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ENERCORP INC
Form 10QSB
February 12, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

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

For the quarter ended September 30, 2002

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES
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) (IRS Employer Identification Number)

32751 Middlebelt Road, Suite B
Farmington Hills, Michigan 48334

(Address of principal executive offices) (Zip Code)

(248) 851-5651
(Registrant's telephone number, including area code)

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Number of shares of common stock outstanding at January 30, 2002 : 695,897

Enercorp, Inc.

Form 10-QSB Filing for the First Quarter Ended September 30, 2002

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Enercorp, Inc. Statements of Assets and Liabilities

	September 30 2002 (Unaudited)	June 30 2002
	-----	-----
ASSETS		
Investments, at fair value, cost of \$1,231,638 And \$1,231,638 at September 30, 2002 and June 30, 2002	\$ 733,576	\$1,045,842
Cash	114	1,123
Furniture and fixtures, net of accumulated depreciation of \$11,736 at Sept. 30, 2002 and 11,736 at June 30, 2002 respectively	0	0
Other assets	0	0
	-----	-----
	\$ 733,690	\$ 1,046,965
	=====	=====
LIABILITIES AND NET ASSETS		
Liabilities		
Note payable-Related Party	\$ 27,000	\$27,000
Note payable-Wen Group	30,000	30,000
Accounts payable and accrued liabilities	13,527	12,549
Accounts Payable-Related Party	61,034	22,853
	-----	-----
	131,562	92,403
	-----	-----

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Net assets

Common stock, no par value: 10,000,000 shares authorized, 695,897 shares issued and outstanding at September 30, 2002 and June 30, 2002	1,888,251	1,888,251
Preferred stock, no par value: 1,000,000 shares authorized, -0- issued and outstanding	-0-	-0-
Accumulated deficit	(788,060)	(747,893)
Unrealized net loss on investments, net of deferred income taxes at September 30, and June 30, 2002	(498,062)	(185,796)
	-----	-----
	602,129	954,562
	-----	-----
	\$ 733,690	\$ 1,046,965
	=====	=====

See notes to financial statements

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Enercorp, Inc.
Schedule of Investments
September 30, 2002 (Unaudited)

Affiliated Fair Mkt Companies Value	Description of Business Discount	Expir. Net Fair Date Market Value	No. of Shares	Share Price	Cost Equity
Common Stocks-Public Market Method of Valuation					

CompuSonics Video Corp	Digital Video Product & Web		1,751	0.01	
18		18			
100,000	Site Dev. (30,000)	70,000	10,000,000	0.01	106,477
Ajay Sports, 5,588	Golf & Casual	5,588	294,118	0.019	600,000
	Furniture Manufacturer		16,667	0.019	37,500
317		317			
Preferred Stocks-Public Market Method of Valuation					

Ajay Sports, 38	Golf & Casual	38	2,000	0.019	20,000
	Furniture Manufacturer				
Common Stocks-Board Appraisal Method of Valuation					

Pro Golf 447,000	Franchisor of (89,400)	a & b 357,600	7,450		195,000
Intern'l	Retail Golf Stores				
ProGolf.com,	Web Sales of	a & b	300,000	2.5	252,000

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750,000	(450,000)	300,000	
Inc.	Golf Equipment		

	Subtotal		\$1,210,977
1,302,960	(569,400)	733,560	

Warrants and Stock Options-Board Appraisal Method of Valuation

CompuSonics	Digital Video			
Video	Product			
Corporation			300,000	
Williams	Manuf. Of Sensors &			
Controls,	Control Systems			
Inc.		08/04/04 b	25,000	
		05/03/05 b	25,000	
		09/13/06 b	50,000	
		03/12/06 b	50,000	
		10/02/08 b	50,000	

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Unaffiliated Companies
Common Stocks-Public Market Method of Valuation

Vitrio Diagnostics		300	.05	1,500
15	15			
Proconnexions, Inc.-Sports Memor'blia	a	191,610	-	19,161

Total All Companies				\$1,231,638
\$1,302,975	(569,400)	733,575		

- a No public market for this security
- b Subject to Rule 144

See notes to financial statements

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Enercorp, Inc.
Schedule of Investments
June 30, 2002

