to be achieved for the full year.

Preparation of the condensed consolidated financial statements in conformity with U.S. GAAP 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.

During the three month period ended September 30, 2010, the Accrual for Unrecognized Tax Benefits was reduced by $1.5 million related to the outcome of a federal tax exam and the expiration of the statute of limitations covering certain tax positions. This reduction in the accrual resulted in lower income tax expense in the current period. There have been no other significant changes in the Company’s assumptions regarding critical accounting estimates during the nine month period ended September 30, 2010.

2. NEW ACCOUNTING STANDARDS

In October 2009, new accounting standards were issued in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) subtopic on Revenue Recognition-Multiple-Element Arrangements. The standards enable companies to account for certain products and services (deliverables) separately rather than as a combined unit. The standards are effective for the Company beginning on January 1, 2011, with early adoption permitted. The Company is currently evaluating the impact these standards will have on its financial statements.

3. ACQUISITIONS

AllHealthcareJobs- On June 10, 2009, the Company acquired substantially all of the assets of AllHealthcareJobs.com (“AllHealthcareJobs”), a leading online career site dedicated to matching healthcare professionals with available career opportunities. The purchase price consisted of initial consideration of $2.7 million in cash (including working capital adjustments) and the issuance of 205,000 shares of the Company’s common stock (with certain restrictions) valued at $959,000. Additional consideration of up to a maximum of $1.0 million in cash is payable upon the achievement of certain operating and financial goals over the two year period ending June 30, 2011. The acquisition resulted in recording intangible assets of $3.1 million and goodwill of $1.4 million. A liability of $513,000 is recorded as of

September 30, 2010 for the estimated consideration remaining to be paid. The AllHealthcareJobs.com acquisition is not deemed significant to the Company's financial results, thus limited disclosures are presented herein.

WorldwideWorker- On May 6, 2010, the Company acquired the online and career-events business of WorldwideWorker.com ("WorldwideWorker"), a global leader in online recruitment for the energy industry. The purchase price consisted of initial consideration of $6.0 million in cash. Additional consideration of up to a maximum of $3.0 million in cash is payable upon the achievement of certain financial goals over the two year period ending December 31, 2011. The acquisition resulted in recording intangible assets of $4.9 million and goodwill of $4.9 million. A liability of $2.3 million is recorded as of September 30, 2010 for the estimated consideration remaining to be paid. The WorldwideWorker acquisition is not deemed significant to the Company's financial results, thus limited disclosures are presented herein.

Rigzone- On August 11, 2010, the Company acquired all of the issued and outstanding shares of Rigzone.com, Inc. (“Rigzone”), a U.S. market leader in the oil and gas industry delivering online content, data, advertising and career services. The purchase extends the Company’s footprint in the energy vertical. The purchase price consisted of initial consideration of approximately $39 million in cash. On or about October 15, 2011, additional consideration of up to a maximum of $16 million in cash is payable upon the achievement of certain revenue goals through June 30, 2011. The amount of the contingent payment is equal to five times the amount to which revenue for the year ended June 30, 2011 exceeds $8.2 million. Approximately $3.9 million of the purchase price was placed in an escrow account, with funds to be released to pay indemnification claims. The escrow arrangement will terminate in October 2011.

The assets acquired and liabilities assumed were recorded at fair value as of the acquisition date. The acquired accounts receivable of $1.4 million were recorded at fair value of $1.0 million, with an expectation of uncollectible accounts. The fair value of the contingent consideration is determined using an expected present value technique. Expected cash flows are determined using the probability-weighted average of possible outcomes that would occur should certain financial metrics be reached. There is no market data available to use in valuing the contingent consideration; therefore, the Company developed its own assumptions related to the future revenues of the businesses to estimate the fair value of these liabilities. The contingent payment can range from zero to $16.0 million, with $8.1 million being the Company’s best estimate as of the date of acquisition. The assets and liabilities recognized as of the acquisition date include (in thousands):

Assets:		
Cash and cash equivalents	$	1,152
Accounts receivable		1,000
Acquired intangible assets		24,606
Goodwill		30,206
Other assets		75
Assets acquired		57,039
Liabilities:		
Accounts payable and accrued expenses	$	166
Deferred revenue		2,180
Deferred income taxes		7,843
Fair value of contingent consideration		8,050
Liabilities assumed		18,239
Net Assets Acquired	$	38,800

Goodwill results from the expansion of our market share in the energy vertical, from intangible assets that do not qualify for separate recognition including an assembled workforce, and from expected synergies from combining operations of Rigzone into the existing DHI operations. Goodwill is not deductible for tax purposes.

