SIMTEK CORP
Form 10QSB
August 13, 2002

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

SIMTEK CORPORATION

(Exact name small business issuer as specified in its charter)

Colorado	84-1057605
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4250 Buckingham Dr. #100; Colorado Springs, CO 80907

(Address of principal executive offices)

(719) 531-9444

(issuer's telephone number)

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	Outstanding at August 9, 2002
(Common Stock, $.01 par value)	54,162,273

SIMTEK CORPORATION

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For Quarter Ended June 30, 2002

SIMTEK CORPORATION

BALANCE SHEETS

ASSETS

	June 30, 2002 (unaudited)
CURRENT ASSETS:	
Cash and cash equivalents	$ 1,174,999
Certificate of deposit, restricted	300,000

Accounts receivable - trade, net	1,819,990
Inventory, net	2,338,743
Prepaid expenses and other	122,083
Total current assets	5,755,815
EQUIPMENT AND FURNITURE, net	923,835
DEFERRED FINANCING COSTS	29,700
OTHER ASSETS	105,721
TOTAL ASSETS	$ 6,815,071

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable	$ 1,886,099
Accrued expenses	317,150
Accrued wages	100,780
Accrued vacation payable	177,976
Line of credit payable	100,076
Deferred Revenue	17,500
Obligation under capital leases	127,616
Total current liabilities	2,727,197
NOTES PAYABLE	15,000
OBLIGATION UNDER CAPITAL LEASES	145,050
Total liabilities	2,887,247
SHAREHOLDERS' EQUITY:	
Preferred stock, $1.00 par value, 2,000,000 shares authorized and none issued and outstanding	-
Common stock, $.01 par value, 80,000,000 shares authorized, 54,162,273 and 54,026,273 shares issued and outstanding at June 30, 2002 and December 31, 2001, respectively	541,623
Additional paid-in capital	37,565,715
Treasury Stock	(12,504)
Accumulated deficit	(34,167,010)
Shareholder's equity	3,927,824
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 6,815,071

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

SIMTEK CORPORATION

STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
NET SALES	$ 3,550,433	$ 4,732,759
Cost of sales	2,062,433	3,057,009
GROSS MARGIN	1,488,000	1,675,750
OPERATING EXPENSES:		
Design, research and development	1,276,744	746,078
Administrative	185,176	330,706
Marketing	434,583	403,663
Investor relations	-	257,800
Total Operating Expenses	1,896,503	1,738,247
NET LOSS FROM OPERATIONS	(408,503)	(62,497)
OTHER INCOME (EXPENSE):		
Interest income	7,344	20,010
Interest expense	(10,498)	(4,817)
Other income (expense), net	(81)	182
Total other income (expense)	(3,235)	15,375
NET LOSS BEFORE TAXES	(411,738)	(47,122)
Provision for income taxes	-	-
NET LOSS	$ (411,738)	$ (47,122)
NET LOSS PER COMMON SHARE:		
Basic and diluted EPS	$ (.01)	$ *
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic and diluted	54,159,383	53,668,168

* Less Than $.01 per share

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

SIMTEK CORPORATION

STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months
	2002
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (667,366)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	225,317
Common stock issued for investor relations expense	-
Net change in allowance accounts	(22,915)
Deferred financing fees	(29,700)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(133,789)
Inventory	(501,504)
Prepaid expenses and other	(16,519)
Increase (decrease) in:	
Accounts payable	469,306
Accrued expenses	(28,293)
Deferred revenue	2,500
Customer deposits	-
Taxes payable	-
Net cash used in operating activities	(702,963)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of equipment and furniture	(234,437)
Decrease to investment from related party	-
Net cash used in investing activities	(234,437)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on notes payable and lines of credit	150,000
Payments on notes payable and lines of credit	(159,899)
Payments on capital lease obligation	(61,348)
Borrowings on capital lease obligation	88,457
Cash to Q-DOT Acoustics	
Exercise of stock options	19,485
Purchase of Simtek Common Stock	
Net cash provided by (used in) by financing activities	36,695
NET DECREASE IN CASH AND CASH EQUIVALENTS	(900,705)
CASH AND CASH EQUIVALENTS, beginning of period	2,075,704
CASH AND CASH EQUIVALENTS, end of period	$ 1,174,999

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

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SIMTEK CORPORATION
SIMTEK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements included herein are presented in accordance with the requirements of Form 10-QSB and consequently do not include all of the disclosures normally made in the registrant's annual Form 10-KSB filing. These financial statements should be read in conjunction with the financial statements and notes thereto included in Simtek Corporation's Annual Report and Form 10-KSB filed on March 22, 2002 for fiscal year 2001.

