ENERCORP INC
Form 10QSB
February 20, 2004

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 December 31, 2003

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 February 18, 2004: 695,897

1 of 14

Enercorp, Inc.

Form 10-QSB Filing for the First Quarter Ended December 31, 2003

INDEX

Enercorp, Inc.
Statements of Assets and Liabilities

	December 31 2003 (Unaudited)	June 30 2003
ASSETS		
Investments, at fair value, cost of $1,231,638 And $1,231,638 at December 31, 2003 and June 30,2003	$ 1,027,016	$900,645
Cash	1,618	618
	$ 1,028,634	$901,263
LIABILITIES AND NET ASSETS		
Liabilities		
Note payable-Related Party	$ 50,650	$39,950
Note payable-Wen Group	30,000	30,000
Accounts payable and accrued liabilities	15,786	16,142
Interest Payable-related party	7,249	4,898
Accrued management fees-related party	65,000	50,000
Accrued salaries payable	145,000	120,000
	313,685	260,991
Net assets		
Common stock, no par value: 10,000,000 shares authorized, 695,897 shares issued		

and outstanding at December 31, 2003 and June 30, 2003	1,888,251	1,888,251
Accumulated deficit	(968,680)	(916,985)
Unrealized net loss on investments, net of deferred income taxes at December 31, and June 30, 2003	(204,622)	(330,994)
	714,948	640,272
	$ 1,028,634	$ 901,263

See notes to financial statements

Enercorp, Inc.
Schedule of Investments
December 31, 2003(Unaudited)

Affiliated Companies	Description	Expir. Date	# Shares Rest.	Share Price	Cost Equity	Fair Mkt Value	Discount	Net Fair Market Value
Common Stocks-Public Market Method of Valuation								
CompuSonics Video Corp	Digital Video Product & Web Site Dev.							
			1,751	0.055		96		96
			10,000,000	0.055	106,477	550,000	(165,000)	385,000
Ajay Sports,	Golf		294,118	0.006	600,000	1,765		1,765
			16,667	0.006	37,500	100		100
Preferred Stocks-Public Market Method of Valuation								
Ajay Sports,	Golf		2,000	0.019	20,000	38		38
Common Stocks-Board Appraisal Method of Valuation								
Pro Golf	Intern'l Retail Golf Stores Franchisor							
	a & b		7,450		195,000	424,972	(84,994)	339,978
ProGolf.com,	Web Sales of Inc. Golf Equipment							
	a & b		300,000	2.5	252,000	750,000	(450,000)	300,000
	Subtotal				1,210,977	1,726,971	(699,994)	1,026,977
Warrants and Stock Options-Board Appraisal Method of Valuation								
CompuSonics Video Corporation	Digital Video Product				300,000			
Williams Controls, Inc.	Manuf. Of Sensors & Control Systems	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

Unaffiliated Companies

Common Stocks-Public Market Method of Valuation

Vitro Diagnostics		300	.13	1,500	39		39
Proconnextions, Inc.-Sports Memor'blia	a	191,610		19,161	--		--
Total All Companies				$1,231,638	$1,727,010	(699,994)	$1,027,016

a No public market for this security

b Subject to Rule 144

See notes to financial statements

Enercorp, Inc.

Schedule of Investments

June 30, 2003

Affiliated Companies	Description Rest.	No. of Shares	Share Price	Cost Equity	Fair Mkt Value	Discount	Net Fair Mkt Value
Common Stocks-Public Market Method of Valuation							
CompuSonics Video Corp	Digital Video Product & Web						
		1,751			65		65
		10,000,000	$0.037	106,477	550,000	(165,000)	385,000
Ajay Sports,	Golf	294,118	$0.005	600,000	1,471		1,471
		16,667	$0.005	37,500	83		83
Preferred Stocks-Public Market Method of Valuation							
Ajay Sports,	Golf	2,000	$0.019	20,000	38		38
Common Stocks-Board Appraisal Method of Valuation							
Pro Golf	Franchisor of Intern'l Retail Golf Stores						
	a & b	7,450		195,000	424,972	(84,994)	339,978
ProGolf.com, Inc.	Web Sales of Golf Equipment						
	b	300,000	2.5	252,000	750,000	(450,000)	300,000
Subtotal				$1,210,977	1,546,629	(645,994)	900,634

