

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB/A

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d) [amend]

Filing Date: **1995-06-13** | Period of Report: **1995-03-31**
SEC Accession No. **0000912057-95-004554**

([HTML Version](#) on secdatabase.com)

FILER

COM TEK RESOURCES INC

CIK: **732700** | IRS No.: **840832977** | State of Incorpor.: **CO** | Fiscal Year End: **0930**
Type: **10QSB/A** | Act: **34** | File No.: **000-11546** | Film No.: **95546645**
SIC: **1311** Crude petroleum & natural gas

Mailing Address
1624 MARKET STREET
SUITE 303
DENVER CO 80202

Business Address
1624 MARKET ST STE 303
DENVER CO 80202
3035958555

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-QSB/A

AMENDMENT NO. 1

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1995
- 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 0-11546

COM-TEK Resources, Inc.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Colorado

84-0832977

(STATE OF INCORPORATION)

(I.R.S. EMPLOYER IDENTIFICATION NO.)

1624 Market Street, Suite 303, Denver, Colorado

80202

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

(303) 595-8555

(ISSUER'S TELEPHONE NUMBER)

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 XXX NO
--- ---

As of March 31, 1995, there were 140,798,740 shares of the Company's \$0.01 par value common stock issued and outstanding.

COM-TEK RESOURCES, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The consolidated financial statements of COM-TEK Resources, Inc. included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and notes normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. IT IS SUGGESTED THAT THESE FINANCIAL STATEMENTS BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS AND THE NOTES THERETO INCLUDED IN COM-TEK'S ANNUAL REPORT ON FORM 10-KSB FOR THE YEAR ENDED SEPTEMBER 30, 1994.

Because of a recent financing and other activities involving the Company, as well as the seasonal nature of COM-TEK's domestic operations, among other factors, the results of operations for the interim periods presented are not necessarily indicative of the results to be expected for an entire year.

<TABLE>

<CAPTION>

ASSETS	<C>
<S>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,058,976
Contract Notes Receivable	2,584,609
Accounts Receivable - Oil and Gas Sales	32,056
Note Receivable, Net of Allowance of \$15,000	50,000
Other Current Assets	11,190

Total Current Assets	4,736,831

Property, Plant and Equipment:	
Oil and Gas Properties (Full cost method)	8,958,492
Accumulated Depletion, Amortization and Impairment	(2,858,156)

	6,100,336

Gas Gathering System	170,652
Building, Equipment and Land	124,498

	295,150
Accumulated Depreciation	(15,065)

	280,085

Furniture and Fixtures	130,548
Accumulated Depreciation	(108,168)

	22,380

Power Plants in Process	1,030,822

Net Property, Plant and Equipment	7,433,623

Other Assets:	
Restricted Cash	25,000
Power Plant Licenses	196,545
Deferred Financing Costs	299,981

Total Other Assets	521,526

Total Assets	\$12,691,980

LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Accounts Payable, Trade	\$288,125
Accrued Expenses	35,794
Payable to Related Parties	33,750
Notes Payable	135,055

Total Current Liabilities	492,724

Note Payable - Long-term	44,045

Stockholders' Equity:	
Preferred Stock, Par Value \$1.00	
20,000,000 Shares Authorized, 3,262,500 Shares Issued	3,262,500
Preferred Stock to be Issued in Connection with Access	
Power Agreement	291,867
Common Stock, Par Value \$0.01	
150,000,000 Shares Authorized, 140,798,740 Shares	
Issued	1,407,987
Additional Paid-in Capital	16,734,784
Accumulated Deficit	(9,541,927)

Total Stockholders' Equity	12,155,211

Total Liabilities and Stockholders' Equity	\$12,691,980

</TABLE>

COM-TEK RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>
Revenues:				
Oil and Gas Sales	\$ 72,699	\$ 113,122	\$ 150,129	\$ 235,176
Operating Fees	-	24,962	-	54,933
Other Income	65,214	1,631	67,382	3,258
	137,913	139,715	217,511	293,367
Expenses:				
Oil and Gas Operations	48,116	60,905	77,844	131,052
General and Administrative	386,949	230,009	552,272	412,387
Depreciation and Depletion	53,745	32,183	87,710	66,148
Interest	15,673	8,857	25,192	18,376
Foreign Currency Translation Loss	11,302	68,177	5,895	62,769
	515,785	400,131	748,913	690,732
Net Loss	\$ (377,872)	\$ (260,416)	\$ (531,402)	\$ (397,365)
Loss per Share of Common Stock	\$ *	\$ *	\$ *	\$ *
Weighted Average Number of Common Shares Outstanding	120,445,407	72,643,740	100,117,073	72,643,740

<FN>
* Less than \$0.01 per share.

