

ENERCORP INC
Form 10-Q/A
September 29, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Quarterly Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the quarter ended:

Commission file number:

December 31, 2004

0-9083

Enercorp, Inc.

(Exact name of Registrant as specified in its charter)

Colorado 84-0768802

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

37735 Enterprise Ct, Suite 600-B

Farmington Hills, MI 48331

(Address of principal executive offices)

Registrant's telephone number, including area code:

(248)-994-0099

Indicate by check mark whether the Company (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 and, (2) has been subject to such filing requirements for the past 90 days: Yes No

As of September 28, 2005 a total of 695,897 shares of common stock, were outstanding.

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1.

ENERCORP, INC STATEMENTS OF ASSETS & LIABILITIES

| ASSETS | Unaudited 31-Dec-2004 | 30-Jun-2004 |
|---|--------------------------|-------------|
| Investments, at fair value, cost of \$782,282 and \$1,212,477 | | |
| at December 31, 2004 and June 30, 2004 respectively | \$ 593,108 | \$ 946,164 |
| Prepaid Insurance | 993 | 0 |
| Cash | 10,403 | 417 |
| Total assets | 604,504 | 946,581 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Note Payable Related-Party | 0 | 54,950 |
| Note Payable Investors | 325,000 | 0 |
| Note Payable Other | 30,000 | 30,000 |

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| | | |
|--|-------------|-------------|
| Accounts payable and accrued liabilities | 27,142 | 13,660 |
| Officer salary payable | 0 | 145,000 |
| Accrued management fees-related party | 7,500 | 80,000 |
| Interest payable-related party | 0 | 9,899 |
| Total Liabilities | 389,642 | 333,509 |
| Net assets | | |
| Common stock, no par value: 10,000,000 shares authorized, 695,897 | | |
| shares issued and outstanding at December 31, 2004 and June 30, 2004 | 1,888,251 | 1,888,251 |
| Preferred stock, no par value: 1,000,000 shares authorized, -0- issued. | | |
| Accumulated deficit | (1,484,214) | (1,008,867) |
| Unrealized net gain on investments, net of deferred income taxes at December 31, 2004 and June 30, 2004 respectively | (189,175) | (266,313) |
| | 214,862 | 613,071 |
| | \$ 604,504 | \$ 946,581 |

The accompanying notes are an integral part of this financial statement

#

2.

ENERCORP, INC, SCHEDULE OF INVESTMENTS AT JUNE 30, 2004

| Affiliated Companies | Description of Business | Expiration Date | Restrictions | No of Shares | Share Price | Cost/Equity | Fair Market Value | Discount | Net Market Value |
|---|--|-----------------|--------------|--------------|-------------|-------------|-------------------|-----------|------------------|
| Common Stocks-Public Market Method of Valuation | | | | | | | | | |
| CompuSonics Video | Digital Video Product & Web Site Development | | | 1,751 | 0.053 | | 92 | | |
| | | | | 10,000,000 | 0.053 | 106,477 | 525,000 | (157,500) | 3 |
| Ajay Sports Inc. | Casual Furniture | | | 294,118 | 0.050 | 600,000 | 14,706 | | |
| | | | | 16,667 | 0.050 | 37,500 | 833 | | |
| Preferred Stocks-Public Market Method of Valuation | | | | | | | | | |
| Ajay Sports Inc. | Casual Furniture | | | 2,000 | 0.050 | 20,000 | 100 | | |
| Common Stocks-Board Appraisal Method of Valuation | | | | | | | | | |
| Pro Golf International | Franchisor of Retail Golf Stores | | a & b | 74,500 | 4.920 | 195,000 | 366,148 | (73,230) | 2 |
| Pro Golf. Com | Web Sales of Golf Equip | | a & b | 300,000 | 1.800 | 252,000 | 540,000 | (270,000) | 2 |
| | Subtotal | | | | | 1,210,977 | 1,446,879 | (500,730) | 9 |
| <u>Warrants and stock Options - Board</u> <u>Appraisal Method of Valuation</u> | | | | | | | | | |
| Williams Controls, Inc. | Manufacturer of sensors & control systems | 03/12/08 | b | 50,000 | | | | | |
| Unaffiliated Companies Common Stocks-Public Market Method of Valuation | | | | | | | | | |