Pro forma Information- The following pro forma condensed consolidated results of operations are presented as if the acquisitions of Rigzone, WorldwideWorker and All Healthcare Jobs were completed as of January 1, 2009:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2010		2009		2010		2009	
Revenues	$	35,305	$	29,099	$	96,913	$	90,750

Net income	6,021	1,723	11,845	6,507

The pro forma financial information represents the combined historical operating results of the Company, Rigzone, WorldwideWorker and All Healthcare Jobs with adjustments for purchase accounting and is not necessarily indicative of the results of operations that would have been achieved if the acquisitions had taken place at the beginning of the period presented. The pro forma adjustments included adjustments for interest on borrowings, amortization of acquired intangible assets, amortization of deferred financing costs and the related income tax impacts of such adjustments.

Rigzone and WorldwideWorker, both acquired in 2010, comprise the Energy segment. The Consolidated Statements of Operations include revenue from the Energy segment of $1.5 million and $1.7 million for the three and nine month periods ended September 30, 2010, respectively, and operating loss of $610,000 and $951,000 for the three and nine month periods ended September 30, 2010, respectively.

4. FAIR VALUE MEASUREMENTS

The FASB ASC Fair Value Measurements and Disclosures Topic defines fair value, establishes a framework for measuring fair value and requires certain disclosures for each class of assets and liabilities measured at fair value on either a recurring or nonrecurring basis. As a basis for considering assumptions a three-tier fair value hierarchy is used, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Money market funds are included in cash and cash equivalents on the Condensed Consolidated Balance Sheets. The money market funds and marketable securities are valued using quoted prices in the market. The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair values. The estimated fair value of long-term debt, as of September 30, 2010 and December 31, 2009 was approximately $57 million and $50 million, respectively.

The interest rate hedge liability as of December 31, 2009 is valued using the market approach, with the forward one-month LIBOR yield curve as the primary input. Valuations are obtained from two third-party providers, one of which is the swap counterparty. There were no interest rate hedges outstanding at September 30, 2010.

The Company has obligations, to be paid in cash, related to its acquisitions if certain future operating and financial goals are met. See Note 3- Acquisitions. The fair value of this contingent consideration is determined using an expected present value technique. Expected cash flows are determined using the probability-weighted average of possible outcomes that would occur should certain events and certain financial metrics be reached. There is no market data available to use in valuing the contingent consideration; therefore, the Company developed its own assumptions related to the future financial performance of the businesses to estimate the fair value of these liabilities. The liabilities for the contingent consideration were established at the time of acquisition and are evaluated at each reporting period. During the three and nine month periods ended September 30, 2010, the liability for contingent consideration was reduced by $181,000 and $481,000, respectively, due to the sales performance of AllHealthcareJobs and WorldwideWorker to date and expectations of future sales being lower than the initial assumptions. The decrease in the liability resulted in a gain, which is included in Change in Acquisition Related Contingencies on the Condensed Consolidated Statements of Operations. These liabilities are included on the Condensed Consolidated Balance Sheets in the Current Portion of Acquisition Related Contingencies and in Acquisition Related Contingencies. There was no impairment of goodwill or intangibles assets indicated.

The assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

	As of September 30, 2010 Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 18,669	$ -	$ -	$ 18,669
Marketable securities	3,510	-	-	3,510
Contingent consideration to be paid in cash for acquisitions	-	-	10,842	10,842

	As of December 31, 2009 Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 23,655	$ -	$ -	$ 23,655
Marketable securities	4,214	-	-	4,214
Interest rate hedge liability - non-current	-	550	-	550
Contingent consideration to be paid in cash for acquisitions	-	-	863	863

Reconciliations of liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Contingent consideration for acquisitions				
Balance at beginning of period	$ 3,023	$ 863	$ 863	$ -
Additions for acquisitons	8,050	-	10,510	863
Cash payments	(50)	-	(50)	
Losses (gains) included in earnings	(181)	-	(481)	-
Balance at end of period	$ 10,842	$ 863	$ 10,842	$ 863

Certain assets and liabilities are measured at fair value on a non-recurring basis and therefore are not included in the tables above. These assets include goodwill and intangible assets which result as acquisitions occur. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable. Such instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment.

