

SKILLSOFT PUBLIC LIMITED CO

Form 10-Q

September 09, 2009

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

FORM 10-Q

(MARK ONE)

R QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JULY 31, 2009

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 000-25674
SKILLSOFT PUBLIC LIMITED COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Republic of Ireland
(State or Other Jurisdiction of
Incorporation or Organization)

None
(I.R.S. Employer
Identification No.)

107 Northeastern Boulevard
Nashua, New Hampshire
(Address of Principal Executive Offices)

03062
(Zip Code)

Registrant's Telephone Number, Including Area Code: (603) 324-3000

Not Applicable
(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 R No £

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes £ No R

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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 definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer R

Non-accelerated filer £

Accelerated filer £

Smaller reporting
company £

(Do not check if a smaller reporting
company)

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

On September 4, 2009, the registrant had outstanding 95,362,595 Ordinary Shares (issued or issuable in exchange for the registrant’s outstanding American Depositary Shares).

SKILLSOFT PLC

FORM 10-Q
FOR THE QUARTER ENDED JULY 31, 2009
INDEX

	PAGE NO.
<u>PART I — FINANCIAL INFORMATION</u>	3
<u>Item 1. Unaudited Condensed Consolidated Financial Statements:</u>	3
<u>Condensed Consolidated Balance Sheets as of July 31, 2009 and January 31, 2009</u>	3
<u>Condensed Consolidated Income Statements for the Three and Six Months Ended July 31, 2009 and 2008</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended July 31, 2009 and 2008</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	30
<u>Item 4. Controls and Procedures</u>	31
<u>PART II — OTHER INFORMATION</u>	31
<u>Item 1. Legal Proceedings</u>	31
<u>Item 1A. Risk Factors</u>	31
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	40
<u>Item 3. Defaults Upon Senior Securities</u>	41
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	41
<u>Item 5. Other Information</u>	41
<u>Item 6. Exhibits</u>	41
<u>SIGNATURE</u>	42
<u>EXHIBIT INDEX</u>	43
<u>EX-10.2 2001 Outside Director Option Plan, as amended</u>	
<u>EX-31.1 Certification of SkillSoft PLC's Chief Executive Officer, Section 302</u>	
<u>EX-31.2 Certification of SkillSoft PLC's Chief Financial Officer, Section 302</u>	
<u>EX-32.1 Certification of SkillSoft PLC's Chief Executive Officer, Section 906</u>	
<u>EX-32.2 Certification of SkillSoft PLC's Chief Financial Officer, Section 906</u>	

Table of Contents

PART I

ITEM 1. — UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SKILLSOFT PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	JULY 31, 2009 (Unaudited)	JANUARY 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 63,510	\$ 37,853
Short-term investments	4,265	1,099
Restricted cash	3,907	3,790
Accounts receivable, net	62,930	146,362
Prepaid expenses and other current assets	15,897	18,286
Deferred tax assets	31,976	26,444
Total current assets	182,485	233,834
Property and equipment, net	6,522	7,661
Intangible assets, net	8,836	13,472
Goodwill	238,550	238,550
Deferred tax assets	61,862	78,223
Other assets	7,809	3,360
Total assets	\$ 506,064	\$ 575,100
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long term debt	\$ 968	\$ 1,253
Accounts payable	1,636	5,648
Accrued compensation	10,101	13,513
Accrued expenses	16,179	23,760
Deferred revenue	155,245	201,518
Total current liabilities	184,129	245,692
Long term debt	93,856	122,131
Other long term liabilities	3,168	3,221
Total long term liabilities	97,024	125,352
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Ordinary shares, €0.11 par value: 250,000,000 shares authorized; 95,924,298 and 98,892,249 shares issued at July 31, 2009 and January 31, 2009, respectively	10,150	10,600
Additional paid-in capital	490,570	509,177
Treasury stock, at cost, 174,200 and 830,802 ordinary shares at July 31, 2009 and January 31, 2009, respectively	(1,398)	(5,317)
Accumulated deficit	(274,924)	(310,874)
Accumulated other comprehensive income	513	470
Total shareholders' equity	224,911	204,056
Total liabilities and shareholders' equity	\$ 506,064	\$ 575,100

The accompanying notes are an integral part of these condensed consolidated financial statements.

3

Table of Contents

SKILLSOFT PLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENTS
(UNAUDITED, IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JULY 31,		JULY 31,	
	2009	2008	2009	2008
Revenue	\$ 78,926	\$ 83,332	\$ 155,365	\$ 164,975
Cost of revenue (1)	7,524	9,830	14,997	18,639
Cost of revenue – amortization of intangible assets	32	1,740	64	3,480
Gross profit	71,370	71,762	140,304	142,856
Operating expenses:				
Research and development (1)	9,706	12,519	18,704	25,998
Selling and marketing (1)	24,387	26,099	46,798	55,798
General and administrative (1)	9,400	9,433		