ENERCORP INC
Form 10-Q/A
December 07, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

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

For the Quarterly Period Ended **March 31, 2006**

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 0-9083

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) **Yes No X**

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The number of shares outstanding of the registrant s common stock as of December 7, 2006 was 695,897.

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Explanatory Note

The Company is filing this amended Form 10-Q/A to make the following changes to its March 31, 2006 Form 10-Q .

Item 1. Financial Statements

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Revised the presentation and disclosure to comply with the requirements of Reg. S-X, and the Audit and Accounting Guide for Investment Companies.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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Revised the presentation of the financial data to be consistent with the financial statement presentation which was changed to comply with the requirements of the Reg. S-X, and the Audit and Accounting Guide for Investment Companies.

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Item 4. Controls and Procedures

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Revised to include the auditor s reportable conditions, and other deficiencies in the internal controls.

Certifications

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Revised to comply with the requirements of the Sections 302 and 906 of the Sarbanes Oxley Act of 2002

With the exception of the foregoing, no other changes have been made to the Company s financial statements or schedules of investments and this Form 10-Q/A does not reflect events occurring subsequent to the date of the filing of the original 10-Q or amend or update other disclosures therein.

PART I

Item 1 Financial Statements

Enercorp, Inc.

Statements of Net Assets

	March 31, 2006 (Unaudited)	June 30, 2005
Assets		
Investments, at fair value, cost of $782,282 at March 31, 2006 and June 30, 2005 (see the investments schedules)	$ 409,874	$ 470,584
Cash	887	- -
Prepaid Insurance	1,618	- -
Total Assets	412,379	470,584
Liabilities		
Current Liabilities		
Notes payable	355,000	355,000
Notes payable related party	51,636	24,000
Accounts payable and accrued liabilities	15,727	12,999
Accrued management fees-related party	45,000	22,500
Interest payable	40,455	21,413
Total Liabilities	507,818	435,912
Net Assets	(95,439)	34,672
Analysis of Net Assets		
Common stock, no par value: 10,000,000 shares authorized, 695,897 shares issued and outstanding at March 31, 2006 and June 30, 2005.	1,888,251	1,888,251
Accumulated undistributed loss	(1,983,690)	(1,853,579)
Net assets (equivalent to $(0.14) and $0.05 per share based on 695,897 shares of capital stock outstanding)	$ (95,439)	$ 34,672

See accompanying notes to financial statements

Enercorp, Inc.

Schedule of Investments at March 31, 2006 (Unaudited)

Affiliated Companies	Description of Business	ExpirationDate	Restrictions	No of Shares	Price per share	Cost/Equity	Value before discount	Discount	Fair valu
Common Stocks-Public Market Method of Valuation									
CompuSonics Video	Software distribution &			1,751	$ 0.004	$ -	$ 7	$ -	$
	Patent Technology			9,500,000	0.004	101,650	38,000	(11,400)	26,
Ajay Sports Inc.	Franchisor of Retail Golf Stores			94,118	0.040	191,907	3,765	-	3,
				16,667	0.040	37,500	667	-	
Preferred Stocks-Public Market Method of Valuation									
Ajay Sports Inc.	Franchisor of Retail Golf Stores			1,000	0.097	10,000	97	-	
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)	172,
Pro Golf. Com	Web Sales of Golf Equip		a & b	300,000	1.377	252,000	413,100	(206,550)	206,
	Subtotal					780,782	670,835	(260,990)	409,
Warrants and stock Options Valuation		Board Appraisal Method of							
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	0.098	1,500	29	-	

Total All Companies	$ 782,282	$ 670,864	$(260,990)	$ 409,[illegible]

(a) No public market for this security

(b) Subject to Rule 144

See accompanying notes to financial statements

Enercorp, Inc.