| | | | | | | | |
|---|-------------------------|-----|-------|-----------|-----------|-----------|---|
| Vitro Diagnostics | Diagnostic test kits | 300 | 0.050 | 1,500 | 15 | | |
| | Total All Companies | | | 1,212,477 | 1,446,894 | (500,730) | 9 |
| (a) No public market for this security | | | | | | | |
| (b) Subject to Rule 144 | | | | | | | |

The accompanying notes are an integral part of this financial statement

3.

ENERCORP, INC SCHEDULE OF INVESTMENTS AT DECEMBER 31, 2004 (UNAUDITED)

| Affiliated Companies | Description of Business | Expiration Date | Restrictions | No of Shares | Share Price | Cost/Equity | Fair Market Value | Discount | Mark |
|---|---|--------------------|--------------|--------------|----------------|-------------|----------------------|-----------|------|
| Common Stocks-Public Market Method of Valuation | | | | | | | | | |
| CompuSonics Video | Digital Video Product & Web Site Development | | | 1,751 | 0.024 | | 42 | | |
| | | | | 9,500,000 | 0.024 | 101,650 | 228,000 | (68,400) | |
| Ajay Sports Inc. | Casual Furniture | | | 94,118 | 0.055 | 191,907 | 5,176 | | |
| | | | | 16,667 | 0.055 | 37,500 | 916 | | |
| Preferred Stocks-Public Market Method of Valuation | | | | | | | | | |
| Ajay Sports Inc. | Golf & Casual Furniture | | | 1,000 | 0.133 | 10,000 | 133 | | |
| Common Stocks-Board Appraisal Method of Valuation | | | | | | | | | |
| Pro Golf International | Franchisor of Retail Golf Stores | | a & b | 71,733 | 3.000 | 187,725 | 215,199 | (43,040) | |
| Pro Golf. Com | Web Sales of Golf Equip | | a & b | 300,000 | 1.700 | 252,000 | 510,000 | (255,000) | |
| | Subtotal | | | | | 780,782 | 959,468 | (366,440) | |

Warrants and stock Options - Board Appraisal

Method of Valuation

| | | | | | | | | |
|----------------------------|---|----------|---|--------|-------|---------|---------|-----------|
| Williams Controls, Inc. | Manufacturer of sensors & control systems | 03/12/08 | b | 50,000 | | | | |
| Unaffiliated Companies | | | | | | | | |
| Common Stocks-Public | | | | | | | | |
| Market Method of Valuation | | | | | | | | |
| Vitro Diagnostics | Diagnostic test kits | | | 300 | 0.270 | 1,500 | 81 | - |
| Total All Companies | | | | | | 782,282 | 959,549 | (366,440) |

(a) No public market for this security

(b) Subject to Rule 144

The accompanying notes are an integral part of this financial statement

4.

ENERCORP, INC CONSENSUED STATEMENTS OF OPERATIONS (UNAUDITED)