The Company determines whether the carrying value of recorded goodwill is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment test for goodwill from the 2005 Dice Inc. acquisition is performed annually as of August 31 and resulted in no impairment. The impairment test for goodwill from the 2006 eFinancialCareers acquisition, the 2009 AllHealthcareJobs acquisition, and the 2010 WorldwideWorker and Rigzone acquisitions are performed annually as of October 31. The first step of the impairment review process compares the fair value of the reporting unit in which the goodwill resides to the carrying value of that reporting unit. The second step measures the amount of impairment loss, if any, by comparing the implied fair value of the reporting unit goodwill with its carrying amount. The determination of whether or not goodwill has become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the reporting units. Fair values of each reporting unit are determined either by using a discounted cash flow methodology or by using a combination of a discounted cash flow methodology and a market comparable method. The discounted cash flow methodology is based on projections of the amounts and timing of future revenues and cash flows, assumed discount rates and other assumptions as deemed appropriate. Factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements are considered. Additionally, the discounted cash flows analysis takes into consideration cash expenditures for product development, other technological updates and advancements to the websites and investments to improve the candidate databases. The market comparable method indicates the fair value of a business by comparing it to publicly traded companies in similar lines of business or to comparable transactions or assets. Considerations for factors such as size, growth, profitability, risk and return on investment are analyzed and compared to the comparable businesses and adjustments are made. A market value of invested capital of the publicly traded companies is calculated and then applied to the entity's operating results to arrive at an estimate of value.

The indefinite-lived acquired intangible assets include the Dice trademarks and brand name. The Company determines whether the carrying value of recorded indefinite-lived acquired intangible assets is impaired on an annual basis or more frequently if indicators of potential impairment exist. The impairment test is performed annually as of August 31 and resulted in no impairment. The impairment review process compares the fair value of the indefinite-lived acquired intangible assets to its carrying value. If the carrying value exceeds the fair value, an impairment loss is recorded. The determination of whether or not indefinite-lived acquired intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the indefinite-lived acquired intangible assets. Fair values are determined using a profit allocation methodology which estimates the value of the trademark and brand name by capitalizing the profits saved because the company owns the asset. Factors such as historical performance, anticipated market conditions, operating expense trends and capital expenditure requirements are considered. Changes in Company strategy and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets.

5. MARKETABLE SECURITIES

DHI's marketable securities are stated at fair value. The following tables summarize the Company's marketable securities as of September 30, 2010 and December 31, 2009 (in thousands):

		As of September 30, 2010		
	Maturity	Gross Amortized Cost	Gross Unrealized Gain	Estimated Fair Value
U.S. Government and agencies	Within one year	$ 3,507	$ 3	$ 3,510

		As of December 31, 2009		
		Gross	Gross Unrealized	Estimated

	Maturity	Amortized Cost	Gain	Fair Value
U.S. Government and agencies	Within one year	$ 4,203	$ -	$ 4,203
Corporate debt securities	1 to 5 years	11	-	11
Total		$ 4,214	$ -	$ 4,214

6. ACQUIRED INTANGIBLE ASSETS, NET

Below is a summary of the major acquired intangible assets and weighted average amortization periods for the acquired identifiable intangible assets (in thousands).

	As of September 30, 2010						
	Cost	Acquisition of Worldwide Worker and Rigzone	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted Average Amortization Period
Technology	$ 12,420	5,580	$ 18,000	$ (12,610)	$ (61)	$ 5,329	3.9 years
Trademarks and brand names- Dice	39,000	-	39,000	-	-	39,000	Indefinite
Trademarks and brand names- Other	7,270	9,520	16,790	(5,507)	(507)	10,776	6.0 years
Customer lists	36,943	4,570	41,513	(35,857)	(725)	4,931	4.6 years
Candidate and content database	18,982	9,259	28,241	(19,212)	(46)	8,983	3.0 years
Order Backlog	17	577	594	(185)	-	409	.5 years
Acquired intangible assets, net	$ 114,632	$ 29,506	$ 144,138	$ (73,371)	$ (1,339)	$ 69,428	