</TABLE>

3

<TABLE>
<CAPTION>

COM-TEK RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 1994 AND THE SIX MONTHS ENDED MARCH 31, 1995
(unaudited)

	Common Stock		Preferred Stock		Preferred Stock to be Issued
	Shares	Amount	Shares	Amount	
<S>	<C>	<C>	<C>	<C>	<C>
Balance, October 1, 1993	72,768,740	\$ 727,687	-	\$ -	\$ -
Issuance of common stock in satisfaction of debt	300,000	3,000	-	-	-
Issuance of common stock	6,700,000	67,000	-	-	-
Foreign currency translation adjustment	-	-	-	-	-
Net loss	-	-	-	-	-
Balance, September 30, 1994	79,768,740	797,687	-	-	-
Offer and placing, net of offering costs (Note 3)	61,000,000	610,000	3,262,500	3,262,500	-
Preferred stock to be issued in connection with Access Power agreement (Note 4)	-	-	-	-	291,867

Stock options exercised	30,000	300	-	-	-
Foreign currency translation adjustment	-	-	-	-	-
Net loss	-	-	-	-	-

Balance, March 31, 1995	140,798,740	\$1,407,987	3,262,500	\$ 3,262,500	\$ 291,867

<CAPTION>

	Additional Paid-in Capital	Accumulated Deficit	Foreign Currency Translation Adjustment	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance, October 1, 1993	\$ 13,240,706	\$ (6,167,182)	\$ 15,071	\$ 7,816,282
Issuance of common stock in satisfaction of debt	12,000	-	-	15,000
Issuance of common stock	441,953	-	-	508,953
Foreign currency translation adjustment	-	-	41,819	41,819
Net loss	-	(2,843,343)	-	(2,843,343)

Balance, September 30, 1994	13,694,659	(9,010,525)	56,890	5,538,711
Offer and placing, net of offering costs (Note 3)	3,038,175	-	-	6,910,675
Preferred stock to be issued in connection with Access Power agreement (Note 4)	-	-	-	291,867
Stock options exercised	1,950	-	-	2,250
Foreign currency translation adjustment	-	-	(56,890)	(56,890)
Net loss	-	(531,402)	-	(531,402)

Balance, March 31, 1995	\$ 16,734,784	\$ (9,541,927)	\$ -	\$ 12,155,211

</TABLE>

COM-TEK RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASHFLOW
(unaudited)

<TABLE>

<CAPTION>

	For the Six Months Ended March 31,	
	1995	1994
<S>	<C>	<C>
Cashflows from Operating Activities:		
Net Loss	\$ (531,402)	\$ (397,365)
Plus adjustments to reconcile net loss to net cash used in operating activities:		
Depletion, Depreciation and Amortization	87,710	66,148
Foreign Currency Transaction (Gain) Loss	(56,868)	62,769
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(12,210)	(80,737)
(Increase) Decrease in Other Current Assets	(996)	(3,610)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(448,150)	40,804
Increase (Decrease) in Payable to Related Parties	(130,705)	30,437
Net Cash (Used in) Operating Activities	(1,092,621)	(281,554)

Cashflows from Investing Activities:		
Additions to Oil and Gas Properties	(4,360)	(156,835)
Additions to Gas Gathering System	(1,184)	-
Additions to Equipment, Building and Land	(51,766)	-
Additions to Furniture and Fixtures	(23,025)	-
Additions to Power Plant in Process	(1,030,822)	-
Proceeds from Sale of Oil and Gas Properties	150,000	450,000
Net Cash (Used in) Provided by Investing Activities	(961,157)	293,165

Cashflows from Financing Activities:		
Proceeds from Offer and Placing, Net of Expenses	4,421,388	-
Proceeds from Stock Subscriptions Receivable	508,953	-
Proceeds from Stock Options Exercised	2,250	-
Payment of Deferred Financing Costs	(299,981)	-
Repayment of Notes Payable	(526,667)	-

Net Cash Provided by Financing Activities	4,105,943	-
Effect of Exchange Rate Changes on Cash	-	(873)
Increase in Cash and Cash Equivalents	2,052,165	10,738
Cash and Cash Equivalents, Beginning of Period	6,812	66,598
Cash and Cash Equivalents, End of Period	\$ 2,058,977	\$ 77,336

</TABLE>

5

COM-TEK RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) BASIS OF PRESENTATION

The financial statements as presented are unaudited. However, in the opinion of management, all material adjustments for a fair presentation of the financial condition and results of operations have been made. Such adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. Management believes the disclosures made are adequate, but suggests that these financial statements be read in conjunction with the financial statements and notes contained in the Company's September 30, 1994 annual report on Form 10-KSB.