Warrants and Stock Options-Board Appraisal Method of Valuation

CompuSonics Video Corporation	Digital Video Product			300,000
Williams Controls, Inc.	Manuf. Of Sensors & Control Systems	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		
Unaffiliated Companies						
Common Stocks-Public Market Method of Valuation						
Vitro Diagnostics	300	$0.03	1,500	9		9
Proconnextions, Inc.-Sports Memor'blia	191,610		19,161	--		--
Total All Companies			$1,231,638	$1,546,638	$(645,994)	$900,643

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 Dec. 31 2003	2002	For Six Months ended Dec.31. 2003	2002
REVENUES				
Miscellaneous Income	$-0-	$-0-	$-0-	$-0-
	-0-	-0-	-0-	-0-
EXPENSES				
Officer salaries	-0-	30,000	25,000	60,000
Legal, accounting and other professional fees	4,943	9,118	7,994	10,832
Management fees related	7,500	7,500	15,000	15,000
Interest expense - related party	1,256	796	2,350	1,477
Other general and administrative expenses	177	222	1,350	495
	13,876	47,636	51,694	87,804
Net gain (loss) from operations before taxes	(13,876)	(47,636)	(51,694)	(87,804)
Income taxes	-0-	-0-	-0-	-0-
Net gain (loss) from operations after taxes	(13,876)	(47,636)	(51,694)	(87,804)
Net unrealized gain (loss) on investments Before Taxes	(59,180)	2,956	126,372	(309,311)
Income taxes	-0-	-0-	-0-	-0-

Net unrealized gain (loss) on investment after taxes	(59,180)	2,956	126,372	(309,311)
Increase (decrease) in net assets resulting from operations	$(73,058)	$44,681	74,678	$(397,116)
Increase (decrease) in net assets per share	$ (0.10)	$(0.06)	$0.11	$ (0.57)

See notes to financial statements

Enercorp, Inc.
Statements of Cash Flows
(Unaudited)

	For Six Months Ended December 31 2003	2002
Cash flows from operating activities		
Increase (decrease) in net assets	$ 74,678	$(397,116)
Adjustments to reconcile net income to net		
Cash provided by operating activities:		
Depreciation	-0-	-0-
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	(126,372)	309,311
(Increase) Decrease in other assets	-0-	-0-
Increase (Decrease) in accounts payable and accrued expenses	41,995	81,423
Increase (Decrease) in deferred taxes	-0-	-0-
Total adjustments	(84,378)	390,734
Net cash (used) by operating activities	(9,700)	(6,381)
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	10,700	6,150
Cash used for financing activities	-0-	-0-
Net cash provided by financing Activities	10,700	-0-
Increase (Decrease) in cash	1,000	(231)
Cash, beginning of period	618	1,123
Cash, end of period	$ 1,618	$ 892
Supplemental disclosures of cash flow information:		
Interest paid	$ -0-	$ -0-

Taxes Paid	$ -0-	$ -0-

See notes to financial statements

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 December 31, 2003 are not necessarily indicative of the results that may be expected for the year ending June 30, 2004. 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, 2003

Note 2: Investments-related party

Investments consist of holdings of securities in publicly and privately held companies. 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.

CompuSonics Video Corporation "CPVD" is one of the biggest investees of the Registrant. 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 Registrant owns 10,001,751 shares of CPVD, which were trading at $0.055 per share at December 31, 2003. The Registrant is taking a 30% discount from the total FMV of this investment, which reflects an accurate representation of the fair value of the investment in the statement of assets and liabilities.

One of the Registrant's investees is Ajay Sports, Inc (" Ajay"). Through its operating subsidiaries, including Pro Golf, Ajay is a franchisor of retail golf stores. The Registrant owns 310,785 shares of common stock of Ajay, which were trading at $0.006 per share at December 31, 2003, and 2,000 shares of preferred stock of Ajay valued at $0.019 per share at December 31, 2003.