	As of December 31, 2009						
	Original Cost	Acquisition of AllHealthcare Jobs	Total Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Acquired Intangible Assets, Net	Weighted Average Amortization Period
Technology	$ 12,420	138	$ 12,558	$ (12,396)	$ (61)	$ 101	3.7 years
Trademarks and brand names- Dice	39,000	-	39,000	-	-	39,000	Indefinite
Trademarks and brand names- Other	6,400	870	7,270	(4,279)	(474)	2,517	4.6 years
Customer lists	36,361	582	36,943	(30,483)	(667)	5,793	4.6 years
Candidate database	17,440	1,542	18,982	(17,811)	(46)	1,125	3.5 years
Order backlog	-	17	17	(17)	-	-	.5 years
Acquired intangible assets, net	$ 111,621	$ 3,149	$ 114,770	$ (64,986)	$ (1,248)	$ 48,536	

Based on the carrying value of the acquired finite–lived intangible assets recorded as of September 30, 2010, and assuming no subsequent impairment of the underlying assets, the estimated future amortization expense is as follows (in thousands):

October 1, 2010 through December 31, 2010	$ 2,911
2011	9,204
2012	5,883
2013	3,492

2014	2,959
2015 and thereafter	5,979

7. INDEBTEDNESS

Credit Agreement- In July 2010, the Company entered into a Credit Agreement (the “Credit Agreement”) which provides for a revolving facility of $70.0 million and a term facility of $20.0 million, with each facility maturing in January 2014. Borrowings of $30 million were made on July 29, 2010, including $20.0 million on the term facility and $10.0 million on the revolving facility. Proceeds from the Credit Agreement were used to pay the full amount outstanding on the Amended and Restated Credit Facility (as defined below), terminating that facility. A portion of the proceeds were also used to pay certain costs associated with the Credit Agreement.

Borrowings under the Credit Agreement bear interest at the Company’s option, at a LIBOR rate, Eurocurrency rate, or base rate plus a margin. The margin ranges from 2.75% to 3.50% on LIBOR and Eurocurrency loans and 1.75% to 2.50% on the base rate, determined by the Company’s most recent consolidated leverage ratio. Quarterly payments of $1.0 million of principal are required on the term loan facility, commencing December 31, 2010. The revolving loans and term loan may be prepaid at any time without penalty, although payments of principal on the term loan facility result in permanent reductions to that facility.

The Credit Agreement contains various customary affirmative and negative covenants and also contains certain financial covenants, including a consolidated leverage ratio, consolidated fixed charge coverage ratio and a minimum liquidity requirement. Negative covenants include restrictions on incurring certain liens; making certain payments, like stock repurchases and dividend payments; making certain investments; making certain acquisitions; and incurring additional indebtedness. The Credit Agreement also provides that the payment of obligations may be accelerated upon the occurrence of customary events of default, including, but not limited to, non-payment, change of control, or insolvency.

The obligations under the Credit Agreement are guaranteed by two of the Company’s wholly-owned subsidiaries, JobsintheMoney.com, Inc. and Targeted Job Fairs, Inc., and secured by substantially all of the assets of the Company and the guarantors and stock pledges from certain of the Company’s foreign subsidiaries.

Debt issuance costs of approximately $1.5 million were incurred and will be amortized over the life of the loan.

Additional borrowings of $36.0 million were made during August 2010 for the purchase of Rigzone. Repayments of $9.0 million on the revolving facility have been made during the quarter ended September 30, 2010, resulting in a balance outstanding at September 30, 2010 of $57.0 million. Payments subsequent to September 30, 2010 have totaled $3.0 million, reducing the balance outstanding currently to $54.0 million.