| | Three months ended | | Six months ended | |
|---|--------------------|-------------|--------------------|--------------------|
| | 31-Dec-2004 | 31-Dec-2003 | <u>31-Dec-2004</u> | <u>31-Dec-2003</u> |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| Loss from sale of investments | 380,194 | 0 | 380,194 | 0 |
| Salary expense | 0 | 0 | 0 | 25,000 |
| Accounting and other professional fees | 5,240 | 4,806 | 11,460 | 7,818 |
| Legal fees | 26,983 | 137 | 42,612 | 176 |
| Management fees | 7,500 | 7,500 | 25,000 | 15,000 |
| Interest expense | 9,536 | 1,256 | 9,536 | 2,350 |
| Travel Expense | 2,853 | 0 | 3,285 | 0 |
| Other general and administrative expenses | 1,050 | 177 | 3,261 | 1,350 |
| | 433,356 | 13,876 | 475,348 | 51,694 |
| Net gain (loss) from operations before taxes | (433,356) | (13,876) | (475,348) | (51,694) |
| Income taxes | 0 | 0 | 0 | 0 |
| Net gain (loss) from operations after taxes | (433,356) | (13,876) | (475,348) | (51,694) |
| Net unrealized gain (loss) on investments before taxes | 168,964 | (59,180) | 77,138 | 126,372 |
| Income taxes | 0 | 0 | 0 | 0 |
| Net unrealized gain (loss) on investment after taxes | 168,964 | (59,180) | 77,138 | 126,372 |
| Increase (decrease) in net assets resulting from operations | (264,392) | (73,056) | (398,210) | 74,678 |
| | (\$0.380) | (\$0.105) | (\$0.572) | \$0.107 |

Increase (decrease) in net assets per
share

The accompanying notes are an integral part of this financial statement

5.

ENERCORP, INC STATEMENTS OF CASH FLOWS (UNAUDITED)

| | 31-Dec-2004 | 30-Jun-2004 |
|--|--------------|-------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | \$ (398,210) | \$ (27,200) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Loss on investments | 380,194 | 19,161 |
| Unrealized (gain) loss on investments | (77138) | (64,681) |
| (Increase) Decrease in other assets | (993) | 0 |
| Increase (Decrease) in accounts payable and accrued expenses | (213,917) | 57,519 |
| Increase (Decrease) in deferred taxes | 0 | 0 |
| Total adjustments | 88,146 | 11,999 |
| Net cash (used) by operating activities | (310,064) | (15,201) |
| Cash flows from investing activities: | | |
| Sale of investments | 50,000 | 0 |
| Net cash provided (used) by investing activities | 50,000 | 0 |
| Cash flows from financing activities: | | |
| Proceeds from notes payable | 325,000 | 15,000 |
| Payments of notes payable | (54,950) | |
| Net cash provided (used) by financing activities | 270,050 | 15,000 |
| Increase (Decrease) in cash | 9,986 | (201) |
| Cash, beginning of period | 417 | 618 |
| Cash, end of period | \$ 10,403 | \$ 417 |

The accompanying notes are an integral part of this financial statement

6.

ENERCORP, INC NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

6.1.

NOTE 1: INTERIM FINANCIAL STATEMENTS.

The accompanying consolidated financial statements of Enercorp, Inc and Subsidiaries (the Company) have been prepared by the Company without audit. In the opinion of the Company's management, the financial statements reflect all adjustments necessary to present fairly the results of operations for the three-month and six-month ended December 31, 2004 and 2003; the Company's financial position at December 31, 2004 and June 30, 2004; and the cash flows for the period ended December 31, 2004 and June 30, 2004. Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the Company's June 30, 2004 Form 10-KSB.

The results for the three-month and six-month ended December 31, 2004 are not necessarily indicative of future financial results.

6.2.

NOTE 2: INVESTMENTS RELATED PARTY.

Investments consist of holdings of securities in publicly and privately held companies. The Company holds its principal common stock investments in CompuSonics Video Corporation (9,501,751 shares), Ajay Sports, Inc. (110,785 common and 1,000 preferred shares), ProGolf.com (300,000 common shares) and Pro Golf International, Inc. (71,733 shares).

CompuSonics Video Corporation CPVD is one of the biggest investees of the Company. CPVD is a publicly held corporation, which specializes in licensing its patented technology related to audio and video analog-to-digital signal compression. CPVD is currently searching new business opportunities in presenting into the NAFTA market TreeSoft software used in electrical engineering. The Company owns 9,501,751 shares of CPVD, which were trading at \$0.024 per share at December 31, 2004. The Company is taking a 30% discount from the total FMV of this investment, based on its marketability and liquidity. The Company sold 500,000 shares of common stock of CPVD, on December 03, 2004. These shares were sold at a price of \$0.0294 per share. The Company recorded a profit of \$9,350 from the sale

of these shares.