Affiliated	Description	No. of	Share	Cost	Fair Mkt
Companies	Net Fair	Shares	Price	Equity	Value
Discount	of Business Restrictions Market Value				

CompuSonics	Video				
Corp	Digital Video				
	Product & Web	1,751			96
	96				
		10,000,000	\$0.055	106,477	550,000

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(165,000)	385,000					
Ajay Sports,	Golf & Casual	294,118	\$0.055	600,000		2,941
	2,941					
	Furniture					
	Manufacturer	16,667	\$0.01	37,500		167
	167					
Preferred Stocks-Public Market Method of Valuation						
=====						
Ajay Sports,	Golf & Casual	2,000		20,000		20
	20					
Common Stocks-Board Appraisal Method of Valuation						

Pro Golf	Franchisor of	a & b	7,450	195,000		447,000
(89,400)	357,600					
Intern'l	Retail Golf Stores					
ProGolf.com,	Web Sales of	b	300,000	2.5	252,000	750,000
(450,000)	300,000					
Inc.	Golf Equipment					

	Subtotal			\$1,210,977		1,750,224
(694,400)	1,045,824					
Unaffiliated Companies						
Common Stocks-Public Market Method of Valuation						

Vitrio Diagnostics		300		1,500		170
	170					
Proconnections, Inc.-Sports Memor'blia		191,610		19,161		

Total All Companies				\$1,231,638	\$1,750,242	\$(694,400) \$1,045,
=====						

- a No public market for this security
- b Subject to Rule 144

See notes to financial statements

Enercorp, Inc.
Statements of Operations
(Unaudited)

	For the three Months ended,	
	Sept 30,2002	Sept 30,2001
	-----	-----
REVENUES		
Interest Income	\$ -0-	\$ -0-
Interest income from related entities	-0-	-0-
Consulting fees from related companies	-0-	-0-
Net realized gain on sale of investments	-0-	-0-
Divided income form affiliated company	-0-	-0-
Miscellaneous Income	-0-	2,175
	-----	-----

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	-0-	2,175
	-----	-----
EXPENSES		
Salaries - officer	30,000	-0-
Bonus expense - officer	-0-	-0-
Directors' fees	-0-	-0-
Staff salaries	-0-	-0-
Legal, accounting and other professional Fees	1,714	4,202
Management fees-Related party	7,500	-0-
Interest expense - other	681	50
Bad debt expense	-0-	-0-
Other general and administrative expenses	273	669
	-----	-----
	40,167	4,921
	-----	-----
Net gain (loss) from operations before taxes	(40,167)	(2,746)
Income taxes	-0-	-0-
	-----	-----
Net gain (loss) from operations after taxes	(40,167)	(2,746)
	-----	-----
Net unrealized gain (loss) on investments Before Taxes	(312,267)	(97,691)
Income taxes	-0-	-0-
	-----	-----
Net unrealized gain (loss) on investment after taxes	(312,267)	(97,691)
	-----	-----
Increase (decrease) in net assets resulting from operations	\$(352,434)	\$ (100,437)
	=====	=====
Increase (decrease) in net assets per share	\$ (0.51)	\$ (0.14)
	=====	=====

See notes to financial statements

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Enercorp, Inc.
Statements of Cash Flows
(Unaudited)

	For Three Months Ended September 30	
	2002	2001
	-----	-----
Cash flows from operating activities		
Increase (decrease) in net assets	\$(352,434)	\$(100,437)
Adjustments to reconcile net income to net Cash provided by operating activities:		
Depreciation	-0-	233
Bad debt provision on notes receivable and interest net of write offs	-0-	-0-
Gain on sale of investments	-0-	-0-
(Gain) Loss on sale of fixed assets	-0-	-0-
Unrealized (gain) loss on Investments	312,267	97,691
(Increase) Decrease in other assets	-0-	-0-
Increase (Decrease) in accounts payable and accrued expenses	39,159	8,987
Increase (Decrease) in deferred taxes	-0-	-0-