Amended and Restated Financing Agreement- In March 2007, the Company entered into an Amended and Restated Financing Agreement (the “Amended and Restated Credit Facility”) which provided for a revolving credit facility of $75.0 million and a term loan facility of $125.0 million, maturing in March 2012. Borrowings under the facility bear interest, at the Company’s option, at the LIBOR rate plus 3.25% or reference rate plus 1.75%. Quarterly payments of $250,000 of principal are required on the term loan facility. Payments of principal on the term loan facility result in permanent reductions to that facility. The borrowing capacity of the revolving credit facility is reduced by reserves against our interest rate swaps, which are determined by the swap counterparty. The Amended and Restated Credit Facility contains certain financial and other covenants. In June 2010, the Amended and Restated Credit Facility was amended to allow for the purchase of WorldwideWorker and to reduce the revolving credit facility from $75.0 million to $65.0 million. On July 29, 2010, the Company used $29.6 million of the proceeds from the Credit Agreement to repay in full all outstanding indebtedness, including interest and fees, under the Amended and Restated Credit Facility.

The amounts borrowed under and terms of the Credit Agreement as of September 30, 2010 and under the Amended and Restated Financing Agreement as of December 31, 2009 are as follows (dollars in thousands):

LIBOR rate loans	$	57,000	$	50,300
Eurocurrency rate loans		-		n.a.
Base rate/Reference rate loans		-		-
Total borrowed	$	57,000	$	50,300
Term loan facility	$	20,000	$	50,300
Revolving credit facility		37,000		-
Total borrowed	$	57,000	$	50,300
Amount available to be borrowed under revolving facility	$	33,000	$	74,400
Interest rates:				
LIBOR option:				
Interest margin		2.75%		3.25%
Minimum LIBOR rate		n.a.		3.00%

Actual interest rates	3.01%	6.25%

Future maturities as of September 30, 2010 are as follows (in thousands):

October 1, 2010 through December 31, 2010	$	1,000
2011		4,000
2012		4,000
2013		4,000
2014		44,000
Total minimum payments	$	57,000

Interest rate swaps are used by the Company for the purpose of interest rate risk management. The fair value of the swap agreements are reflected as interest rate hedge liabilities in the Condensed Consolidated Balance Sheets. The Company does not apply hedge accounting under the Derivatives and Hedging topic of the FASB ASC. The change in the fair value of the swap agreements is included in Other income in the Condensed Consolidated Statements of Operations. A payment of $333,000 was made during the nine months ended September 30, 2010 to terminate the swap on $20.0 million of LIBOR-based borrowings at 6.37% until February 11, 2011. As of September 30, 2010, there are no swap agreements outstanding.

8. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases equipment and office space under operating leases expiring at various dates through February 2020. Future minimum lease payments under non-cancelable operating leases as of September 30, 2010 are as follows (in thousands):

October 1, 2010 through December 31, 2010	$	347
2011		1,334
2012		801
2013		455
2014		384
2015 and thereafter		2,102
Total minimum payments	$	5,423

Rent expense was $379,000 and $1.1 million for the three and nine month periods ended September 30, 2010, respectively, and $309,000 and $914,000 for the three and nine month periods ended September 30, 2009, respectively, and is included in General and administrative expense on the Condensed Consolidated Statements of Operations.

Litigation

The Company is subject to various lawsuits, claims, and complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of these legal matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company’s financial condition, operations or liquidity.

9. COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss) are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net income	$ 6,166	$ 3,002	$ 13,155	$ 9,636
Foreign currency translation adjustment, net of tax of $0, $0, $0 and $0	4,037	(1,318)	(839)	5,868
Unrealized gains on marketable securities, net of tax of $0, $(4), $(2) and $(11)	(1)	(8)	(3)	(18)
Total other comprehensive income (loss)	4,036	(1,326)	(842)	5,850
Comprehensive income	$ 10,202	$ 1,676	$ 12,313	$ 15,486

Accumulated other comprehensive income, net consists of the following components, net of tax, (in thousands):

	September 30, 2010	December 31, 2009
Foreign currency translation adjustment, net of tax of $1,336 and $1,336	$ (10,852)	$ (10,013)
Unrealized gains on marketable securities, net of tax of $(1) and $0	(3)	-
Total accumulated other comprehensive loss, net	$ (10,855)	$ (10,013)

10. STOCK BASED COMPENSATION

The Company has two plans (the 2005 Plan and 2007 Plan) under which it may grant stock-based awards to certain employees, directors and consultants of the Company and its subsidiaries. Compensation expense for stock-based awards made to employees, directors and consultants in return for service is recorded in accordance with Compensation-Stock Compensation of the FASB ASC. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. The Company estimates forfeitures that it expects will occur and records expense based upon the number of awards expected to vest.

