

ENERCORP INC
Form 10-Q
January 14, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended **December 31, 2007**

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

(I.R.S. Employer

incorporation or organization)

Identification Number)

23399 Commerce Drive Suite B-1

Farmington Hills, MI 48335

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(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**
No

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

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

The number of shares outstanding of the registrant's common stock as of December 31, 2007 was 695,897.

PART I**Item 1: Financial Statements****Enercorp, Inc.****Statements of Net Assets**

ASSETS	December 31, 2007 (Unaudited)	June 30, 2007
Investments, at fair value, as determined by the Board of Directors, cost of \$7,750 at both December 31, 2007 and June 30, 2007	\$ 5,372	\$ 5,351
Cash	410	190,370
Prepaid expenses	6,651	884
Total assets	12,433	196,605
 LIABILITIES		
Note payable	325,000	325,000
Note payable-related parties	85,032	151,964
Accounts payable and accrued liabilities	10,151	19,443
Accrued management fees-related party	-	67,500
Interest payable -related parties	4,543	13,687
Interest payable - other	77,786	66,318
Total liabilities	502,512	643,912
Commitments and contingencies	-	-
NET ASSETS	(490,079)	(447,307)
 ANALYSIS OF NET ASSETS:		
Common stock, no par value: 10,000,000 shares authorized 695,897 shares issued and outstanding at December 31, 2007 and June 30, 2007.	1,888,251	1,888,251
Preferred stock, no par value, 1,000,000 shares authorized, zero issued and outstanding	-	-
Accumulated deficit	(2,375,951)	(2,333,158)
Net unrealized depreciation on investments	(2,379)	(2,400)

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Net assets (equivalent to \$(0.70) and \$(0.64) per share based on 695,897 shares of common stock outstanding)	\$ (490,079)	\$ (447,307)
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See accompanying notes to unaudited financial statements

Enercorp, Inc.**Schedule of Investments as of December 31, 2007****(Unaudited)**

Description of Business		No of Shares	Price per Share	Cost/ Equity	Value before Discount	Discount	Fair Value
Affiliated Companies							
Common Stocks-Public Market Method of Valuation							
CompuSonics	Computer Software		\$	\$	\$	\$	\$
Video Corporation	Product & Web Site Development	1,751	0.001	-	2	(1)	1
		9,500,000	0.001	7,600	13,300	(7,980)	5,320
				7,600	13,302	(7,981)	5,321
Unaffiliated Companies							
Common Stocks-Public Market Method of Valuation							
Vitro Diagnostics, Inc.	Diagnostic test kits	300	0.170	150	51		51
Total All Companies				\$	\$	\$	\$
				7,750	13,353	(7,981)	5,372

See accompanying notes to unaudited financial statements

Enercorp, Inc.**Schedule of Investments as of June 30, 2007**

Description of Business	No of Shares	Price per Share	Cost/Equity	Value before Discount	Discount	Fair Value
Affiliated Companies						
Common Stocks-Public Market Method of Valuation						
CompuSonics Video Corporation	1,751	\$ 0.001	\$ -	\$ 2	\$ (1)	1
Computer Software Product & Web Site Development	9,500,000	0.001	7,600	13,300	(7,980)	5,320
			7,600	13,302	(7,981)	5,321
Unaffiliated Companies						
Common Stocks-Public Market Method of Valuation						
Vitro Diagnostics, Inc.	300	0.100	150	30	-	30
Total All Companies			\$ 7,750	\$ 13,332	\$ (7,981)	\$ 5,351

See accompanying notes to unaudited financial statements

Enercorp, Inc.**Statements of Changes in Net Assets (Unaudited)**

	Six months ended December 31, 2007	Six months ended December 31, 2006
Decrease in net assets from operations:		
Net investment loss	\$ (42,793)	\$ (81,375)
Net realized gain (loss) from investments	-	-
Net increase (decrease) in unrealized appreciation (depreciation) on investments	21	39,995
Net decrease in net assets resulting from operations	(42,772)	(41,380)
Net assets		
Beginning of the period	(447,307)	(370,515)
End of the period	\$ (490,079)	\$ (411,895)

