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SIMULATIONS PLUS INC
Form 10KSB/A
January 11, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

AMENDMENT NO. 1
TO
FORM 10-KSB/A

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

For the fiscal year ended August 31, 2000 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: 000-21665

SIMULATIONS PLUS, INC.
(Exact name of registrant as specified in its charter)

CALIFORNIA
(State or other jurisdiction of Incorporation or Organization)

95-4595609
(I.R.S. Employer identification No.)

1220 W. AVENUE J
LANCASTER, CA 93534
(Address of principal executive offices including zip code)

(661) 723-7723
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE.

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
COMMON STOCK, PAR VALUE \$0.001 PER SHARE

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

Check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The issuer's revenues for the fiscal year ended August 31, 2000 were approximately \$3,630,000.

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As of December 12, 2000, the aggregate market value of the voting stock held by non-affiliates of the issuer was approximately \$2,174,000 based upon the average closing bid and asked price of such stock on such date.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's Annual Report on Form 10-KSB for the year ended August 31, 2000, including all financial statements, exhibits and schedules filed therewith, are incorporated by reference in this Report.

PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The directors and executive officers of the Company and their ages and positions held with the Company are as follows:

| NAME ---- | AGE --- | POSITION WITH THE COMPANY ----- | SINCE ---- |
|-----------------------------------|------------|--|---------------|
| DIRECTORS AND EXECUTIVE OFFICERS: | | | |
| Walter S. Woltosz | 55 | Chairman of the Board, Chief Executive Officer and President of the Company and Words+ | 199 |
| Virginia E. Woltosz | 49 | Senior Vice President, Secretary and Director of the Company and Words+ | 199 |
| Dr. David Z. D'Argenio | 50 | Director and Consultant to the Company | 199 |
| Dr. Richard R. Weiss | 66 | Director | 199 |
| Ronald F. Creeley | 49 | Vice President, Marketing and Sales of the Company and Words+ | 199 |
| Momoko A. Beran | 48 | Chief Financial Officer of the Company and Words+ | 199 |

Walter S. Woltosz is a co-founder of the Company and has served as its Chief Executive Officer and President and as Chairman of the Board of Directors since its incorporation in July 1996. Mr. Woltosz is also a co-founder of Words+ and has served as its Chief Executive Officer and President since its incorporation in 1981.

Virginia E. Woltosz is a co-founder of the Company and has served as its Senior Vice President and Secretary since its incorporation in July 1996. Mrs. Woltosz is also a co-founder of Words+ and has served as its Vice President, Secretary and Treasurer since its incorporation in 1981. Virginia E. Woltosz is the wife of Walter S. Woltosz.

Dr. David Z. D'Argenio started to serve as a Director of the Company in June 1997. He is currently Professor and Chairman of Biomedical Engineering at the University of Southern California ("USC"), and has been on the faculty at USC since 1979. He also serves as the Co-Director of the Biomedical Simulations Resource Project at USC, a project funded by the National Institutes of Health since 1985.

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Dr. Richard R. Weiss started to serve as a Director of the Company in June 1997. From October 1994 to the present, Dr. Weiss has acted as a consultant to a number of aerospace companies and to the U.S. Department of Defense through his own consulting entity, Richard R. Weiss Consulting Services. From June 1993 through July 1994, Dr. Weiss was employed by the U.S. Department of Defense as its Deputy Director, Space Launch & Technology.

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Ronald F. Creeley joined the Company in February 1997 as its Vice President, Marketing and Sales. Prior to joining the Company, Mr. Creeley had been Marketing Director at Union Pen Company, Time Resources, and New England Business Services, Inc., with experience in marketing and research.