The Company recorded stock based compensation expense of $895,000 and $2.7 million during the three and nine month periods ended September 30, 2010, respectively, and $1.3 million and $4.4 million during the three and nine month periods ended September 30, 2009, respectively. At September 30, 2010, there was $6.3 million of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a weighted-average period of approximately 2.0 years.

Restricted Stock—Restricted stock is granted to employees and to non-employee members of the Company's Board. These shares are part of the compensation plan for services provided by the employees or Board members. The closing price of the Company's stock on the date of grant was used to determine the fair value of the grants. The expense related to the restricted stock grants is recorded over the vesting period. There was no cash flow impact resulting from the grants.

Grant Date	Number of shares issued	Awarded to	Fair value of common stock	Vesting Period

April 18, 2008	16,000	Board members	$	8.09	1 year
May 21, 2009	45,000	Board members	$	4.15	1 year
February 10, 2010	120,000	Management	$	6.08	4 years
April 29, 2010	24,000	Board members	$	9.05	1 year

A summary of the status of restricted stock awards as of September 30, 2010 and 2009, and the changes during the three and nine month periods then ended is presented below:

	Three Months Ended September 30, 2010		Three Months Ended September 30, 2009	
	Shares	Weighted Average Fair Value at Grant Date	Shares	Weighted Average Fair Value at Grant Date
Non-vested at beginning of the period	144,000	$ 6.58	45,000	$ 4.15
Forfeited during the period	(4,000)	$ 6.08	-	$ -
Non-vested at end of period	140,000	$ 6.59	45,000	$ 4.15

	Nine Months Ended September 30, 2010		Nine Months Ended September 30, 2009	
	Shares	Weighted Average Fair Value at Grant Date	Shares	Weighted Average Fair Value at Grant Date
Non-vested at beginning of the period	45,000	$ 4.15	16,000	$ 8.09
Granted- Restricted Stock	144,000	$ 6.58	45,000	$ 4.15
Forfeited during the period	(4,000)	$ 6.08	-	$ -
Vested during the period	(45,000)	$ 4.15	(16,000)	$ 8.09
Non-vested at end of period	140,000	$ 6.59	45,000	$ 4.15

Stock Options— The fair value of each option grant is estimated using the Black-Scholes option-pricing model using the weighted average assumptions in the table below. Because the Company’s stock has not been publicly traded for a period long enough to use to determine volatility, the average implied volatility rate for a similar entity was used. The expected life of options granted is derived from historical exercise behavior. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury rates in effect at the time of grant.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
The weighted average fair value of options granted	n.a.	$ 1.90	$ 2.58	$ 1.56
Dividend yield	n.a.	0.00%	0.00%	0.00%
Weighted avarage risk free interest rate	n.a.	1.46%	1.46%	1.38%
Weighted average expected volatility	n.a.	56.07%	48.96%	65.51%
Expected life (in years)	n.a.	4.6	4.6	4.6

During the nine months ended September 30, 2010 the Company granted the following stock options with exercise prices as follows:

Grant Date	Number of stock options issued	Fair value of common stock	Exercise price	Intrinsic value
February 10, 2010	1,490,800	$ 6.08	$ 6.08	$ -
February 15, 2010	20,000	$ 6.31	$ 6.31	$ -
April 22, 2010	5,000	$ 8.38	$ 8.38	$ -
April 30, 2010	20,000	$ 9.25	$ 9.25	$ -

13

A summary of the status of options granted as of September 30, 2010 and 2009, and the changes during the three and nine month periods then ended is presented below:

	Three Months Ended September 30, 2010		Three Months Ended September 30, 2009	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options oustanding at beginning of the period	12,681,479	$ 3.24	11,315,483	$ 2.79
Granted	-	$ -	85,500	$ 4.03
Exercised	(20,632)	$ 4.91	(10,702)	$ 0.20
Forfeited	(127,541)	$ 5.06	-	$ -
Options oustanding at September 30	12,533,306	$ 3.22	11,390,281	$ 2.80