See accompanying notes to unaudited financial statements

Enercorp, Inc.**Statements of Operations (Unaudited)**

	Three months ended December 31,		Six months ended December 31,	
	2007	2006	2007	2006
REVENUES				
Consulting income-related party	\$ -	\$ 20,000	\$ -	\$ 32,500
Sales commissions	-	-	-	1,670
Miscellaneous income	-	-	236	-
Total revenues	-	20,000	236	34,170
EXPENSES				
Officer compensation	-	30,000	10,000	60,000
Legal, accounting & other professional fees	450	18,038	1,035	18,410
Management fees-related party	7,500	7,500	15,000	15,000
Interest expense-other	5,735	5,735	11,469	11,379
Interest expense- related party	1,499	2,505	3,231	5,011
Other general & administrative expenses	1,173	2,902	2,294	5,745
Total expenses	16,357	66,680	43,029	115,545
Investment loss before income tax expense	(16,357)	(46,680)	(42,793)	(81,375)
Income taxes expense	-	-	-	-
Net investment loss	(16,357)	(46,680)	(42,793)	(81,375)
Net increase (decrease) in unrealized appreciation (depreciation) on investments, net of \$0 taxes	42	30,500	21	39,995
Net decrease in net assets resulting from operations	(16,315)	(16,180)	(42,772)	(41,380)
Decrease in net assets per share	\$ (0.023)	\$ (0.023)	\$ (0.061)	\$ (0.059)
Weighted average shares outstanding	695,897	695,897	695,897	695,897

See accompanying notes to unaudited financial statements

Enercorp, Inc.**Statements of Cash Flows (Unaudited)**

	Six Months Ended December 31, 2007	Six Months Ended December 31, 2006
Cash flows from operating activities:		
Net decrease in net assets resulting from operations	\$ (42,772)	\$ (41,380)
Adjustments to reconcile net decrease in net assets to net cash provided by (used in) operating activities:		
Net change in unrealized appreciation (depreciation) on investments	(21)	(39,995)
Increase in other assets	(5,767)	(1,918)
Increase (decrease) in accounts payable and accrued expenses	(74,468)	86,492
Total adjustments	(80,256)	44,579
Net cash provided by (used in) operating activities	(123,028)	3,199
Cash flows from financing activities:		
Proceeds from notes payable	-	2,828
Payments of notes payable	(66,932)	(2,500)
Net cash provided by (used in) financing activities	(66,932)	328
Increase (decrease) in cash	(189,960)	3,527
Cash, beginning of period	190,370	1,100
Cash, end of period	\$ 410	\$ 4,627

See accompanying notes to unaudited financial statements

Enercorp, Inc.

Notes to the Unaudited 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 for the year ended June 30, 2007. For purposes of this report, "Enercorp", the "Company", "we", "our", "us" or similar references mean Enercorp, Inc., unless the context requires otherwise.

Note 2. Investments

Existing Investments

The Company owns 9,501,751 shares of a related party, CompuSonics Video Corporation (CPVD), which were trading publicly at \$0.001 per share as of December 31, 2007. Subsequent to December 31, 2007, this investment was trading at \$0.0008 per share. Management deemed this decline to be permanent. This investment has been permanently written down by \$94,050 to reflect the significant decline in its fair market value. Mr. Parlatore, director of the Company, is also a member of the Board of Directors of CPVD.

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 Company paid \$86,500 of management fees to Acrodyne Corporation during the six-month period ended December 31, 2007, which included \$4,000 of prepaid management fees and \$82,500 of accrued management fees. Acrodyne and Enercorp share the same office space and have common ownership.

Enercorp made \$2,689 and \$7,000 of interest and principal payments, respectively, on the note payable to Quorum Capital, Inc. during the six-month period ended December 31, 2007. Also, Enercorp made interest payments of \$1,981 to TICO, a Michigan partnership, \$2,567 to First Equity Corporation. Terms and conditions of these notes were approved by the independent board of directors of Enercorp. All of the above related companies share the same office space with Enercorp and have common ownership.

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In addition, Enercorp made interest and principal payments of \$5,138 and \$59,932, respectively, on the note payable to Brett Homovec during the six month period ended December 31, 2007. The Company recorded a \$90,000 note payable to Brett Homovec for the services rendered during the year ended June 30, 2006. Mr. Homovec was serving as an independent consultant before his election as President and COO of the Company on June 30, 2006. Currently, he only serves on the Board of Directors. This note bears interest at 7%, and is payable on demand.

Note 4: Liabilities

The following schedule represents detailed liabilities as of December 31, 2007 and June 30, 2007:

	December 31, 2007	June 30, 2007
Notes payable	\$ 325,000	\$ 325,000
	325,000	325,000
Notes payable Related		
Note payable-TICO	14,000	14,000
Note payable-First Equity Corporation	23,636	23,636
Note payable-Quorum Capital	19,829	26,828
Note payable-Brett Homovec	27,567	87,500
	85,032	151,964
Accounts payable	10,151	19,443
Accrued management fees-Acrodyne	-	67,500
Interest payable		
Interest payable-Quorum Capital	1,069	2,976
Interest payable-TICO	494	1,982
Interest payable-First Equity Corporation	834	2,567
Interest payable - Brett Homovec	2,146	6,162
Interest payable-Current	77,786	66,318
	\$	