One of the Company's investees is Ajay Sports, Inc (Ajay). Through its operating subsidiaries, including Pro Golf, Ajay is a franchisor of retail golf stores. The Company owns 110,785 shares of common stock of Ajay, which were trading at \$0.055 per share at December 31, 2004 and 1,000 shares of preferred stock of Ajay valued at \$0.133 per share at December 31, 2004. On December 3, 2004, the Company sold 200,000 shares of common stock of Ajay, and 1,000 shares of preferred stock of Ajay at prices respectively \$0.13 per share, and \$1.0 per share. The Company recorded respectively a loss of \$381,800 and \$9,000 from the sale of shares of common and preferred stock of Ajay.

One of the Company's other current investee is Pro Golf International, Inc. (PGI) a majority-owned subsidiary of Ajay Sports, Inc., which was formed during 1999, and owns 100 % of the issued and outstanding stock of Pro Golf of America, Inc. (PGoA) and a majority of the stock of ProGolf.Com, Inc. (PG.com). PGoA is the franchiser of Pro Golf Discount Retail Stores. The Board of Directors Fair valued the PGI investment at \$215,199 at December 31, 2004. A (20)% discount was taken based on marketability, liquidity and the progress of PGI and its wholly owned subsidiary Pro Golf of America, Inc. (PGoA), reducing the Net Fair Value of this investment to \$172,159. On December 3, 2004, the Company sold 2,767 shares of common stock of PGI at a price of \$3.0 per share, recording a gain of \$1,256 from this sale.

The beneficiary of shares of stock of investees involved in the four transactions above is Brian T. Donnelly, President of ProGolf of America and Ajay Sports, Inc. Terms and conditions of such transactios were approved by the Board of Directors comprised of a majority of independent directors.

ProGolf.Com, Inc. is a Company formed to help direct traffic to its franchise stores and to sell golf equipment and other golf-related products and services over the Internet. It is anticipated that traditional sales and distribution methods will be enhanced by the ProGolf.com Internet site. The Board of Directors fair valued the investment for 300,000 shares of PG.Com at \$510,000. After careful deliberation, the Board of Directors has agreed to take a (50)% discount, equaling \$255,000. The Company is using the total value of \$255,000 for this position.

6.3.

NOTE 3: CAPITAL STOCK TRANSACTIONS

The Company issued to various investors 369,318 shares of 6% Cumulative Convertible Preferred Stock, Par Value \$0.88/share, on August 2, 2004. The Company received \$325, 000 in cash for the newly issued Legended Preferred shares. The Legended Preferred shares were sold at a price of \$0.88/per share, convertible one for one to Common stock equal to the latest NAV (Net asset Value) per common share at day s end, June 30, 2004. The proceeds from this funding were used to pay off the majority of the Company s then outstanding long past due liabilities, pay the cost of the shareholder meeting, and provide working capital.

Due to a change in the record date forced by the Denver District Court, these investors were denied voting rights for the shareholder meeting held on February 1, 2005.

The Company had committed to these investors voting rights in recognition of the capital they had invested in the Company. Unable to do so, the Company s Board of Directors in agreement with the investing parties, converted the recently issued securities into secured debt of \$325,000. These notes are secured by all of the assets of Enercorp.

6.4.

NOTE 4: RELATED PARTY TRANSACTIONS

Consistent with its objective of long-term capital appreciation, a Business Development Company consults with its investees with respect to obtaining capital and offers managerial assistance to selected businesses that, in the opinion of the Company's Management, have a significant potential for growth. Therefore, this activity creates by definition related party transactions.