Momoko A. Beran joined Words+ in June 1993 as Director of Accounting and was named the Company's Chief Financial Officer in July 1996. In February 1999, Mrs. Beran assumed the additional temporary duties of Vice President of Operations for Words+, Inc. The Board of Directors approved this position on a permanent basis at its meeting on November 18, 1999.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT:

Section 16(a) of the Securities Exchange Act of 1934 as amended (the "Exchange Act") requires the Company's officers and directors, and persons who own more than ten percent of its Common Stock to file reports of ownership and changes of ownership with the Securities and Exchange Commission and NASDAQ. Such persons are also required to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company's review of the copies of those forms received by the Company, or written representations from such persons that no Forms 5 were required to be filed, the Company believes that all Section 16 (a) filing requirements for the fiscal year ended August 31, 2000 were met, except that the Company's directors Richard R. Weiss, and David Z. D'Argenio inadvertently failed to file a Form 4 on a timely basis with respect to the grant of options to purchase shares of Common Stock representing one transaction (See Table below - A and B); and Dr. D'Argenio inadvertently failed to file a Form 4 on a timely basis with respect to a purchase of common stock (See Table below - C and D).

TABLE - NON TIMELY FILING LIST

| | NAME | TRANSACTION DATE | NATURE OF TRANSACTION |
|---|--------------------|------------------|---------------------------|
| A | Richard R. Weiss | 08/31/00 | Stock Option - 500 shares |
| B | David Z. D'Argenio | 08/31/00 | Stock Option - 500 shares |
| C | David Z. D'Argenio | 08/07/00 | Purchase of 500 shares |
| D | David Z. D'Argenio | 08/09/00 | Purchase of 500 shares |

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain information concerning compensation paid or accrued for the fiscal year ended August 2000, 1999 and 1998 by the Company to or for the benefit of the Company's President and Vice President of Marketing and Sales. No other executive officers of the Company received total annual compensation for the fiscal year ended August 31, 2000, 1999 and 1998 that exceeded \$100,000. As permitted under the rules of the Securities and Exchange Commission, no amounts are shown in the table below with respect to any perquisites paid to named officer because the aggregate amount of such perquisites (e.g., auto allowance) did not exceed the lesser of (i) \$50,000 or (ii) 10% of the total annual salary and bonus of the named officers.

| NAME AND PRINCIPAL POSITION ----- | FISCAL YEAR ---- | PAID SALARY ----- | ACCRUED SALARY ----- | BONUS ----- | 401(k) MATC COMPANY PAID ---- |
|---|------------------------|---|---|-------------------|--|
| Walter S. Woltosz President and Chief Executive Officer | 2000 1999 1998 | \$101,666.74* \$ 34,000.00 \$143,750.00 | \$ 48,333.26 \$116,000.00 \$ 6,250.00 | -0- -0- -0- | \$2,866.7 -0- -0- |
| Ronald F. Creeley Vice President of Marketing and Sales | 2000 | \$101,000.00* | -0- | \$1,364.78 | \$1,380.0 |

*Includes deferred salary paid from the prior fiscal years.

EMPLOYMENT AND OTHER COMPENSATION AGREEMENTS

The Company has an employment agreement with Walter Woltosz commencing September 1, 1999 that extends until August 31, 2002. The agreement provides for an annual salary of \$150,000. Pursuant to such agreement, Mr. Woltosz is entitled to such health insurance and other benefits that are not inconsistent with that which the Company customarily provides to its other management employees and to reimbursement of customary, ordinary and necessary business expenses incurred in connection with the rendering of services to the Company. The agreement also provides that the Company may terminate the agreement upon 30 days written notice if termination is without cause and that the Company's only obligation to Mr. Woltosz would be for a payment equal to the greater of (i) 12 months of salary or (ii) the remainder of the term of the employment agreement from the date of notice of termination. Further, the agreement provides that the Company may terminate the agreement for cause (as defined) and that the Company's only obligation to Mr. Woltosz would be limited to the payment of Mr. Woltosz' salary and benefits through and until the effective date of any such termination.