In the opinion of management, the unaudited financial statements reflect all adjustments of a normal recurring nature necessary to present a fair statement of the results of operations for the respective interim periods. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. Results of operations for the interim periods are not necessarily indicative of the results of operations for the full fiscal year.

2. LINE OF CREDIT:

In April 2002, Simtek Corporation ("Simtek" or the "Company") renewed its revolving line of credit in the amount of $250,000.

3. Geographic Concentration:

Sales of our semiconductor products by location for the three months and six months ended June 30, 2002 and 2001 were as follows (as a percentage of semiconductor product sales only):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
United States	54%	49%	56%	41%
Europe	11%	11%	9%	16%
Far East	27%	29%	25%	36%
All others	8%	11%	10%	7%
	100%	100%	100%	100%

4. BUSINESS SEGMENTS:

The Company has two reportable segments. One segment designs and produces semiconductor devices for sale into the semiconductor market. The second segment specializes in advanced technology research and development for data acquisition, signal processing, imaging and data communications that is supported by government and commercial contracts. Although both segments are managed as part of an integrated enterprise, they are reported herein in a manner consistent with the internal reports prepared for management.

Transactions between reportable segments are recorded at cost. Substantially all operating expenses are identified per each segment. Substantially all of the Company's assets are located in the United States of America.

SIMTEK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Description	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Net Sales:				
Semiconductor Devices	$ 3,112,363	$ 4,295,903	$ 6,604,905	$ 8,271,007
Government Contracts	438,070	436,856	918,829	793,473
Total	$ 3,550,433	$ 4,732,759	$ 7,523,734	$ 9,064,480
Net Income (Loss):				
Semiconductor Devices	$ (413,459)	$ (49,938)	$ (696,614)	$ (370,736)
Government Contracts	1,721	2,816	29,248	(190,949)
Total	$ (411,738)	$ (47,122)	$ (667,366)	$ (561,685)

	June 30, 2002	December 31, 2001
Total Assets:		
Semiconductor Devices	$ 6,382,649	$ 6,579,383
Government Contracts	432,422	436,729
Total	$ 6,815,071	7,016,113

SIMTEK CORPORATION

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Beginning in the fourth quarter 2001, the Company began to experience the downturn that has been occurring in the global semiconductor industry since late fourth quarter 2000. This downturn has continued through the first half of 2002. The Company's net revenue was $7,524,000 for the first six months of 2002 down from $9,064,000 for the comparable period of 2001. The Company's net revenue was $3,550,000 for the second quarter 2002 down from $4,733,000 for the comparable period of 2001. These decreases in revenues were primarily due to declines in production demand for semiconductor products and reductions in average selling prices.

The decline in revenue for the three and six months ended June 30, 2002 compared to the three and six months ended June 30, 2001 had an impact on our profitability. This decline along with increased research and development costs related to our 1 megabit product development accounted for losses in the three and six month periods ending June 30, 2002.

RESULTS OF OPERATIONS:

REVENUES - SEMICONDUCTOR DEVICES.

The following table sets forth the company's net revenues by product markets for the three and six months ended June 30, 2002 and 2001 (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2002	2001	Variance	2002	2001	V
Commercial	$ 2,379	$ 3,840	$ (1,461)	$ 5,198	$ 7,311	$
High-end industrial and military	$ 433	$ 228	$ 205	$ 810	$ 460	$
Logic products	$ 300	$ 228	$ 72	$ 597	$ 500	$
Total Semiconductor Revenue	$ 3,112	$ 4,296	$ (1,184)	$ 6,605	$ 8,271	$

Commercial revenues decreased by $1,461,000 and $2,113,000 for the three and six month periods, respectively, when compared to the comparable periods in 2001. The decreases were due to a depressed semiconductor market which resulted in lower product demand and lower average selling prices.