Enercorp has four main investees, CPVD, Ajay, PGI, and PG.com, which became part of its portfolio starting in mid 1980 s. Starting in 1990, Thomas W. Itin became involved in these four investees through officership and directorship positions. In April 2001 Itin became interim Chairman, President and CEO of Enercorp until the current Board of Directors was elected in September 2003. Itin then resigned from all his positions with Enercorp shortly after the current Board of Directors took over. He now acts only as a consultant to the Company, and actively assists the Board of Directors, using his extensive background in management of public companies including two current and two former investees of the Company.

CPVD is one of the largest investees of Enercorp. Itin is currently Chairman and CEO of CPVD, in which Itin holds a minority beneficial ownership. Itin is also Chairman of Ajay, Chairman and CEO of PGI, and Chairman and CEO of PG. com, the three other Enercorp investees. Itin may be deemed to have controlling interest in Ajay. Itin also may be deemed to have controlling interest in PGI and PG.com by reason of attribution.

Enercorp has an agreement with Acrodyne Corporation to pay a \$2,500 per month management fee for office space and services including accounting and financial reporting. As of December 31, 2004, balance of accrued fees due to Acrodyne Corporation was \$ 7,500. Mr. Itin has a minority interest in Acrodyne.

In August 2004, Enercorp paid off the note payable of \$54,950 to Dearborn Wheels, Inc,(DWI). Shirley B. Itin, wife of Itin has a minority interest in DWI.

6.5.

NOTE 5: CURRENT LIABILITIES

Note Payable Related Party owed to Dearborn Wheels, Inc was paid off in August 2004. This Note had an outstanding balance of \$54,950 as of June 30, 2004.

The Company has a secured debt of \$325,000 owed to several investors who initially invested their capital in the Company in exchange for the 369,318 shares of Legended Preferred Stock of the Company. These secured notes bear 7% interest rate, and are due within 90 days from the day of their issuance, August 2, 2004. Interest due on these notes totals \$9,563 and the notes are past due as of December 31, 2004. No payments have been made on the principal or interest of such notes.

The Company has a Note Payable to Yueh Yun Chang (a member of the Wen Group) in the face amount of \$ 30,000 (Note payable other). The note bears no interest. The Company has made no payments on this note. The note was due on June 12, 2002. The Company is past due on repayment of this note.

The balance of accounts payable and accrued liabilities includes trade payables of \$17,606, and \$9,536 of interest accrued on the secured notes. Trades payable includes mainly professional fees such as legal and accounting fees.

The Company used the proceeds invested in August 2004 from the investors to pay off the majority of then outstanding liabilities, including salary of \$145,000 owed to the former Chairman of the Company for the his three

years of service at Enercorp.

The Company paid \$80,000 and \$7,500 respectively in accrued management fees to Acrodyne in August 2004 and December 2004. The balance of \$7,500 at December 31, 2004 includes only the fees accrued for the three-month period ended December 31, 2004.

6.6.

NOTE 6: BOARD OF DIRECTORS CHANGES.

There are no changes in the Board of Directors as of the day of this report.

6.7.

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

6.7.1.

Material Changes in Financial Condition:

The Company's liquidity is affected primarily by the business success, securities prices and marketability of its investee companies and by the amount and timing of new or incremental investments it makes, as well as the availability of borrowing under its credit lines.

For the six-month period ending December 31, 2004, the investments value decreased by \$353,056. This change is due to partial sale of investments in, Ajay, CPVD, and PGI for the total proceeds of \$50,000, causing a decrease of approximately \$41,000 in total fair value of the Company's portfolio. The value of CompuSonics Video Corporation stock decreased from \$0.053 per share at June 30, 2004 to \$0.024 per share at December 31, 2004. Total net fair market value of CPVD common stock was \$159,600 at December 31, 2004. Fair value of PGI investment decreased from \$4.915 per share at June 30, 2004 to \$3.00 per share at December 31, 2004. Total net fair value of PGI investment was \$172,159 at December 31, 2004.

