

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.**

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(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.

## Table of Contents

- 1. ENERCORP, INC STATEMENTS OF ASSETS & LIABILITIES
- 2. ENERCORP, INC, SCHEDULE OF INVESTMENTS AT JUNE 30, 2004
- 3. ENERCORP, INC SCHEDULE OF INVESTMENTS AT DECEMBER 31, 2004 (UNAUDITED)
- 4. ENERCORP, INC CONSENSUED STATEMENTS OF OPERATIONS (UNAUDITED)
- 5. ENERCORP, INC STATEMENTS OF CASH FLOWS (UNAUDITED)
- 6. ENERCORP, INC NOTES TO CONDENSED FINANCIAL STATEMENTS
  - ◆ 6.7. ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.
  - ◆ ITEM 3: CONTROLS AND PROCEDURES.
  - ◆ PART II. OTHER INFORMATION
    - ◇ 6.9.1. Item 1. Legal Proceedings
    - ◇ 6.9.2. Item 2. Changes in Securities
    - ◇ 6.9.3. Item 3. Defaults Upon Senior Securities
    - ◇ 6.9.4. Item 4. Submission of Matters to a Vote of Security Holders
  - ◆ 6.10. ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K
  - ◆ SIGNATURE PAGE
- 7. CERTIFICATION PURSUANT TO 18 USC, SECTION 1350, AS ADOPTED PURSUANT TO SECTIONS 302 AND 906 OF THE SARBANES-OXLEY ACT OF 2002

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
<b>LIABILITIES AND NET ASSETS</b>		
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

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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.	Golf & 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)	
	<b>Subtotal</b>					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	-
<b>Total All Companies</b>						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 transactions 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.