Schedule of Investments at June 30, 2005

Affiliated Companies	Description of Business	Expiration Date	Restrictions	No of Shares	Price per share	Cost/Equity	Value before discount	Discount	Fair Value
Common Stocks-Public Market Method of Valuation									
CompuSonics Video	Software distribution &			1,751	$ 0.009	$ -	$ 16	$ -	$ 16
	Patent Technology			9,500,000	0.009	101,650	85,500	(25,650)	59,850
Ajay Sports Inc.	Franchisor of Retail Golf Stores			94,118	0.040	191,907	3,765	-	3,765
				16,667	0.040	37,500	667	-	667
Preferred Stocks-Public Market Method of Valuation									
Ajay Sports Inc.	Franchisor of Retail Golf Stores			1,000	0.097	10,000	97	-	97
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)	172,159
Pro Golf. Com	Web Sales of Golf Equip		a & b	300,000	1.560	252,000	468,000	(234,000)	234,000
	Subtotal					780,782	773,244	(302,690)	470,554
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	0.100	1,500	30	-	30

Total All Companies	$ 782,282	$ 773,274	$(302,690)	$ 470,584

(a) No public market for this security

(b) Subject to Rule 144

See accompanying notes to financial statements

Enercorp, Inc.
Unaudited Statements of Changes in Net Assets

	Nine-months ended March 31,	
	2006	2005
Increase (decrease) in net assets from operations:		
Net investment loss	$(69,402)	$(126,485)
Net realized loss from investments	-	(380,194)
Unrealized appreciation (depreciation) on investments	(60,709)	2,811
Net decrease in net assets resulting from operations	(130,111)	(503,868)
Net assets:		
Beginning of the period	34,672	613,072
End of period	$(95,439)	$109,204

See accompanying notes to financial statements

Enercorp, Inc.

Unaudited Statements of Operations

	Three-months ended March 31,		Nine-months ended March 31,	
	2006	2005	2006	2005
Investment income				
Miscellaneous income	$ 917	$ -	$ 5,365	$ -
Expenses				
Legal, accounting and other professional fees	4,605	15,004	30,874	69,075
Management fees -related	7,500	7,500	22,500	32,500
Interest expense -related	878	-	1,965	-
Interest expense	5,609	5,610	17,078	15,146
Travel expense	-	-	-	3,285
Other general and administrative expenses	967	3,218	2,350	6,479
Total expenses	19,559	31,332	74,767	126,485
Investment loss before income tax expense	(18,642)	(31,332)	(69,402)	(126,485)
Income tax expense	-	-	-	-
Net investment loss	(18,642)	(31,332)	(69,402)	(126,485)
Realized and unrealized gain (loss) from investments				
Realized loss on investments	-	-	-	(380,194)
Net increase (decrease) in unrealized appreciation (depreciation) on investments	(22,044)	(74,327)	(60,709)	2,811
Income tax expense	-	-	-	-
Net realized and unrealized loss from investments	(22,044)	(74,327)	(60,709)	(377,383)
Net decrease in net assets resulting from operations	(40,686)	(105,659)	(130,111)	(503,868)
Decrease in net assets per share	$ (0.058)	$ (0.152)	$ (0.187)	$ (0.724)

See accompanying notes to financial statements

Enercorp, Inc.

Unaudited Statements of Cash Flows

	Nine-months ended March 31, 2006	Nine-months ended March 31, 2005
Operating activities:		
Net decrease in net assets from operations	$ (130,111)	$ (503,868)
Adjustments to reconcile net decrease in net assets to net cash used in operating activities:		
Sale of investments	-	50,000
Loss on sale of investments	-	380,194
Unrealized loss (gain) loss on investments	60,709	(2,811)
Increase in other assets	(1,618)	(248)
Increase (decrease) in accounts payable		
and accrued expenses	44,271	(193,132)
Total adjustments	103,362	234,003
Net cash used in operating activities	(26,749)	(269,865)
Financing activities		
Proceeds from notes payable	27,636	325,000
Payments of notes payable	-	(54,950)
Net cash provided by financing activities	27,636	270,050
Net increase in cash	887	185
Cash, beginning of period	-	417
Cash, end of period	$ 887	$ 602

See accompanying notes to financial statements

Enercorp, Inc

Notes to the Financial Statements

Note 1: Financial Statements.