Current liabilities increased \$56,133 from June 30, 2004 to December 31, 2004. The Company received \$325,000 from various investors in exchange for 368,318 Legended Convertible Preferred shares of Company's stock, subsequently cancelled. (See Note: Capital Stock Transactions.). The Company used \$290,000 of the proceeds to pay outstanding liabilities in August 2004. The sale of some portfolio investments described in the above paragraph provided funds to defend the expensive lawsuit filed by the shareholder George Burmann, organize the annual meeting of the shareholders, solicitation regarding the proxy contest, management fees etc.

Net assets value decreased by \$398,210 from June 30, 2004 to December 31, 2004.

6.7.2.

Liquidity and Capital Resources.

The Secured Note due to several investors in the amount of \$325,000 is currently overdue. The Company's Board of Directors is considering selling additional shares of the Company's investment portfolio in order to generate sufficient cash to pay off its outstanding liabilities, and cover its operation costs, which increased significantly due to legal expenses, to two shareholder meetings costs, and the proxy contest initiated by Burmann.

The Company has an issued and outstanding promissory note of \$30,000 to Wen Group. The validity of the Wen Group claim is challenged and has been declared invalid due to the fact that the Wen Group did not fulfill requirements of its subscription agreement in 2001.

6.7.3.

Results of Operations. Three months ended December 31, 2004 compared to three months ended December 31, 2003.

The Company \$380,194 loss from sale of investments for the quarter ended December 31, 2004.

The Company recorded \$5,240 and \$4,806 of accounting and transfer agent expenses for the quarter ended December 31, 2004, and 2003, respectively. There is no significant change in these expenses for the periods reported upon.

The Company recorded \$26,983 compared to only \$137 in legal fees for the quarter ended December 31, 2004 and 2003, respectively. These legal expenses for the current period are due to the lawsuit filed against the Company by George Burmann.

The Company recorded \$7,500 in management fees due to Acrodyne for each of the quarters ended December 31, 2004 and 2003. Enercorp has an agreement with Acrodyne to pay a \$2,500 per month management fee for office space and services including accounting and financial reporting. Currently the Company has no full time employees.

The Company recorded \$9,536 of interest expense on the secured notes to the August 2004 investors, compared to \$1,256 of related parties interest expense recorded for the three months ended December 31, 2003. The increase is due to the secured notes of \$325,000. Interest on these notes is accrued based on a 7% rate per annum.

The Company recorded \$2,853 of travel expense for this quarter. This expense is due to the lawsuit filed against Enercorp by George Burmann.

The Company recorded other general and administrative expenses of \$1,050 and \$177 for the quarter ended December 31, 2004 and 2003, respectively. Other General and administrative expenses include telephone, postage, and other miscellaneous expenses. The increase in these expenses for the current quarter is mainly due to shipping and mailing costs incurred in relation with the annual shareholders meeting.

The Company recorded an unrealized gain on investments of \$168,964 and \$59,180 for the quarter ended December 31, 2004 and 2003, respectively. This is due to the decrease in fair value of the Company's investment in CPVD and PGI. The Board of Directors diligently reviews the values of the investments in privately held companies, PGI and PG.com. The values as of December 31, 2004 reflect the Board's valuation.

6.7.4.

Results of Operations. Six months ended December 31, 2004 compared to six months ended December 31, 2003.

The Company \$380,194 loss from sale of investments for the six month period ended December 31, 2004

The Company recorded \$0 and \$25,000 of salaries to Mr. Itin for the six-month period ended December 31, 2004 and 2003, respectively. Mr. Itin resigned from all the positions held with Enercorp, Inc on September 14, 2003.

The Company recorded \$11,460 and \$7,818 of accounting and stock transaction expenses for the six-month period ended December 31, 2004, and 2003, respectively. The increase in these expenses due to the stock transaction costs, billed by the transfer agent of the Company during the current period. These costs are related to the February 1, 2005 annual shareholders meeting.