Certain reclassifications were made to conform the prior year's financial statements to the current year presentation. These reclassifications had no effect on net income.

2) SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest was \$41,925 and \$41,925 for the three and six months ended March 31, 1995 and \$-0- and \$-0- for the three and six months ended March 31, 1994.

Non-cash transactions:

Notes payable totaling \$88,518 were issued in exchange for equipment, building and land located in Kansas.

3) STOCKHOLDERS' EQUITY

On February 14, 1995, English Trust Company Limited completed a placing and underwriting in the United Kingdom of 61,000,000 shares of the Company's Common Stock (at 4 pence per share) and an open offer and placing of 3,262,500 shares of its Preferred Stock (at 80 pence per share) resulting in gross offering proceeds of L5,050,000 (about \$8,080,000 U.S. at then prevailing exchange rates). Commissions and offering costs incurred were approximately \$1,169,000. All shares were qualified for dealing on the Unlisted Securities Market ("USM"), a facility of the International Stock Exchange of the United Kingdom and Republic of Ireland, Ltd. ("London Stock Exchange").

Each share of Preferred Stock is convertible into 22 shares of Common Stock. A resolution to increase the number of shares of authorized Common Stock is set for a vote at the Annual General Meeting of the Company. Upon approval of the resolution by the shareholders, the 3,262,500 shares of Preferred Stock will be automatically converted into 71,775,000 shares of Common Stock, and all preferences will be extinguished. If no approval to increase authorized common stock is obtained, the Company is obligated to register the preferred shares in the U.S.

6

At March 31, 1995, approximately \$2,585,000 of a total of \$8,080,000 in proceeds from the stock offer and placing in the U.K. had not been collected from certain sub-underwriters. Such amounts were represented by legally binding contract notes from the sub-underwriters. Subsequent to quarter-end, these notes were collected in full and deposited into the account of the Company.

4) ACQUISITION OF ACCESS POWER

In November, 1994, the Company reached an agreement in principle, which was

subsequently executed in definitive form on January 17, 1995, to acquire the entire issued share capital of Access Power, Ltd., along with Access Power's interests in certain joint ventures. Access Power is currently in the development stage, seeking to develop, or participate in the development of, small scale power projects, principally in the Peoples Republic of China and elsewhere in the Far East. The Company acquired Access Power concurrent with the closing of the offer and placing described above on February 14, 1995.

Under the terms of the Access Power agreement the Company is required to issue 30,303 shares of Preferred Stock, and 8,250,000 Warrants to purchase the Company's Common Stock (at \$0.075 per share), for each one of three power plant projects which Access Power has presently entered into joint venture agreements for and for which the joint ventures have received licenses to construct the power plants. The Preferred Stock and Warrants are to be issued in three installments as certain benchmarks are achieved related to the development of each project. The first 1/3 of such Preferred Stock and Warrants are to be issued upon execution of all appropriate contracts and receipt of the business license for each project. The second 1/3 of such Preferred Stock and Warrants are to be issued upon issuance of the completion certificate for each project. The last 1/3 of such Preferred Stock and Warrants are to be issued upon receipt of revenue from each project. A total of 90,909 shares of Preferred Stock (convertible into approximately 2,000,000 shares of Common Stock) and 24,750,000 Warrants are to be issued in connection with the initial three power plant projects.

Also under the terms of the Access Power agreement, the Company has agreed to issue an additional 30,303 shares of Preferred Stock and an additional 8,250,000 Warrants to purchase Common Stock at \$0.075 per share, for each of up to nine additional projects in Guangdong Province, China, that the principals may introduce to the Company. A total of 272,727 shares of Preferred Stock (convertible into approximately 6,000,000 shares of Common Stock) and 74,250,000 Warrants may be issued in connection with up to nine subsequent power plant projects in China.

