

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:

March 31, 2005

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-Mar-2005	30-Jun-2004
Investments, at fair value, cost of \$782,282 and \$1,212,477 at March 31, 2005 and June 30, 2004 respectively	\$ 518,781	\$ 946,164
Prepaid Insurance	248	0
Cash	602	417
Total assets	519,631	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
Accounts payable and accrued liabilities	40,428	13,660
Officer salary payable	0	145,000
Accrued management fees-related party	15,000	80,000

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	Interest payable-related party	0	9,899
Total Liabilities		410,428	333,509
Net assets			
	Common stock, no par value: 10,000,000 shares authorized, 695,897 shares issued and outstanding at March 31, 2005 and June 30, 2004	1,888,251	1,888,251
	Preferred stock, no par value: 1,000,000 shares authorized, -0- issued.		
	Accumulated deficit	(1,515,546)	(1,008,867)
	Unrealized net gain on investments, net of deferred income taxes at March 31, 2005 and June 30, 2004 respectively	(263,502)	(266,313)
		109,203	613,071
		\$ 519,631	\$ 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		No of Shares	Share		Fair Market		Net Market Value
		Date	Restrictions		Price	Cost/Equity	Value	Discount	
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)
Ajay Sports Inc.	Golf & 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)
Pro Golf. Com	Web Sales of Golf Equip		a & b	300,000	1.800	252,000		540,000	(270,000)
	Subtotal					1,210,977		1,446,879	(500,730)
<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	
						1,212,477		1,446,894	(500,730)

Total All
Companies

(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 MARCH 31, 2005 (UNAUDITED)

Affiliated Companies	Description of Business	Expiration Date	Restrictions	Share No of Shares	Price Cost/Equity	Fair Market Value	Distcount	Net Market V
Common Stocks-Public Market Method of Valuation								
CompuSonics Video	Digital Video Product & Web Site Development			1,751	0.015	26		
				9,500,000	0.015	101,650	142,500	(42,750)
Ajay Sports Inc.	Golf & Casual Furniture			94,118	0.06	191,907	5,647	
				16,667	0.06	37,500	1,000	
Preferred Stocks-Public Market Method of Valuation								
Ajay Sports Inc.	Golf & Casual Furniture			1,000	0.145	10,000	145	
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	1.600	252,000	480,000	(240,000)
Subtotal						780,782	844,518	(325,790)
<u>Warrants and stock Options - Board Appraisal Method of Valuation</u>								
Williams Controls, Inc.	Manufacturer of sensors &	03/12/08	b	50,000				

	control systems					
Unaffiliated Companies						
Common Stocks-Public						
Market Method of Valuation						
Vitro	Diagnostic					
Diagnostics	test kits	300	0.18	1,500	54	
					-	
	Total All Companies			782,282	844,572	(325,790)

(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		Nine months ended	
	31-Mar-2005	31-Mar-2004	<u>31-Mar-2005</u>	<u>31-Mar-2004</u>
Revenues				
Refunds	\$0	\$773	\$0	\$773
Total Revenues	0	773	0	773
Expenses				
Salary expense	0	0	0	25,000
Accounting and other professional fees	6,785	2,013	18,245	9,830
Legal fees	1,296	30	43,907	207
Management fees	7,500	7,500	32,500	22,500
Interest expense	5,610	1,280	15,146	3,631
Travel Expense	0	0	3,285	0
Other general and administrative expenses	3,218	76	6,479	1,426
	24,408	10,899	119,562	62,594
Realized loss on investments	0	(19,161)	(380,194)	(19,161)
Legal Contingency	(6,923)	0	(6,923)	0
Net gain (loss) from operations before taxes	(31,332)	(29,287)	(506,679)	(80,982)
Income taxes (Note 5)	0	0	0	0
Net gain (loss) from operations after taxes	(31,332)	(29,287)	(506,679)	(80,982)
Net unrealized gain (loss) on investments before taxes	(74,327)	(33,159)	2,811	93,213
Income taxes (Note 5)	0	0	0	0
Net unrealized gain (loss) on investment after taxes	(74,327)	(33,159)	2,811	93,213
Increase (decrease) in net assets resulting from operations	(105,658)	(62,446)	(503,868)	12,231
Increase (decrease) in net assets per share	(\$0,062.)	(\$0.090)	(\$0.724)	\$0.018

The accompanying notes are an integral part of this financial statement

5.