One of the Registrant'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. Fair Market Value of PGI investment was $424,972 at December 31, 2003.The Registrant took a (20)% discount 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 to $339,987.

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 has valued the investment for 300,000 shares of PG.Com at $750,000
After careful deliberation, however, the Board of Directors has agreed that Enercorp, Inc will continue to take a (60)% reduction in reserves, equaling $450,000 discount. The Registrant is using the total value of $300,000 ($1/share) for this position.

Note 3: Capital Stock Transactions

There were no capital stock transactions during quarter ended December 31, 2003

Note 4: Related party transactions

CompuSonics Video Corporation ("CPVD") is one of the largest investees of the Registrant Enercorp, Inc. and also a related party. Thomas W. Itin, former Chairman, President and CEO of the Registrant, holds the position of Chairman and CEO in CPVD. Mr. Itin may be deemed a 17% beneficial ownership in CPVD.

Ajay Sports, Inc is a related party with the Registrant Enercorp, Inc. Thomas W. Itin, former Chairman, President, and CEO of the Registrant, holds the position of Chairman in Ajay Sports, Inc. Thomas W. Itin has a controlling interest in Ajay Sports, Inc.

Pro Golf International, Inc ("PGI") is a related party with the Registrant Enercorp, Inc. Thomas W. Itin former Chairman, President, and CEO of the Registrant, holds the position of Chairman and CEO in PGI, a 91% owned subsidiary of Ajay Sports, Inc. Thomas W. Itin has a controlling interest by reason of attribution in Pro Golf International, Inc.

ProGolf.com, Inc is a related party with the Registrant Enercorp, Inc. Thomas W. Itin, former Chairman, President, and CEO of the Registrant, holds the position of Chairman and CEO in ProGolf.com, Inc, an 85% owned subsidiary of Pro Golf International, Inc. Thomas W. Itin has a controlling interest by reason of attribution in ProGolf.com, Inc.

9 of 14

The Registrant Enercorp, Inc. has a Note Payable of $50,650 to Dearborn Wheels, Inc. The Note was issued on December 6, 2001 at 10% interest rate per annum, and was renewed on September 10, 2003. The Note is due after 180 days. The terms were approved by the independent directors of the Registrant Enercorp, Inc. As of December 31, 2003, balance of interest payable on this Note is $7,229.

The Registrant Enercorp, Inc. is accruing $2,500 per month in Management fees due to Acrodyne Corporation. As of December 31, 2003, balance of accrued fees due to Acrodyne Corporation was $ 65,000.

Note 5: Note payable Wen Group.

The Registrant has a Note Payable to Yueh Yun Chang (a member of the "Wen Group") in the face amount of $ 30,000. The note bears no interest. No principal payments on this Note have been made during fiscal year ending June 30, 2003. The note was due on June 12, 2002. The Registrant is past due on repayment of this note.

Note 6: Board of Directors Changes.

Effective September 14, 2003 the following changes occurred in the Board of Directors: Thomas W. Itin offered his resignation from all positions in the Registrant. James C. Sargent was elected to the Board of Directors and to the position of the Chairman and CEO of the Registrant. Jeffrey E. Rautio was elected to the position of President and COO of the Registrant.

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 its credit lines.

For the six-month period ended December 31, 2003, the investments the investments value.increased with $126,372. This change is mainly due to increase in market value of the common stock of CompuSonics Video Corporation.The value of CompuSonics Video Corporation stock significantly increased from $0.037 per share at June 30, 2003 to $0.055 per share at September 30, and December 31, 2003. Total net fair market value of CompuSonics Video common stock at December 31, 2003 was $385,096.

In addition balance of note payable to Dearborn Wheels, Inc increased from $39,950 at June 30, 2003 to $50,650 at December 31, 2003. The borrowings were primarily made to pay the professional accounting expenses. Interest payable on the note to Dearborn Wheels, Inc increased from $,4,879 at Juen 30, 2003 to $ 7,229 at December 31, 2003. Balance of management fees owed to Acrodyne Corporation, a related party, increased from $50,000 at June 30, 2003 to $65,000 at December 31, 2003. Salary owed to Mr. Itin, former President of Enercorp, Inc totals $145,000 at December 31, 2003.