The principals have also been issued a total of 30,303 shares of Preferred Stock and 8,250,000 Warrants to purchase the Company's Common Stock (at \$0.075 per share) and have received reimbursement of expenses of \$25,000 in consideration for Access Power's 10% interest in the western joint venture partner which has a 54% interest in a 50 megawatt power plant project in China.

The acquisition of Access Power has been accounted for as a purchase. The Preferred Stock to be issued attributable to the first three power plants and the Preferred Stock to be issued attributable to the interest in the 50 megawatt power plant project, has been

7

recorded at its aggregate market value, determined by reference to the price of the Preferred Stock issued in the offer and placing that closed concurrent with the Access Power agreement. No value has been attributed to the Warrants that are to be issued along with the Preferred Stock. The Company believes that the value of such Warrants is nominal, since the exercise price of the Warrants was more than 20% above the then market price of the Common Stock. Access Power had no assets or liabilities at the time of the acquisition; accordingly, the entire amount of the consideration for the Acquisition has been recorded as an intangible asset (Power Plant Licenses), to be amortized over the 15 year term of the associated power purchase agreements.

Under the terms of separate agreements, the principals received 73,454 shares of Preferred Stock in connection with services provided by them relating to the offer and placing. The value of the shares issued was recorded as a cost of the offering and placing. The principals are also entitled to a commission of 1 1/2% (payable in Preferred Stock) for arranging multi-project financing packages of up to \$20 million for the proposed power plant projects.

Additionally, the agreement requires the Company to pay to the principals consideration of up to 10% of the gross projected project cost of other projects introduced, with certain limitations. The consideration is payable in Preferred or Common Stock of the Company.

Upon becoming directors of the Company, each of the principals became entitled to participate in the Company's stock option plan. Each principal can receive options to purchase up to 22,500,000 shares of Common Stock at \$0.075 per share. Options for 2,500,000 shares of Common Stock are to be issued to each of the principals upon Access Power entering into a joint venture agreement for the construction and operation of each of up to nine 4 megawatt power plants in China. All options will become exercisable in equal installments as the benchmarks described above for the Warrants are achieved. Options for a total of 15,000,000 shares of Common Stock have been issued in connection with the three initial power plant projects. The options expire three years from the date of issuance.

Additional shares, if any, of Preferred Stock (or equivalent shares of Common Stock) that are issued to the principals of Access Power in connection with future power plant projects will be recorded at then market value of the shares issued. Any additional Warrants and Options that are issued in connection with such power plant projects will be accounted for in accordance with the provisions of Accounting Principles Board Opinion No. 25, and compensation expense will be recorded as the Warrants and Options are issued and become exercisable, to the extent that the then market price of the Common Stock exceeds the exercise price of the Warrants and Options.

5) NOTES PAYABLE

Notes payable consists of the following:

<TABLE>
<CAPTION>

	March 31, 1995 ----- (Unaudited) <C>	September 30, 1994 ----- <C>
<S>		
Note payable, including interest of \$ 15,000, to an individual to purchase a pipeline, due October 10, 1994. Collateralized by the pipeline and oil and gas properties. Paid in full October 1994.	\$ -0-	\$ 315,000
Note payable to a vendor, with interest at 12%, payable semi-annually, principal was due August 31, 1993. The note is currently in default and is not collateralized.	28,368	240,035
Note payable to a former director, non-interest bearing, payable semi-annually, principal was due September 30, 1994. The note is currently in default and is not collateralized.	50,000	50,000
Note payable to a vendor, with interest at 10%, payable in 36 monthly installments, to purchase a building and land associated with the pipeline. This note is collateralized by the land.	44,045	-0-
Note payable to a vendor, with interest at 10%, payable in 3 monthly installments. to purchase equipment associated with the pipeline. This note is collateralized by the equipment.	28,687	-0-
Note payable to a former director, with interest at 10%, payable on May 1, 1994 and 1995. Principal is due May 1, 1995. The note is not collateralized.	28,000	28,000
	----- \$ 179,100 ----- -----	----- \$ 633,035 ----- -----

</TABLE>

All of the above notes, except for the note to purchase a building and land, are classified as current obligations.