ENERCORP, INC STATEMENTS OF CASH FLOWS

Unaudited

	31-Mar-2005	30-Jun-2004
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (503,868)	\$ (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	(2,811)	(64,681)
(Increase) Decrease in other assets	(248)	0
Increase (Decrease) in accounts payable and accrued expenses	(193,132)	57,519
Increase (Decrease) in deferred taxes	0	0
Total adjustments	184,003	11,999
Net cash (used) by operating activities	(319,865)	(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	186	(201)
Cash, beginning of period	417	618
Cash, end of period	\$ 602	\$ 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-months and nine-months ended March 31, 2005 and 2004; the Company's financial position at March 31, 2005 and June 30, 2004; and the cash flows for the period ended March 31, 2005 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 nine-month ended March 31, 2005 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 CRM software for small and midsize businesses. The Company owns 9,501,751 shares of CPVD, which were trading at \$0.015 per share at March 31, 2005. 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 \$0.06 per share at March 31, 2005 and 1,000 shares of preferred stock of Ajay valued at \$0.145 per share at March 31, 2005. 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 \$1.00 per share. The Company recorded respectively a profit 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 March 31, 2005. 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 \$3.00 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. ProGolf.com Internet site is becoming more popular and helping increase the sales of golf equipment during the past year. The Board of Directors fair valued the investment for 300,000 shares of PG.Com at \$480,000. After careful deliberation, the Board of Directors has agreed to take a (50)% discount, equaling \$240,000. The Company is using the total value of \$240,000 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 if 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 Enecorp 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 March 31, 2005, balance of accrued fees due to Acrodyne Corporation was \$ 15,000. 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, subsequently cancelled. These 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 \$15,146 and the notes are past due as of March 31, 2005.

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 balance of accounts payable and accrued liabilities includes trade payables of \$25,702 and \$15,146 of interest accrued on the secured notes. Trades payable includes mainly professional fees such as legal and accounting fees.

The balance of \$15,000 includes only the fees accrued for the nine-month period ended March 31, 2005.

6.6.

NOTE 6: BOARD OF DIRECTORS CHANGES.

None.

6.7.

CONTINGENCIES

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, for the nine-month period ended March 31, 2005 the Company had a net operating loss of \$506,679, cash flows deficiency from operations of \$319,864, and an accumulated deficit of \$1,515,546.

The Company did not earn any revenues during the quarters ended March 31, 2005 and 2004 and was mainly dependent upon a related party to fund its working capital. The Company's ability to continue as a going concern is partially dependent on the sale of the Company's investments, borrowing against collateral, and bringing new investments. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

6.8.

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

6.8.1.

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 nine-month period ending March 31, 2005, the investments value decreased by \$427,383. This change is due to sale of a portion 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 \$0.015 per share at March 31, 2005. Total net fair market value of CPVD common stock was \$99,776 at March 31, 2005. Fair value of PGI investment decreased from \$4.915 per share at June 30, 2004 to \$3.00 per share at March 31, 2005. Total net fair value of PGI investment was \$172,159 at March 31, 2005.

Current liabilities increased \$77,339 from June 30, 2004 to March 31, 2005. The Company received \$325,000 from various investors in exchange for 368,318 Legended Convertible Preferred shares of Company's stock, subsequently cancelled. The Company used \$290,000 of the proceeds to pay outstanding liabilities in August 2004 and some other operating expenses including legal fees. The \$50,000 of proceeds from the sale of investments were used 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 \$504,288 from June 30, 2004 to March 31, 2005.

6.8.2.

Liquidity and Capital Resources.

The Secured Note due to several investors in the amount of \$325,000 is currently past due. 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, 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.

6.8.3.

Results of Operations. Three months ended March 31, 2005 compared to three months ended March 31, 2004.