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Total adjustments	351,426	106,912
	-----	-----
Net cash (used) by operating activities	(1,009)	6,474
	-----	-----
Cash flows from investing activities:		
Purchase of investments	-0-	-0-
	-----	-----
Net cash provided (used) by investing Activities	-0-	-0-
	-----	-----
Cash flows from financing activities:		
Proceeds from notes payable	-0-	1,500
Net cash provided by investing activities	-0-	-0-
	-----	-----
Net cash provided by investing Activities		1,500
	-----	-----
Increase (Decrease) in cash	(1,009)	7,975
Cash, beginning of period	1,123	342
	-----	-----
Cash, end of period	\$ 114	\$ 8,317
	=====	=====
Supplemental disclosures of cash flow information:		
Interest paid	\$ -0-	\$ 34
	=====	=====
Taxes Paid	\$ -0-	\$ -0-
	=====	=====

See notes to financial statements

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Notes to Financial Statements

Note 1. Financial Statements

The accompanying interim unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-QSB and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included, and the disclosures are adequate to make the information presented not misleading. Operating results for the three months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending June 30, 2003. These statements should be read in conjunction with the financial statements and notes thereto included in the Annual 10-K Report (filed with the Securities and Exchange Commission) for the year ended June 30, 2002

Note 2: Investments

The Registrant holds its principal common stock investments in CompuSonics Video Corporation (10,001,751 shares), Ajay Sports, Inc. (310,785 common and 2,000 preferred shares), ProGolf.com (300,000 common shares) and Pro Golf International, Inc. (7,450 shares), and continues to hold 200,000 warrants in Williams Controls, Inc., which are fully vested at the time of this filing.

Note 3: Capital Stock Transactions

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There was no capital stock transactions during quarter ended September 30,2002.

On September 14, 2001, the Registrant entered into a Subscription Agreement with Jack Wen, authorized agent for an investing group of qualified individuals which included Jack Wen ("Wen Group"). Under this Subscription Agreement, on September 26, 2001 upon the first payment, the Wen Group was to purchase 240,000 shares of common stock of the Registrant, representing approximately 26.4% of the Registrant's common stock issued and outstanding following the transaction. These shares were to be purchased for \$1.25 per share, the book value at that time, with aggregate gross proceeds of \$300,000 paid to the Registrant.

Under the Subscription Agreement, the Wen Group was committed to make additional equity investments in the Registrant of \$3,000,000 for the purchase of 2,000,000 shares at \$1.50 per share, with \$1,000,000 being invested on or before November 5, 2001 as the second payment; and, in the third payment, \$2000,000 was to be invested at \$1.50 per share on or before February 5, 2002. Prior to this transaction, no single shareholder or shareholder group owned more than 10% of the Registrant's issued and outstanding common stock. However, this transaction was not completed. The deal was rescinded, and the stock was never issued.

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Note 4: Board of Director Changes .

After the Subscription agreement between the Wen Group and the Registrant was rescinded on November 26, 2001 by a mutual agreement, a request was submitted for resignations from the Wen Group officers and directors. Resignations to be requested included Jack Wen as Chairman, Director, President, CEO and COO, Don Johnson as CFO and Treasurer, George Burmann as Director, and Paul Feng as Vice President of Marketing. Thomas W. Itin was elected to fill offices left vacant, with the exception of Vice President of Marketing, due to resignations by members of the Wen Group.

The new directors, Mr. Salvatore M. Parlatore and Dr. Jeffrey E. Ratio were elected on October 16, 2002. They will serve until their successors be duly elected and qualified.

Note 5: Related Party Transactions.

The Registrant has Note Payable to Dearborn Wheels Corporation in which the Chairman' spouse is the president. The note was issued on December 6, 2001 at 10% interest rate per annum, and is renewed on March 6, 2002. The note is due after 180 days. The terms were approved by the independent director.

The Company is accruing \$2,500 per month in management fees, due to Acrodyne Corporation, a company in which the President has a majority interest and is also President.

The Company is also accruing \$30,000 salary owed to Mr. Itin, CEO as officer salaries.