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

RESULTS OF OPERATIONS

FOR THE SIX MONTHS ENDED MARCH 31, 1995 AND 1994

REVENUES - Total revenues of the Company decreased by approximately \$139,000 or 47%, from \$293,367 to \$154,748, when comparing the six months ended March 31, 1995 with the six months ended March 31, 1994. Oil and gas sales decreased approximately \$85,000 or 36% from \$235,176 in 1994 to \$150,129 in 1995, primarily due to the following factors:

- January 1994 sale of the Company's 54% working interest and the October 1994 sale of the Company's 12.5% overriding royalty interest in the Shelby, Montana wells.
- June 1994 sale of the Company's working interest in the Wyoming properties.
- Management's decision to settle the lawsuit involving the Company's Canadian properties. As a result of the settlement the Company has no activities in Canada. The Company had previously accrued production revenues and expenses attributable to these properties during the period of the suit.

The effect of these sales is somewhat mitigated by the Company successfully renegotiating its gas purchase contract in Leavenworth County, Kansas to a price of \$2.45 per mcf effective for gas sold beginning in October, 1994 through September 1995. The contract price previously was \$1.35 per mcf. However, gas prices on the spot market have been very soft, resulting in decreased revenues from the Company's production in Texas which is sold on the spot market.

EXPENSES - Total expenses of the Company were \$686,150 for the six months ended March 1995, compared with \$690,732 for the six months ended March 31, 1994, a decrease of \$4,600, or 1%.

For the period, administrative expenses increased by \$140,000, or 34%. Included in the current period's administrative expense of \$552,272 is \$133,300 attributable to the Company's newly acquired subsidiary, Access Power Ltd.. Of that total, approximately \$108,700 relates to salary and consulting fees, and \$15,900 relates to travel costs. These costs were anticipated and are associated with the Company's joint venture activities in China.

Also contributing to the increase in administrative expense for this year relative to the comparative period of a year ago are the following costs:

- a fee to NASDAQ of approximately \$26,000 for share issuances.
- approximately \$7,000 in engineering fees required by the placing activities in London.

For the six months ended March 31, 1995, the Company realized net foreign currency translation losses of \$5,895. The losses resulted primarily from the effect of changes in foreign currency exchange rates on bank balances maintained in local currencies in London and in Hong Kong and on the contract notes receivable which are denominated in pounds sterling, net of the effect of exchange rate changes on notes payable denominated in pounds sterling. Foreign currency translation losses reported in the six months ended March 31, 1994 of \$62,769 relate primarily to the Company's Canadian operations, which have been disposed of.

The Company maintains a significant portion of its cash balances in foreign currencies and is exposed to effects of the changes in foreign currency exchange rates on those balances.

The Company anticipates that as its investment activity increases in the PRC and other Far Eastern locations, the Company's exposure to foreign currency exchange risk will increase. The extent to which the Company is exposed to such risks will depend, among other things, on how its business activities are conducted and how its activities are financed, some of which are yet to be determined.

10

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED).

- approximately \$43,000 in audit fees.
- approximately \$16,400 of legal fees, of which \$6,500 relate to the February 1995 UK placing and \$9,900 relate to the defense of the lawsuit brought against the Company by its former President.

Oil and gas lease operating expenses decreased by \$53,200 for the year, as a result of the property dispositions outlined above. Also, during the fiscal fourth quarter, approximately \$15,500 was spent to rework certain of the Company's newly acquired wells located in Kansas. Additional work of a similar nature is contemplated in the coming months, both in Kansas and in Texas.

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

REVENUES - Total revenues of the Company decreased by approximately \$64,500 or 46%, from \$139,715 to \$75,150, when comparing the three month period ended March 31, 1995 with the three months ended March 31, 1994. Oil and gas sales decreased approximately \$40,400 or 36% from \$113,122 in 1994 to \$72,699 in 1995,

primarily due to the factors discussed above.

As discussed above, the effect of these sales is somewhat mitigated by the Company successfully renegotiating its gas purchase contract in Leavenworth County, Kansas to a price of \$2.45 per mcf effective for gas sold beginning in October, 1994 through September 1995. The contract price previously was \$1.35 per mcf.

EXPENSES - Total expenses of the Company were \$453,022 for the three months ended March 1995, compared with \$400,131 for the three months ended March 31, 1994, an increase of \$52,900, or 12%.

For the quarter, administrative expenses increased by \$156,900, or 68%. Included in the current quarter's expense of \$386,949 is \$133,300 of expenses attributable to the Company's newly acquired subsidiary, Access Power Ltd.. Of that total, approximately \$108,700 relates to salary and consulting fees, and \$15,900 relates to travel costs. These costs were anticipated and were in connection with the Company's joint venture activity in China.

See above for a discussion of additional administrative expenses incurred.