High-end industrial and military product revenues accounted for increases of $205,000 and $350,000 for the three and six month periods in 2002 as compared to the previous periods in 2001, respectively. The increases were due to an increase in defense contracts.

Revenues from our logic products increased by $72,000 and $97,000 for the three and six months ended 2002 as compared to 2001, respectively. The increases were due primarily to non recurring engineering charges received from two new customers and an increased demand for pre-existing production programs.

Two distributors and one direct customer accounted for approximately 42% of the Company's semiconductor devices product sales for the quarter ended June 30, 2002. Products sold to distributors are re-sold to various end customers.

COST OF SALES AND GROSS MARGIN - SEMICONDUCTOR DEVICES

The Company recorded cost of sales for semiconductor devices of $1,890,000 and $4,217,000 for the three and six months ended June 30, 2002 as compared with the $2,845,000 and $5,751,000 for the three and six months ended June 30, 2001. These costs reflect an approximate 6% improvement in gross margin percentages for the second quarter and six months ended June 30, 2002 as compared to the second quarter and six months ended June 30, 2001. Actual gross margin percentages for the second quarter and six month periods ending June 30, 2002 were 39% and 36%, respectively. These increases were due to lower material and test costs. The increased sales of logic products and high-end industrial and military products also contributed to improved gross margins.

During the first six months of 2002, the Company purchased wafers built on 0.8 micron technology from Chartered Semiconductor Manufacturing Plc. of Singapore ("Chartered") to support sales of its nonvolatile semiconductor memory products. Sales of the Company's logic products were supported with 0.5 micron wafers purchased from United Microelectronics Corp. ("UMC") of Taiwan and 0.35 micron wafers purchased from Chartered.

RESEARCH AND DEVELOPMENT - SEMICONDUCTOR DEVICES

The Company believes that continued investments into new product development are required for us to remain competitive in the markets we serve. Beginning in the fourth quarter 2001, the Company's research and development department has been focusing its efforts on developing a 3 volt 256 kilobit nonvolatile semiconductor memory and the installation of our process at Amkor Technology for the development of a 1 megabit 3 volt nonvolatile semiconductor memory. During the second quarter 2002, the Company began shipping 3 volt 256 kilobit nonvolatile semiconductor memories to its customers.

Total research and development expenses related to the semiconductor portion of the Company's business were $1,105,000 and $1,965,000 for the three and six months ended June 30, 2002 compared to $584,000 and $1,093,000 for the three and six months ended June 30, 2001.

The $521,000 increase for the three month period was related to increases in payroll and payroll overhead costs of $163,000, contract engineering services of $61,000, new product development costs of $213,000, equipment leases, maintenance agreements for software and depreciation of $98,000 and a reduction in miscellaneous other expenses of $14,000. The increase of $872,000 for the six month period was related to increases in payroll and payroll costs of $353,000, contract engineering services of $137,000, new product development costs of $230,000, equipment leases, maintenance agreements for software and depreciation of $133,000 and miscellaneous other expenses of $19,000. The primary increase in payroll costs is related to an increase in employee headcount. Increased headcount and contract engineering services are required in order to meet production schedules of our new products. New product development costs are primarily due to the purchases of silicon wafers and reticles required to develop new products. Equipment leases, maintenance agreements for software and depreciation are related primarily to software licenses and hardware required to design our new products.

ADMINISTRATION AND INVESTOR RELATIONS - SEMICONDUCTOR DEVICES

Total administration expenses related to the semiconductor portion of the Company's business were $160,000 and $338,000 for the three and six months ended June 30, 2002 as compared to the $302,000 and $581,000 for the three and six months ended June 30, 2001.

The $142,000 and $243,000 decreases for the three and six months ended June 30, 2002 compared to June 30, 2001, respectively, were primarily due to decreased legal, audit fees and payroll costs. The decrease occurred primarily due to increased legal, audit fees and payroll costs which were related to the acquisition of Q-DOT during the three and six month periods ending June 30, 2001.