The Company recorded \$42,612 and \$176 in legal fees for the six-month period ended December 31, 2004 and 2003, respectively. The legal expenses are due to the lawsuit filed against the Company by George Burmann.

The Company recorded \$25,000 and \$15,000 in management fees for the six-month period ended December 31, 2004 and 2003, respectively. The increase in such fees is due to a \$10,000 consulting fee paid to the former general manager of the Company for the month of August 2004. He was hired primarily to work on the Burmann lawsuit, and the shareholders meeting.

The Company recorded \$9,536 of interest expense on the secured notes to the August 2004 investors, compared to \$2,350 of related parties interest expense recorded for the six month period ended December 31, 2003. The increase is due to the secured notes of \$325,000. Interest on these notes is accrued based on a 7% rate per annum. The Company paid off the interest expense accrued on the related party notes payable in August 2004.

The Company recorded \$3,285 of travel expense for this six-month period. This expense is due to the lawsuit filed against Enercorp by Burmann.

The Company recorded other general and administrative expenses of \$ 3,261 and \$1,350 for the six-month period ended December 31, 2004 and 2003, respectively. Other General and administrative expenses include telephone, postage, and other miscellaneous expenses. The increase in these expenses for this current period is mainly due to printing, shipping and mailing costs incurred in relation with the two annual meetings of shareholders conducted on September 10, 2004 and February 1, 2005.

The Company recorded an unrealized gain on investments of \$77,138 and \$126,372 for the six-month period ended December 31, 2004 and 2003, respectively. This change is due to the decrease in fair value of the Company's investments in CPVD and PGI. The Board of Directors diligently reviews the fair values of investments in privately held companies, PGI and Pg.com. The values as of December 31, 2004 reflect the Board's valuation.

6.8.

ITEM 3: CONTROLS AND PROCEDURES.

Evaluation of Controls and Procedures

Company's Chief Executive Officer and Chief Financial officer have performed an evaluation of the Company's disclosure controls and procedures, as that term is defined in **Rules 13a-15(e) and 15d-15(e)** of the Securities and Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by the report and each has concluded that such disclosure controls and procedures are effective to ensure that the information required to be

disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission's rules and regulations.

Changes in Internal Controls

There have been no changes in the Company's internal control over financial reporting (as such term defined in **Rules 13a-15(f) and 15d-15(f)** under the Exchange Act) during the period ended December 31, 2004 to which this report relates that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

6.9.

PART II. OTHER INFORMATION

6.9.1.

Item 1. Legal Proceedings

Currently the Company is not involved in any legal proceedings. The legal case Burmann vs. Enercorp, Inc was settled early June, 2005. The Company was also a plaintiff in the legal case: First Equity Corporation, CompuSonics Video Corporation, and Enercorp, Inc vs. Target Holding B. V, a partnership(Target A), Target Holding B.V, a consummated Netherlands business entity (Target B), Senol Halfar, Dietgard Adrian, George Burmann, Dana Burmann, H.J Gullug, Halfar Consulting, and Gunnallen Financial, Inc. Effective July 1, 2005 Enercorp agreed to be dismissed as a co-plaintiff in that case

6.9.2.

Item 2. Changes in Securities

None

6.9.3.

Item 3. Defaults Upon Senior Securities

None

6.9.4.

Item 4. Submission of Matters to a Vote of Security Holders

On February 1, 2005 Enercorp held its 2004 Annual Meeting of Shareholders at its corporate headquarters in Farmington Hills, Michigan. Enercorp's management prevailed in the proxy solicitation initiated by George Burmann, a 6.5% Shareholder from Florida.. (See Attached Report on Form 8-K filed on February 2, 2005.)

The following proposals were submitted to a vote of security holders.

PROPOSAL NO. 1: to elect three Directors to serve until the next Annual Meeting of Shareholders and until their successors have been elected and qualified.