Oil and gas lease operating expenses decreased by \$12,800 during the quarter. This is the result of the 1994 property dispositions outlined above. Increases in operating expenses for future periods are expected due to planned workovers, which if successful, would increase future production volumes.

For the three months ended March 31, 1995, the Company realized foreign currency losses of \$11,302. The losses resulted primarily from the effect of changes in foreign currency exchange rates on bank balances maintained in local currencies in London and in Hong Kong and on the contract notes receivable which are denominated in pounds sterling. Foreign currency translation losses reported in the three months ended March 31, 1994 of \$68,177 relate primarily to the Company's Canadian operations, which have been disposed of.

11

LIQUIDITY AND CAPITAL RESOURCES

On February 14, 1995, English Trust Company Limited completed a placing and underwriting in the United Kingdom of 61,000,000 shares of the Company's Common Stock (at 4 pence per share) and an open offer and placing of 3,262,500 shares of its Preferred Stock (at 80 pence per share) resulting in gross offering proceeds of L5,050,000 (about \$8,080,000 U.S. at then prevailing exchange rates). All shares were qualified for dealing on the Unlisted Securities Market ("USM"), a facility of the International Stock Exchange of the United Kingdom and Republic of Ireland, Ltd. ("London Stock Exchange").

Concurrent with the placing, the Company completed the acquisition of Access Power, Ltd. and began the implementation of an expanded business plan, which includes domestic oil and gas operations as well as power generation projects, primarily located in the Asia-Pacific region. For further information regarding Access Power, see Note 4.

As a result of the placing discussed above, the Company was able to repay a number of vendors and creditors during the quarter ended March 31, 1995, as well as notes to third parties of approximately \$527,000. The Company reduced its amounts payable to outside vendors by over \$448,000. The Company also began construction of its first three power plants. Costs to date of \$1,030,822 represents payments to MAN for the generators for the power plants.

The Company has working capital of \$4.7 million at March 31, 1995 which it considers adequate to finance the Company's operations and developmental plans in the near term. However, the ability of the Company to finance its activities over the longer term is dependent on the successful development and profitable operations of these power plant projects, of which there can be no assurance.

12

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

1) FORMER PRESIDENT AND CHAIRMAN

In September 1994, Mr. John James Ellerton (the "Plaintiff"), a founder of the Company, and Chairman and President of the Company until his resignation on March 10, 1994, filed a lawsuit in Arapahoe District Court in the State of Colorado against the Company, members of its Board of Directors and one former Director (collectively, the "Defendants"). The suit alleges breach of his employment contract, violations of various U.S. and Colorado securities laws,

fraud, civil conspiracy, loss of business opportunity, and conduct designed to oppress the Plaintiff as a minority shareholder of the Company. The Plaintiff seeks damages, attorney's fees, interest, costs, exemplary damages, expert witness fees and an order of court setting aside any unlawful, unauthorized or non-disclosed action by the Defendants which damaged the Plaintiff. The Company believes it has meritorious defenses to the claims filed by Mr. Ellerton.

On October 18, 1994, the Company filed its motion to Dismiss, or in the alternative, for Summary Judgment and Motion for Sanctions and Attorney's Fees, requesting dismissal of each and every claim asserted in the complaint and seeking attorney's fees and costs against the Plaintiff as a sanction for filing claims which are not well grounded in fact nor supportable under existing law. The Company may have substantial counterclaims to assert against Mr. Ellerton.

2) CANADIAN PROPERTIES

At present, the Company has an agreement in principle with Backer Petroleum to settle a lawsuit involving the sale of the Company's properties in Canada, whereby the Company would receive approximately \$5,000. This agreement has not yet been finalized.

3) KANSAS PROPERTY

In September, 1994, the Company purchased a gathering system, along with related producing wells, a building and equipment, from the party which had previously purchased gas produced by the Company. Subsequently, it was determined that material differences existed between volumes reported to the state regulatory authority and actually paid to the Company prior to the sale, by this party. Consequently, the Company withheld payment of its obligations under the sale agreement, and a suit was filed by the other party. The Company believes it will prevail in this dispute.

The Company knows of no other material legal proceedings either pending or threatened, or judgments entered against the Company or any Director or Officer of the Company in their capacity as such.

13

SIGNATURES

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 there unto duly authorized.

COM-TEK Resources, Inc.
Registrant

By: /s/ Dennis C. Dowd

Dennis C. Dowd,
President

Dated: June 13, 1995

14