The financial data presented herein is unaudited, but in the opinion of management reflect those adjustments necessary for a fair presentation of the results of operations and financial condition of Enercorp, Inc. Results of interim periods should not be considered indicative of results for a full year. Reference should be made to the financial statements contained in our Annual Report on Form 10-K/A for the year ended June 30, 2005. For purposes of this report, "Enercorp", the "Company", "we", "our", "us" or similar references mean Enercorp, Inc., unless the context requires otherwise. Certain prior period amounts have been reclassified to conform to current period presentation.

Note 2: Related Party Investments

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 a publicly held corporation, which develops, markets and services computer software that assists customers in managing and developing their business and controlling their operations. CPVD S software targets the small business markets for CRM, ERP and E-CAD software and related services. CPVD also maintains an intellectual property business through its ownership of several patents in the field of audio and video data digitalization and compression. The Company owns 9,501,751 shares of CPVD, which were trading at $0.004 per share at March 31, 2006.

Ajay Sports, Inc (Ajay) is a franchisor of retail golf stores through its operating subsidiaries which includes Pro Golf of America. The Company owns 110,785 shares of common stock of Ajay, which were trading at $0.04 per share at March 31, 2006 and 1,000 shares of preferred stock of Ajay valued at $0.097 per share at March 31, 2006.

Pro Golf International, Inc. is 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. and a majority of the stock of ProGolf.Com, Inc. ProGolf of America is the franchisor of Pro Golf Discount Retail Stores. The Board of Directors determined that the fair value of the ProGolf International, Inc. investment would be $172,159 at March 31, 2006.

ProGolf.Com, Inc. is a Company formed to help direct traffic to its franchise stores and to sell golf equipment, other golf-related products and services over the Internet. The ProGolf.com Internet site is becoming more popular and helped increase the sales of golf equipment during the past year. The Board of Directors determined that the fair value of the 300,000 shares of ProGolf.Com is $206,550 at March 31, 2006.

Item 1. Financial Statements (Continued)

Note 3: 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, by definition, this activity creates related party transactions.

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. The balance of accrued fees due to Acrodyne Corporation was $45,000 as of March 31, 2006. Acrodyne and Enercorp share the same office space.

Enercorp borrowed $23,636 from First Equity Corporation and $4,000 from Quorum Capital, Inc. during the nine-month period ended March 31, 2006. Terms and conditions of these notes were approved by the independent board of directors of Enercorp. First Equity Corporation and Quorum Capital, Inc. share the same office space with Enercorp.

Note 4: Liabilities

The following schedule represents the Company s liabilities as of March 31, 2006 and June 30, 2005:

	March 31, 2006	June 30, 2005
Notes Payable		
Notes Payable-Current Notes	325,000	325,000
Note Payable-Wen Group	30,000	30,000
	355,000	355,000
Notes Payable - Related Party		
NP-TICO	14,000	14,000
Note Payable-First Equity Corporation	23,636	-
Note Payable-Quorum Capital	14,000	10,000
	51,636	24,000
Accounts Payable	15,727	12,999
Accrued Management Fees - Acrodyne	45,000	22,500
Interest Payable		
Interest Payable-Quorum Capital	1,301	573
Interest Payable-TICO	757	22
Interest Payable-First Equity Corporation	501	-
Interest Payable-Current Notes	37,896	20,818
	40,455	21,413

Item 1. Financial Statements (Continued)

The notes payable of $325,000 rising from the conversion of preferred stock to secured debt are short term notes at 7% interest. The creditors related to these notes have not demanded any payments on the notes nor the interest accrued on the notes. These investors are willing to extend the terms of the notes, or convert the notes to equity.

The Company has a note payable to the Wen Group in the face amount of $30,000 with no interest. No payments have been made on this note. The Company has contested the validity of this note as there has been no contact made with the Wen Group over the past five years.

The notes payable to related parties are all short term notes at 7% interest. Related parties have continuously supported the operations of Enercorp by extending the terms of the notes, and/or lending additional funds to Enercorp.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.

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.