PROPOSAL NO. 2: to ratify the appointment of JL Stephan & Co. P.C. as the independent registered auditors of the Company for the fiscal year ended June 30, 2005. The fees paid to the independent registered auditors for the fiscal years ended June 30, 2002, 2003, 2004 are disclosed in the accompanied Proxy Statement in the section Proposal Number Two Ratification of the Appointment of the Company's Independent Registered Auditors . (Passage of this Proposal requires the affirmative vote of the majority of the Company's issued and outstanding shares entitled to vote on this Proposal.)

PROPOSAL NO. 3: to amend its Articles of Incorporation to reduce the voting requirement for approval of certain actions from two-thirds to a majority of the Common Stock and Preferred Stock entitled to vote on the action. (Passage of this Proposal requires the affirmative vote of two-thirds of the Company's issued and outstanding shares entitled to vote on this Proposal.)

PROPOSAL NO. 4: to authorize the Company to change the nature of its business and withdraw its status as a Business Development Company under the Investment Company Act of 1940, as amended. (Passage of this Proposal requires the affirmative vote of the majority of the Company's issued and outstanding shares entitled to vote on this Proposal.)

Such other business as may properly come before the Meeting, or any adjournment or adjournments thereof.

Shareholders approved Proposal 1. Reelected to the Board of Directors were James C. Sargent, an attorney and former U. S. Securities and Exchange (SEC) Commissioner and former Regional Administrator of the New York Regional Office of the SEC; Dr. Jeffrey E. Rautio of Livonia MI; and Salvatore M. Parlatore, MBA, Brand Manager, Whirlpool Corp. and a resident of Stevensville MI. These directors will serve the Company until their successors are duly elected and qualified.

Shareholders ratified appointment of Enercorp's independent auditors (Proposal 2), and disapproved amending the Company's Articles of Incorporation to require 50 percent shareholder approval for certain actions (Proposal 3). Shareholders also denied Management's request to withdraw from regulations as a Business Development Company (BDC) (Proposal 4).

6.10.

ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K

6.10.1.

Exhibits

None

6.10.2.

Form 8-K

None

6.11.

6.12.

SIGNATURE PAGE

Form 10-Q/A

For the quarter ended December 31, 2004

SIGNATURES

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

ENERCORP, INC

(Registrant)

By: /s/ James C. Sargent

James C. Sargent

Chairman, President and CEO

Date: September 28, 2005

7.

CERTIFICATION PURSUANT TO 18 USC, SECTION 1350, AS ADOPTED
PURSUANT TO SECTIONS 302 AND 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enercorp, Inc. (the "Company") on Form 10-Q/A for the quarter ended December 31, 2004(the "Report"), as filed with the Securities and Exchange Commission on the date hereof, we, James C. Sargent, President and Majlinda Xhuti, Chief Financial Officer of the Company, certify to the best of our knowledge, pursuant to 18 USC 1350, as adopted pursuant to Sec.302 and promulgated as 18 USC 1350 pursuant to Sec.906 of the Sarbanes-Oxley Act of 2002, that:

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- The Report referenced above has been read and reviewed by the undersigned.
- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
- The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.
- Based upon our knowledge, the Report referenced above does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading.
- Based upon our knowledge, the financial statements, and other such financial information included in the Report, fairly present in all material respects the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.
- We acknowledge that the Chief Executive Officer and Chief Financial Officer:

1)

are responsible for establishing and maintaining "disclosure controls and procedures" for the Company; have designed such disclosure controls and procedures to ensure that material information is made known to us, particularly during the period in which the Report was being prepared;

2)

have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by the Report; and

3)

have presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation.

4)

have disclosed to the issuer's auditors and to the audit committee of the Board of Directors of the Company (or persons fulfilling the equivalent function):

(a)

all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(b)

any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and

- have indicated in the Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/James C. Sargent

Chairman, President and CEO

/s/ Majlinda Xhuti

Chief Financial Officer

Dated: September 28, 2005