The decrease of $258,000 and $516,000, in investor relations expense, for the three and six months ended June 30, 2002 as compared to the three and six months ended June 30, 2001 was related to the completion of the amortization of the issuance of stock to two investment banker firms in September 2000 for services they performed.

MARKETING - SEMICONDUCTOR DEVICES

Total marketing expenses related to the semiconductor portion of the Company's business were $368,000 and $777,000 for the three and six months ended June 30, 2002 as compared to the $373,000 and $753,000 for the three and six months ended June 30, 2001.

The decrease for the three month period ended June 30, 2002 as compared to June 30, 2001 was the net effect of increase payroll and payroll costs and decreased sales commissions which are a direct result of revenue. The increase of $24,000 for the six month period ended June 30, 2002 as compared to June 30, 2001 was the net effect of a $89,000 increase in payroll and payroll costs and decreases in contract services of $27,000 and sales commissions of $38,000

TOTAL OTHER INCOME (EXPENSES) - SEMICONDUCTOR DEVICES

The decrease in total other income (expense) for the three and six month period ended June 30, 2002 as compared to June 30, 2001 was primarily related to a decrease in interest income which was a direct result of decreased cash on hand

NET LOSS - SEMICONDUCTOR DEVICES

The Company recorded a net loss of $413,000 and $697,000 for the three and six months ended June 30, 2002 as compared to a net loss of $50,000 and $371,000 for the three and six months ended June 30, 2001. The increases in net loss for the two periods were due primarily to increased research and development costs and decreased sales.

REVENUES - GOVERNMENT CONTRACTS

The following table sets forth the company's net revenues from its government contracts portion of its business for the three and six months ended June 30, 2002 and 2001 (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2002	2001	Variance	2002	2001	Variance
Government Contracts	$ 438	$ 437	$ 1	$ 919	$ 793	$ 126

SIMTEK CORPORATION

COST OF SALES AND GROSS MARGIN - GOVERNMENT CONTRACTS

The Company saw a 9% improvement in its gross margin percentages for the second quarter 2002 as compared to the second quarter 2001 and a 7% improvement for the six months ended June 30, 2002 as compared to the six months ended June 30, 2001. The improvements were related to decreases in direct material and supply costs. Actual gross margin percentages for the second quarter and six month periods ending June 30, 2002 were 61% and 56%, respectively.

RESEARCH AND DEVELOPMENT - GOVERNMENT CONTRACTS

Total research and development expenses related to the government contracts portion of the Company's business were $171,000 and $305,000 for the three and six months ended June 30, 2002 compared to $162,000 and $313,000 for the three and six months ended June 30, 2001.

The $9,000 increase for the three month period was related to increases in payroll and payroll overhead costs. The $8,000 decrease for the six month period was related to decreased software amortization.

ADMINISTRATION AND INVESTOR RELATIONS - GOVERNMENT CONTRACTS

Total administration expenses related to the government contracts portion of the Company's business were $26,000 and $55,000 for the three and six months ended June 30, 2002 as compared to the $29,000 and $198,000 for the three and six months ended June 30, 2001.

The $143,000 decrease for the six months ended June 30, 2002 compared to June 30, 2001 was primarily due to decreased legal, audit fees and payroll costs. The decrease occurred primarily due to the six month period ending June 30, 2001, saw increased legal, audit fees and payroll costs which were related to the acquisition of Q- DOT.

MARKETING - GOVERNMENT CONTRACTS

Total marketing expenses related to the government contracts portion of the Company's business were $67,000 and $128,000 for the three and six months ended June 30, 2002 as compared to the $31,000 and $67,000 for the three and six months ended June 30, 2001.

The increases of $36,000 and $61,000 for the three and six month periods ending June 30, 2002 as compared to June 30, 2001 were primarily due to an increase in bid and proposal activities.

NET INCOME (LOSS) - GOVERNMENT CONTRACTS

The Company recorded a net income of $2,000 and $29,000 for the three and six months ended June 30, 2002 as compared to a net income of $3,000 and a net loss of $190,000 for the three and six months ended June 30, 2001. The increase in net income from a net loss for the six month period was due primarily to the elimination of costs related to the Company's acquisition of Q-DOT.