During the nine-month period ending March 31, 2006, the investments value decreased by $60,709. This change is mainly due to the decrease in trading value of investments in CPVD and Ajay. At March 31, 2006, the total fair value of investment in CPVD common stock was $26,607 whereas the total value of investment in Ajay was $4,529. The ProGolf.com investment decreased slightly from $1.56 per share at June 30, 2005 to $1.377 per share at March 31, 2006. The total fair value of the ProGolf.com investment was $206,550 and $234,000 at March 31, 2006 and June 30, 2005, respectively.

Current liabilities increased by $71,906, and net assets decreased by $130,111 during the nine-month period ended March 31, 2006.

Liquidity and Capital Resources.

Currently, the Company's investment activity and operations are restricted by its limited working capital position. Capital required for the Company's investment activities, if available, would be generated from new investments, the sale of portfolio securities or from additional offerings of the Company's restricted and legended common stock, of which there can be no assurance of success in any such efforts. The ability of the Company to sell restricted portfolio held securities is dependent on market conditions over which the Company has no control. The Company had no material commitments for capital expenditures, as of March 31, 2006.

Item 2. Management s Discussions and Analysis (Continued)

Results of Operations
Three-months ended March 31, 2006 compared to three-months ended March 31, 2005.

The Company had a net investment loss of $18,642 for the three-month period ended March 31, 2006 as compared to a net investment loss of $31,332 for the three-month period ended March 31, 2005. The decrease in investment losses for the three-month period ended March 31, 2006 is mainly due to the decrease in professional fees, including legal expenses.

Professional expenses were $4,605 and $15,004 for the three-month period ended March 31, 2006, and 2005, respectively. The decrease is mainly due to a decrease in legal fees. Also, other general and administrative expense decreased from $3,218 for the three-month period ended March 31, 2005 to $967 for the three-month period ended March 31, 2006. This change was mainly due to shareholders meeting expenses incurred in early 2005.

The Company had a $22,044 and $74,327 decrease in unrealized appreciation (deprecation) on investments for the three-month period ended March 31, 2006 and 2005, respectively. The change is mainly due to the decrease in the fair value of the CPVD and Ajay investments during these periods.

The Company had a $0.058 and $0.152 decrease in net assets per share for the three-month period ended March 31, 2006 and 2005, respectively. The change is mainly due to the decrease in unrealized losses on investments for this period, and the decrease in legal expenses.

Results of Operations
Nine-months ended March 31, 2006 compared to nine-months ended March 31, 2005.

The Company had a net investment loss from of $69,402 for the nine-month period ended March 31, 2006 as compared to a net investment loss of $126,485 for the nine-month period ended March 31, 2005, which was mainly due to the decrease in professional fees, including legal expenses.

Professional expenses were $30,874 and $69,075 for the nine-month period ended March 31, 2006, and 2005, respectively. The decrease is mainly due to a decrease in legal fees. Also, other general and administrative expenses were $2,350 for the nine-months ended March 31, 2005, a decrease of $4,129 from the same period last year. This was mainly due to shareholder meeting expenses incurred in early 2005.

For the nine-month period ended March 31, 2006, net increase (decrease) in unrealized appreciation (depreciation) on investments were $(60,709) compared to $2,811 for the same period last year. The change is mainly due to the decrease in the fair value of investments in CPVD and Ajay during the nine-months ended March 31, 2006.

Net assets per share decreased by $0.187 and $0.724 for the nine-months ended March 31, 2006, and 2005, respectively. This improvement is mainly due to the fact that securities were sold at a loss during the nine-months ended March 31, 2005.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There is no material change in the information reported under Part II, Item 7 of our 2005 10-K/A Report.

Item 4. Controls and Procedures.

Evaluation of Controls and Procedures

The Company s Chief Excecutive 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 March 31, 2006, and each has concluded that such disclosure controls and procedures are not 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.

In connection with its audit of the Company s consolidated financial statements as of and for the year ended June 30, 2005, the Company s auditor advised the Company s management and its Board of Directors that it had identified significant deficiencies which were designated as reportable conditions