Net assets value increased with $74,678 from June 30, 2003 to December 31, 2003.

10 of 14

Liquidity and Capital Resources.

The Registrant has an issued and outstanding 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 validity of the Wen Group claim is under review. Currently the Registrant's liquidity resources are provided from the borrowings from a third party, Dearborn Wheels, Inc. The face value of this promissory note is $50,650 and total amount of interest accrued is $7,229. The Registrant plans to rely on Dearborn Wheels, Inc liquidity advances in the near future. Salary owed to Mr. Itin, former Chairman of the Registrant, and management fees owed to Acrodyne, constitute a significant part of the liabilities of the Registrant. Currently there are no general terms on how these liabilities will be paid off. The Registrant's current plan includes bringing in other investors, borrowing against collateral or selling a portion of its holdings.

Material Changes in Results of Operations:

Three- months ended December 31, 2003.
The Registrant's revenues were $0 and $0 for the quarter ended December 31, 2003 and 2002, respectively.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 Company recorded $0 of officer salaries for the quarter ended December 2003 compared to officer salaries of $30,000 for the quarter ended December 31, 2002. Salary is owed to Mr. Itin, the former CEO of the Company. Mr. Itin resigned from all the positions held with Enercorp, Inc on September 14, 2003.

The Registrant's interest expenses were $ 1,256 and $ 796 for the quarter ended Dec. 2003 and 2002 respectively. The change is due to the increase in principal of a note payable to a related party, therefore there is an increase in interest expense for this quarter compared to the previous quarter.

The Registrant recorded general and administrative expenses of $ 177 for this quarter ended December 31, 2003 compared to general and administrative expenses of $ 222 the quarter ended December 31, 2002. General and administrative expenses include travel, telephone and other miscellaneous expenses.

The Registrant recorded an unrealized loss on investments of $ 59,180 for the quarter ended December 31, 2003 compared to a gain of $ 2,956 for the quarter ended December 31, 2002. This is mainly due to the changes in fair market value of the Registrant's investment in the publicly traded companies CompuSonics Video Corporation and Ajay Sports, Inc. The Registrant is also taking higher discount rates for this quarter for its investment in ProGolf International, Inc., ProGolf.com, Inc. 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 investments, page 5)

Six- months ended December 31, 2003.

The Registrant's revenues were $0 and $0 for the six months period ended December 31, 2003 and 2002, respectively.There was no sale of investment, no consulting services provided to other parties, no dividend or interest income from other parties for this period.

The Company recorded $25,000 of officer salaries for the six month period ended December 2003 compared to officer salaries of $60,000 for the six month period ended December 31, 2002. Salary is owed to Mr. Itin, former CEO of the

Company. Mr. Itin resigned from all the positions held with Enercorp, Inc, on September 14, 2003.

The Registrant's interest expenses were $ 2,350 and $ 1,477 for the six months period ended Dec. 2003 and 2002 respectively. The change is due to the increase in principal of note payable to a related party, therefore there is a increase in interest expense for this period compared to the previous one.

The Registrant recorded general and administrative expenses of $ 1,350 for the six months period ended December 31, 2003 compared to general and administrative expenses of $ 495 the six-month period ended December 31, 2002. This change is due to the decrease in the company's activity related to such expenses. General and administrative expenses include travel, telephone and other miscellaneous expenses.

The Registrant recorded an unrealized gain on investments of $ 126,372 for the six-month period ended December 31, 2003 compared to a loss of $ 309,311 for the period ended December 31, 2002. This is mainly due to the changes in 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, Inc., ProGolf.com, Inc. 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

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

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

Enercorp, Inc.

Form 10-QSB

For the Quarter Ended December 31, 2003

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)

By: /s/Jeffrey E. Rautio
Jeffrey E. Rautio
President

Date: February 19, 2004

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 December 31, 2003(the "Report"), as filed with the Securities and Exchange Commission on the date hereof, we, Jeffrey Rautio, 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.

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 the equivalent function):

(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/Jeffrey Rautio
President

/s/ Majlinda Xhuti
Chief Financial Officer

Dated: February 19, 2004

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