FUTURE RESULTS OF OPERATIONS

The Company's ability to be profitable will depend primarily on its ability to continue reducing manufacturing costs and increasing net product sales by increasing the availability of existing products, by the introduction of new products and by expanding its customer base. The Company is also dependent on the overall state of semiconductor industry and the demand for semiconductor products by equipment manufacturers.

The Company is continuing its co-development program with Amkor to develop a semiconductor process module that combines the Company's nonvolatile technology with Amkor's advanced 0.25 micron digital CMOS fabrication line. The module will incorporate silicon oxide nitride oxide silicon ("SONOS") technology, which will be used to manufacture both high density SONOS flash and nonvolatile static RAM memories, for stand alone and embedded products. The Company's current schedule is to have qualified samples of a 1 megabit 3.0 volt nonvolatile semiconductor memory available by the first quarter of 2003.

As of June 30, 2002, the Company had a backlog of unshipped customer orders of approximately $2,242,000 expected to be filled by December 31, 2002. Orders are cancelable without penalty at the option of the purchaser prior to 30 days before scheduled shipment and therefore are not necessarily a measure of future product revenue.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2002, the Company had net working capital of $3,028,618 as compared to a net working capital of $3,895,961 as of June 30, 2001.

On July 1, 2002, the Company received funding of $3,000,000 in a financing transaction with Renaissance Capital of Dallas, Texas ("Renaissance"). The $3,000,000 funding consists of convertible debentures with a 7-year term at a 7.5% per annum interest rate. The debentures are convertible at the option of the holder into Simtek common stock at $0.312 per share, which was in excess of the market price per share on July 1, 2002. Renaissance has the right to appoint one member to the Simtek Board of Directors and they exercised this right on July 25, 2002. As funding occurred after June 30, 2002, it is not reflected in the accompanying balance sheet.

The change in cash flows for the six months ended June 30, 2002 used in operating activities was primarily a result of a net loss of $667,366, which is offset by $225,317 in depreciation and amortization, a decrease in accrued expenses of $28,293, increases in accounts receivable, allowance accounts, deferred financing fees, prepaid expenses and other and deferred revenue of $133,789, $22,915, $29,700, $16,519 and $2,500, respectively. Increases in inventory and accounts payable of $501,504 and $469,306, respectively, are directly related to each other. The change in cash flows used in investing activities of $234,437 were primarily due to the purchase of equipment required to manufacture our semiconductor devices at Chartered and UMC and hardware and software required for research and development activities. The cash flows provided by financing activities were due primarily to borrowings and payments on notes payable and a capital lease obligation and the exercise of stock options by employees of the Company.

The change in cash flows for the six months ended June 30, 2002 used in operating activities was $901,318, which is primarily due to a net loss of $561,685, which is offset by depreciation and amortization of $222,480, $515,560 in investor relations expense, a decrease of prepaid expenses and other of $33,286, and a decrease in accrued expenses of $53,634. Increases in accounts receivable, net change in allowance accounts, inventory and accounts payable of $548,102, $ 99,797, $1,209,591 and $773,165, respectively were related to increased product demand. The change in cash flows used in investing activities of $284,953 was primarily due to the purchases of equipment and furniture related to the testing of our 64 kilobit and 256 kilobit products built on 0.8 micron technology and the purchase of computer and software required for research and development. The change in cash flows used in financing activities of $129,108 was due primarily to the payments on a line of credit, notes payable, the buyback of Simtek common stock and cash required to fund a subsidiary of Q-DOT.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