The Company recorded \$6,785 and \$2,013 of accounting and transfer agent expenses for the quarter ended March 31, 2005, and 2004, respectively. The increase is mainly due to transfer agent fees for this period related to the February 1, 2005 annual meeting of the shareholders.

The Company recorded \$1,296 and \$30 in legal fees for the quarter ended March 31, 2005 and 2004, 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 March 31, 2005 and 2004. 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 \$5,610 of interest expense on the secured notes to the August 2004 investors, compared to \$1,280 of related parties interest expense recorded for the three months ended March 31, 2004. 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 other general and administrative expenses of \$3,218 and \$76 for the quarter ended March 31, 2005 and 2004, 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 two annual shareholders meetings.

The Company recorded a legal contingency of \$6,923.19 for this quarter. This is due to the consequences of the legal fight in Denver started by George Burmann over a year ago. The Company has made no payments on this contingency still due as of May 16, 2005.

The Company recorded an unrealized loss on investments of \$74,327 and \$33,159 for the quarter ended March 31, 2005 and 2004, respectively. This is mainly due to the decrease in fair value of the Company's investments in CPVD and PGI.

6.8.4.

Results of Operations. Nine months ended March 31, 2005 compared to nine months ended March 31, 2004.

The Company had \$380,194 loss from sale of investments for the nine-month period ended March 31, 2005.

The Company recorded \$0 and \$25,000 of salaries to Mr. Itin for the nine-month period ended March 31, 2005 and 2004, respectively. Mr. Itin resigned from all the positions held with Enercorp, Inc on September 14, 2003.

The Company recorded \$18,245 and \$9,830 of accounting and stock transaction expenses for the nine-month period ended March 31, 2005, and 2004, respectively. The increase is mainly due to the stock transaction costs incurred by the Company's transfer agent during this current period. These costs are related to the two annual meetings of shareholders.

The Company recorded \$43,907 and \$207 in legal fees for the nine-month period ended March 31, 2005 and 2004, respectively. The increase in such expenses is related to the lawsuit filed against the Company by George Burmann.

The Company recorded \$32,500 and \$22,500 in management fees for the nine-month period ended March 31, 2005 and 2004, 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 \$15,146 and \$3,631 of interest expense for the nine-month period ended March 31, 2005 and 2004, respectively. The change is due to the increase in principal related to the secured notes of \$325,000. Interest on these notes is accrued based on a 7% rate per annum.

The Company recorded \$3,285 of travel expense for this period related to the lawsuit filed against Enercorp by Burmann.

The Company recorded other general and administrative expenses of \$ 6,479 and \$1,426 for the nine-month period ended March 31, 2005 and 2004, respectively. Other General and administrative expenses include telephone, postage, and other miscellaneous expenses. The increase 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 a legal contingency of \$6,923.19 for this quarter. This is due to the consequences of the legal fight in Denver started by George Burmann over a year ago. The Company has made no payments on this contingency still due as of May 16, 2005.

The Company recorded an unrealized gain on investments of \$2,811 and \$93,213 for the nine-month period ended March 31, 2005 and 2004, respectively. This change is due to the qualification of unrealized loss on investments to realized loss on investments due to the sale and decrease in fair value of the Company's investments in CPVD and PGI.

6.9.

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 March 31, 2005 to which this report relates that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

6.10.

PART II. OTHER INFORMATION

6.10.1. Item 1. Legal Proceedings

6.1.

Bumann vs. Enercorp, Inc

(See Item 1. Legal proceedings in the previous quarterly report.)

On March 8, 2005, Denver District Court has awarded Burmann \$6,923.18 of attorney fees. The Company has strong reasons to believe those fees should have not been awarded to Burmann. It is the opinion of the Company's Board of Directors that Plaintiff was motivated by other than a lawful purpose, and that Plaintiff's expressed intention to effect a change in the Company's management was contrary to the best interest of the Company and its shareholders. (See the following Case in 6.10.1.2). In addition, Burmann has taken several actions including liens and bank garnishment in order to collect the \$6,923.19. The Company has made no payments on this contingency still due as of May 16, 2005.

6.10.1.2.