Commencing with the Company's fiscal year ending 1997 and for each

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fiscal year thereafter, Walter and Virginia Woltosz are entitled to receive bonuses not to exceed \$150,000 and \$60,000, respectively, equal to 5% of the Company's net annual income before taxes. In addition, if the closing price of the Company's Common Stock averages in excess of \$10 per share for a period of 20 consecutive trading days during any fiscal year, then the Company will grant to each of Mr. and Mrs. Woltosz options under the 1996 Stock Option Plan, exercisable for five years, to purchase 50 shares of Common Stock for each \$1,000 of net income before taxes that the Company earns with respect to such fiscal year (up to a Maximum of 60,000 options each until August 31, 2002) at an exercise price equal to the market value per share as of the date of grant.

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ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of January 10, 2001 by (i) each person who is known to own beneficially more than 5% of the outstanding shares of the Company's Common Stock, (ii) each of the Company's directors and executive officers, and (iii) all directors and executive officers of the Company as a group:

| BENEFICIAL OWNER (1) (2) | AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP | PERCENT OF CLASS |
|-----------------------------------|---|------------------|
| Walter S. and Virginia E. Woltosz | 2,141,000 | 64.23% |
| Momoko Beran (3) | 31,900 | * |
| Ronald F. Creeley (4) | 31,400 | * |
| Dr. David Z. D'Argenio (5) | 2,153 | * |
| Dr. Richard R. Weiss (6) | 2,153 | * |
| | ----- | ----- |
| | 2,203,200 | 65.08% |
| | ===== | ===== |

* Less than 1%

- (1) Such persons have sole voting and investment power with respect to all Shares of Common Stock shown as being beneficially owned by them, subject to community property laws, where applicable, and the information contained in the footnotes to this table.
- (2) The address of each director and executive officer named is c/o the Company, 1220 W. Avenue J, Lancaster, California 93534.
- (3) Represent 31,600 shares of Common Stock underlying an option exercisable within the next 60 days. Does not include stock options for 133,300 shares, which are not exercisable within the next 60 days.
- (4) Represents 1,000 shares plus 30,400 shares of Common Stock underlying an option exercisable within the next 60 days. Does not include a stock option for 134,600 shares, which are not exercisable within the next 60 days.
- (5) Represents 1,000 shares plus 1,153 shares of Common Stock underlying an option exercisable within the next 60 days. Does not include a stock option for 950 shares, which are not exercisable within the next 60 days.
- (6) Represents 1,000 shares plus 1,153 shares of Common Stock underlying an

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option exercisable within the next 60 days. Does not include a stock option for 950 shares, which are not exercisable within the next 60 days.

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ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of August 31, 2000, included in accrued compensation due to officers was \$191,416, which represents accrued salary of \$170,583 due to the Company's President and \$20,833 due to the Company's Senior Vice President. The amount due does not accrue interest and is included in the "accrued payroll and other expenses" account.

In connection with the Company's stock offering, the Company agreed to grant to its President 300,000 warrants to purchase up to 300,000 shares of the Company's common stock. The number of warrants to be granted was based on net income for the year ended August 31, 1999, but cannot exceed 300,000 warrants. Since the Company did not meet the net income requirement, the warrants were not granted.

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SIGNATURE

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Simulations Plus, Inc.

Date: January 10, 2001

By: /s/ Momoko Beran

Momoko Beran
Chief Financial Officer

In accordance with the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| SIGNATURE ----- | TITLE ----- | DATE ---- |
|--|---|---------------|
| /s/ Walter S. Woltosz ----- Walter S. Woltosz | Chairman of the Board of Directors and Chief Executive Officer | Jan. 10, 2001 |
| /s/ Virginia E. Woltosz ----- Virginia Woltosz | Vice President, Secretary and Director | Jan. 10, 2001 |

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/s/ Dr. David Z. D'Argenio Director Jan. 10, 2001

 Dr. David Z. D'Argenio

/s/ Dr. Richard Weiss Director Jan. 10, 2001

 Dr. Richard Weiss

/s/ Momoko A. Beran Chief Financial Officer Jan. 10, 2001

 Momoko A. Beran