SFAS No. 141, Business Combinations and SFAS No. 142, Goodwill and other Intangible Assets. SFAS 141 states that all business combinations should be accounted for using the purchase method of accounting; use of pooling-of-interest method is prohibited. Accounting for the excess of the fair

value of net assets of cost (negative goodwill), will be allocated to certain assets first with any remaining excess recognized as an extraordinary gain. SFAS No. 141 is effective for business combination completed afer June 30, 2001. Adoption of SFAS No. 141 is not expected to have a material impact on the accounting for business acquisitions prior to July 1, 2001. SFAS No. 142 addresses the accounting for all purchased intangible assets but not the accounting for internally developed intangible assets. Goodwill will no longer be amortized and will be reviewed for impairment in accordance with SFAS No. 142. Goodwill will be tested annually and on an interim basis if an event or circumstance occurs between the annual tests that might reduce the fair value of the reporting unit below its carrying value. SFAS No. 142 is effective for fiscal years beginning after December 31, 2001, with early adoption permitted under certain circumstances. Goodwill and intangible assets acquired in a transaction completed after June 30, 2001 but before SFAS No. 142 is initially applied will be accounted for in accordance with SFAS No. 142. Therefore amortization of goodwill acquired prior to July 1, 2001 will cease when we elect to adopt SFAS No. 142.

In June 2001, the FASB also approved for issuance SFAS 143 "Asset Retirement Obligations." SFAS 143 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including (1) the timing of the liability recognition, (2) initial measurement of the liability, (3) allocation of asset retirement cost to expense, (4) subsequent measurement of the liability and (5) financial statement disclosures. SFAS 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. We will adopt the statement effective no later than January 1, 2003, as required. The transition adjustment resulting from the adoption of SFAS 143 will be reported as a cumulative effect of a change in accounting principle. We do not believe the adoption of this standard will have a material effect on our financial statements.

In October 2001, the FASB also approved SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS 144 replaces SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. The new accounting model for long-lived assets to be disposed of by sale applies to all long-lived assets, including discontinued operations, and replaces the provisions of APB Opinion No. 30, Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, for the disposal of segments of a business. Statement 144 requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet occurred. Statement 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of Statement 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001 and, generally, are to be applied prospectively. At this time, we do not believe adoption of this standard will have a material effect on our financial statements.

SIMTEK CORPORATION

PART II. OTHER INFORMATION

Item 1. Legal Proceedings -None

Item 2. Changes in Securities - None

Item 3. Defaults upon Senior Securities - None

Item 4. Matters Submitted to a Vote of Securities Holders - None

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.16 Convertible Loan Agreement between Simtek Corporation as borrower and Renaissance Capital Growth & Income Fund III, Inc. and Renaissance US Growth and Income Trust, PLC and BFSUS Special Opportunities Trust, PLC as lenders.

10.17 7.5% $1,000,000 Convertible Debenture between Simtek Corporation and HSBC Global Custody Nominee (U.K.) Limited for the benefit of BFSUS Special Opportunities Trust, PLC

10.18 7.5% $1,000,000 Convertible Debenture between Simtek Corporation and Renaissance Capital Growth & Income Fund III, Inc.

10.19 7.5% $1,000,000 Convertible Debenture between Simtek Corporation and Renaissance Capital US Growth & Income Trust, PLC.

10.20 Borrowers Security Agreement between Simtek Corporation as borrower and Renaissance Capital Growth & Income Fund III, Inc. and Renaissance US Growth and Income Trust, PLC and BFSUS Special Opportunities Trust, PLC as lenders.

10.21 Pledge Agreement between Simtek Corporation as borrower and Renaissance Capital Growth & Income Fund III, Inc. and Renaissance US Growth and Income Trust, PLC and BFSUS Special Opportunities Trust, PLC as lenders.

(b) Reports on Form 8-K

Form 8-K filed April 3, 2002 - Press Release "Simtek Announces Revenue Growth to New Record Levels - Financial Results for 2001"

Form 8-K filed May 23, 2002 - Press Release "Simtek Announces First Quarter 2002 Financial Results"

SIMTEK CORPORATION

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SIMTEK CORPORATION
(Registrant)

August 13, 2002 By /s/Douglas Mitchell

DOUGLAS MITCHELL
Chief Executive Officer, President
and Chief Financial Officer (Acting)

CERTIFICATION

The undersigned Chief Executive Officer and Chief Financial Officer of the Registrant hereby certify that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By /s/Douglas Mitchell

DOUGLAS MITCHELL
Chief Executive Officer

By /s/Douglas Mitchell

DOUGLAS MITCHELL
Chief Financial Officer