	Nine Months Ended September 30, 2010		Nine Months Ended September 30, 2009	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options oustanding at beginning of the period	11,451,740	$ 2.82	9,653,074	$ 2.77
Granted	1,535,800	$ 6.13	1,793,400	$ 2.93
Exercised	(304,880)	$ 2.27	(23,365)	$ 0.20
Forfeited	(149,354)	$ 4.96	(32,828)	$ 4.88
Options oustanding at September 30	12,533,306	$ 3.22	11,390,281	$ 2.80
Exercisable at September 30	9,098,367	$ 2.45	7,891,125	$ 1.99

The following table summarizes information about options outstanding as of September 30, 2010:

	Options Outstanding		Options Exercisable
Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Number Exercisable
$0.20 - $0.99	3,696,616	4.9	3,696,616
$1.00 - $2.99	3,851,443	5.1	2,823,373
$4.00 - $5.99	880,294	6.1	777,971
$6.00 - $8.99	4,045,153	5.6	1,773,045
$9.00 - $10.99	59,800	7.0	27,362
	12,533,306		9,098,367

11. SEGMENT INFORMATION

The Company changed its reportable segments during the three months ended September 30, 2010 following the acquisition of Rigzone, to reflect the current operating structure. Accordingly, all prior period amounts have been recast to reflect the current segment presentation.

The Company has three reportable segments: Tech & Clearance, Finance, and Energy. The Tech & Clearance reportable segment includes the Dice.com and ClearanceJobs.com businesses. The Finance reportable segment includes the eFinancialCareers business worldwide, including both the operating segments of North America and International. The Energy reportable segment includes the Rigzone and WorldwideWorker operating segments, both of which were acquired during 2010. Management has organized its reportable segments based upon the industry verticals served. Each of the reportable segments generates revenue from sales of recruitment packages and related services. In addition to these reportable segments, the Company has other businesses and activities that individually are not more than 10% of consolidated revenues, net income, or total assets. These include Targeted Job Fairs, AllHealthcareJobs (beginning June 2009), and JobsintheMoney.com (shut down in June 2010), and are reported in the "Other" category. The Company's foreign operations are comprised of a portion of the eFinancialCareers business, which operates in Europe, Middle East and Asia Pacific. Additionally, WorldwideWorker serves certain of the major energy regions in the world.

The following table shows the segment information for the three and nine month periods ended September 30, 2010 and 2009 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
By Segment:				
Revenues:				
Tech & Clearance	$ 23,000	$ 19,456	$ 63,434	$ 61,549
Finance	9,115	6,678	24,059	19,952
Energy	1,537	-	1,715	-
Other	708	599	1,900	1,810
Total revenues	$ 34,360	$ 26,733	$ 91,108	$ 83,311
Depreciation:				
Tech & Clearance	$ 842	$ 835	$ 2,666	$ 2,498
Finance	112	80	330	233
Energy	17	-	20	-
Other	32	18	66	55
Total depreciation	$ 1,003	$ 933	$ 3,082	$ 2,786
Amortization of intangible assets:				
Tech & Clearance	$ 810	$ 2,257	$ 3,240	$ 7,812
Finance	846	1,203	2,516	3,416
Energy	1,416	-	1,737	-
Other	302	362	1,025	502
Total amortization of intangible assets	$ 3,374	$ 3,822	$ 8,518	$ 11,730
Operating income (loss):				
Tech & Clearance	$ 7,317	$ 5,370	$ 17,723	$ 15,891
Finance	2,645	987	6,029	3,646
Energy	(610)	-	(951)	-
Other	(575)	(424)	(1,494)	(227)
Operating income	8,777	5,933	21,307	19,310
Interest expense	(712)	(1,598)	(2,807)	(5,170)
Deferred financing cost write-off	(1,388)	-	(1,388)	-

Interest income		27		37		88		173
Other income		-		294		216		1,051
Income before income taxes	$	6,704	$	4,666	$	17,416	$	15,364
By Geography:								
Revenues:								
U.S.	$	26,174	$	20,916	$	69,884	$	66,099
Non-U.S.		8,186		5,817		21,224		17,212
	$	34,360	$	26,733	$	91,108	$	83,311

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Capital expenditures:				
Tech & Clearance	$ 525	$ 589	$ 1,940	$ 2,037
Finance	170	21	454	39
Energy	49	-	49	