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SKILLSOFT PUBLIC LIMITED CO

Form 10-Q/A

April 14, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A
AMENDMENT NO. 1

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JULY 31, 2004
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 N/A
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) (I.R.S. EMPLOYER IDENTIFICATION NO.)
107 NORTHEASTERN BOULEVARD 03062
NASHUA, NEW HAMPSHIRE (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

On August 31, 2004, the registrant had outstanding 105,740,369 Ordinary Shares (issued or issuable in exchange for the registrant's outstanding American Depository Shares).

Each American Depository Share of the Company ("ADS") represents one ordinary share, nominal value Euro 0.11 per share, of the Company. References to the ADSs herein shall also include a reference to the underlying ordinary shares of the Company.

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EXPLANATORY NOTE

This Quarterly Report on Form 10-Q/A is being filed as Amendment No. 1 to the Quarterly Report on Form 10-Q of SkillSoft Public Limited Company (the "Registrant" or the "Company") filed with the Securities and Exchange Commission (the "SEC") on September 9, 2004, for the purpose of amending Item 4 in response to comments provided to the Company by the SEC.

2

SKILLSOFT PLC

FORM 10-Q/A
FOR THE QUARTER ENDED JULY 31, 2004
INDEX

PART I - FINANCIAL INFORMATION

Item 4. Controls and Procedures..... 4

PART II - OTHER INFORMATION

Item 6.Exhibits..... 4

SIGNATURES..... 5

3

PART I

ITEM 4. - CONTROLS AND PROCEDURES

Following the merger of SmartForce PLC and SkillSoft Corporation on September 6, 2002, we integrated the business processes, human resources, disclosure controls and procedures, and internal controls of the two companies. During this process, significant deficiencies in disclosure controls and procedures and internal controls were identified predominantly with respect to financial reporting at non-U.S. subsidiaries of the former SmartForce PLC and our ability to process the consolidated financial closing cycle. The financial and regulatory compliance reporting at non - US subsidiaries was related primarily to delinquent statutory filings in Australia, France, The United Kingdom, the Republic of Ireland and Singapore for subsidiaries of the former SmartForce, PLC. Subsequent to the Merger, these filings were further delayed by the requirement to reflect the results of the restated financial statements of the historical SmartForce, PLC, which were filed with the SEC on September 22, 2003. These deficiencies resulted in a significant strain to the internal resources and on the infrastructure of the finance organization and adversely impacted both the year-end and quarter-end financial closing process for the fiscal year ended January 31, 2003. External resources were engaged to assist management in both the year-end and quarter-end financial closing process and in identifying areas for improvement for the fiscal year ended January 31, 2003. In addition, in fiscal years ended January 31, 2003 and 2004, permanent resources and accounting process improvements have been added and implemented to improve the non-U.S. finance operations, the financial closing process, and the overall internal control environment. Additionally, by January 31, 2004 all of the subsidiaries, with the exception of retail certification, were on one financial system. Our independent auditors have informed us that they believe we had no

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material weaknesses in internal controls at January 31, 2004. However, they have informed us of certain reportable conditions at that date, including financial and regulatory compliance reporting at non-U.S. subsidiaries of the former SmartForce PLC and our ability to process the financial closing cycle at certain subsidiaries. The newly hired financial staff, focused corporate oversight and the successful migration to one financial system improved the financial closing process and allowed management to conclude that these significant deficiencies did not collectively constitute a material weakness.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of July 31, 2004. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as a result of the implementation of mitigating controls and process improvements with respect to our disclosure controls and procedures, they were operating effectively as of July 31, 2004. However, we believe that continuous monitoring and improving of these disclosure controls and procedures will be required. Additionally, we have commenced a process of reviewing all of our material financial processes in an effort to assess our Sarbanes-Oxley 404 preparedness, which includes the establishment of an internal audit function.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f)) under the Exchange Act occurred during the quarter ended July 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 6. - EXHIBITS

See the Exhibit Index attached hereto.

4

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SKILLSOFT PUBLIC LIMITED COMPANY

Date: April 14, 2005

By: /s/ Thomas J. McDonald

Thomas J. McDonald
Chief Financial Officer

5

EXHIBIT INDEX

- 10.1* Lease agreement, dated June 9, 2004, by and between Hewlett-Packard Company and SkillSoft Corporation.
- 10.2* Loan and Security Agreement, dated July 23, 2004, by and between Silicon Valley Bank, SkillSoft Corporation, SmartCertify Direct Inc. and Books 247.com, Inc.

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- 10.3* Form of Director Option Agreement for initial grants under the 2001 Director Option Plan.
- 10.4* Form of Director Option Agreement for subsequent grants under the 2001 Director Option Plan.
- 10.5* Form of Option Agreement under 2002 Share Option Plan.
- 31.1* Certification of the Company's CEO pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.
- 31.2* Certification of the Company's CFO pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.
- 31.3**Certification of the Company's CEO pursuant to Rule 13a-14 under the Securities Exchange Act of 1934 (regarding Amendment No. 1 on Form 10-Q/A).
- 31.4**Certification of the Company's CFO pursuant to Rule 13a-14 under the Securities Exchange Act of 1934 (regarding Amendment No. 1 on Form 10-Q/A).
- 32.1* Certification of the Company's CEO pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Certification of the Company's CFO pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

* Previously filed with the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 9, 2004.

** Filed herewith.