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

Material Changes in Financial Condition:

The Registrant'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 the credit line.

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The Registrant's investment value decreased with \$ 352,434 for this quarter. This is due to the changes in the value of investments held in CompuSonics Video Corporation and Ajay Sports, Inc.

The Company accrued for this quarter \$30,000 in officer salaries owed to the CEO of the company. The Registrant is also accruing \$2,500 monthly management fees owed to Acrodyne Corporation. The accrued expenses will be paid as soon as the company has sufficient liquidity resources.

The Registrant is still holding the promissory note of \$30,000 to Wen Group. There are no general terms as to how the \$30,000 note will be paid or how the Registrant intends to raise the funds for repayment or how to fund current operations. The Registrant's current plan is to bring in other investors, borrow against collateral or sell a portion of its holdings.

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Material Changes in Results of Operations:

The Registrant's revenues were \$0 and \$2,175 for the first quarter ended September 30, 2002 and 2001, respectively. The changes in revenues were mainly due to the lack of operations. There was no sale of investment, no consulting services provided to other parties, no dividend or interest income from other parties for this quarter.

The Registrant interest expenses were \$ 681 and \$ 50 for the quarter ended Sep. 2002 and 2001 respectively. The change is due to a new note payable to a related party, therefore there is a increase in interest expense for this quarter compared to the previous quarter.

The Registrant's legal and accounting fees decreased from \$ 4,202 to \$1,714 for this quarter. The change is due to the decrease in legal fees.

The Registrant recorded general and administrative expenses of \$ 273 for this quarter ended September 30, 2002 compare to general and administrative expenses of \$ 669 the quarter ended September 30, 2001. This change is due to the decrease in company's activity related to such expenses. General and administrative expenses include travel, telephone and other miscellaneous expenses.

The Registrant recorded an unrealized Loss on investments of \$(312,267) for the first quarter ended September 30, 2002 compared to a loss of \$(97,691) for the first quarter ended September 30, 2001. This is mainly due to the changes in the fair market value of the Registrant's investment in the publicly traded companies CompuSonics Video Corporation and Ajay Sports, Inc. Also the Registrant is taking higher discount rates for this quarter for its investment in ProGolf International, ProGolf. Com and CompuSonics Video Corporation. The Board of Directors after careful deliberation decided that the new discount rates are more reasonable and fair. (See schedule of investment, page 5)

Item 3. Controls and Procedures.

a) Evaluation of Disclosure Controls and Procedures.

Within the 90 days prior to the date of this report Enercorp, Inc. carried out an evaluation, under supervision of the Company's management of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. The management concluded that the internal controls and procedures are effective.

b) Changes in Internal Controls

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There were no significant changes in the Company's internal controls or in other factors that could significantly affect these internal controls subsequent to the date of the most recent evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

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Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Exhibits and Reports on Form 8-K

A) Exhibits

None

B) Form 8-K

None

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Enercorp, Inc.

Form 10-QSB

For the First Quarter Ended September 30, 2002

Signature Page

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 thereunto duly authorized.

Enercorp, Inc.

(Registrant)

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By: /s/Thomas W. Itin

Thomas W. Itin
President

Date: February 12, 2003

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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-QSB for the quarter ended September 30, 2002 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, we, Thomas W. Itin, Chief Executive Officer 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:

1. The Report referenced above has been read and reviewed by the Undersigned.
2. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
3. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.
4. 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.
5. 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.
6. We acknowledge that the Chief Executive Officer and Chief Financial Officer:
 - A. are responsible for establishing and maintaining "disclosure controls and procedures" for the Company;
 - B. 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;
 - C. have evaluated the effectiveness of the Company's disclosure controls and procedures within 90 days of the date of the Report; and
 - D. have presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation.
 - E. have disclosed to the issuer's auditors and to the audit committee of the Board of Directors of the Company (or persons fulfilling

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the equivalent function):

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- (i) 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
 - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and
- F. 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/ Thomas W. Itin

Chief Executive Officer

/s/ Majlinda Xhuti

Chief Financial Officer

Dated: February 12, 2003

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