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.

The Company is a Plaintiff party in the above lawsuit filed on January 31, 2005 in the United States District Court, Eastern District of Michigan, Southern Division. The Complaint alleges Fraud, Conspiracy, Breach of Contract, Defamation and Breach of Settlement Agreement and Mutual Release, and Violations of Securities Law.

Defendant, Target A, initially established, in 2001, a securities account with Defendant, Gunnallen Financial, which account was managed by Defendant George Burmann. The purpose of this account was to receive shares of CPVD common stock from Plaintiff, First Equity Corporation and other CPVD shareholders, so Target A could receive approximately 32 million of such shares, pay Plaintiff, First Equity, and others, if any, for shares at prices ranging from one cent to two cents per share, so that those shares of CPVD could then be sold by Defendants Halfar, Burmann, and Gunallen for higher prices in the market for the purpose of realizing profits on behalf of Target A and raising equity capital for CPVD.

Defendants used a second entity in the Netherlands, Target B, with different owner, from Target A without informing Plaintiffs First Equity, CPVD, and Enercorp and without paying fully for stock delivered to George Burmann and

Gunallen for the account of Target A. Burmann, Halfar, and Gunallen failed to provide requested information to First Equity, CPVD, Harald Engels, providing false pretexts and accuses. To the best of the Plaintiffs knowledge and belief, Defendants were able to sell over one million U.S dollars worth of CPVD stock, which Plaintiffs had tendered to the said Gunallen account in absolute good faith.

Defendants diverted and converted the profits of sale of CPVD stock to Target B, Halfar, George Burmann, and others in order to defraud their partner in Target A, Engels and First Equity, and CPVD. Upon information and belief, defendants utilized the wrongfully diverted profits to launch and to help finance a scheme to take over Enercorp, and to help finance litigation that they brought in the name of George Burmann against Enercorp in Denver, Colorado for purposes of attempting to take over Enercorp to the detriment of First Equity, CPVD, and the Enercorp shareholders.

Plaintiffs have requested in whatever amount the Court deems appropriate, together with exemplary and/or punitive damages, costs, interest, and actual reasonable attorney fees, as permitted by law for their wrongful acts, and their willful, wanton misconduct.

6.10.2.

Item 2. Changes in Securities

None

6.10.3.

Item 3. Defaults Upon Senior Securities

None

6.10.4.

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.

1.

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.

2.

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.)

3.

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.)

4.

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.)

5.

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. Parlato, 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).

Dissident Shareholder George Burmann, a German citizen residing in Florida, left halfway through the Annual Meeting with his Colorado attorney and another shareholder. They declined to wait until the final proxy tabulations were calculated by ADP (Automatic Data Processing, Inc.) but not certified in time to determine if a quorum was present in order to conduct the Annual Meeting. Ironically, after Burmann left, ADP did report a change in tabulations from 3:00pm of January 31, 2005, but added a few shares in favor of Burmann.

Despite discussion over legality of several groups of proxies, Management would have won by any method used by the independent Inspector of Elections to count the final tally.

Burmann and Senol Halfar from Germany, named Defendants in a lawsuit filed on January 31, 2005 by Enercorp, Inc. and other parties in Eastern District of Michigan, Southern Division, United States District Court in Detroit (Case Number 2:05CV70341) accepted service from the process server upon their arrival at the Annual Meeting. The Complaint alleges Fraud, Conspiracy, Breach of Contract, Defamation and Breach of Settlement Agreement and Mutual Release, and Violations of Securities Law. (See Item 1. Legal Proceedings. 6.9.1.2.)

1.1.1.

Item 5. Other information

None

1.1.2.

Item 6. Exhibits

None

1.2.

1.3.

SIGNATURE PAGE

Form 10-Q/A

For the quarter ended March 31, 2005

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

2.

**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 for the quarter ended March 31, 2005 (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:

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.

1)

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 as of the end of the period covered by 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 the equivalent function):

(1)

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

(2)

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/James C. Sargent

Chairman, President and CEO

/s/ Majlinda Xhuti

Chief Financial Officer

Dated: September 28, 2005