

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**

| <b>ASSETS</b>  | December 31,<br>2007<br>(Unaudited) | June 30,<br>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       | \$<br>5,372                         | \$<br>5,351      |
| Cash   | 410                                 | 190,370          |
| Prepaid expenses   | 6,651                               | 884              |
| Total assets   | 12,433                              | 196,605          |
| <b>LIABILITIES</b>   |                                     |                  |
| 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  | -                                   | -                |
| <b>NET ASSETS</b>  | <b>(490,079)</b>                    | <b>(447,307)</b> |
| <b>ANALYSIS OF NET ASSETS:</b>   |                                     |                  |
| 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<br>on 695,897 shares of common stock outstanding) | \$<br>(490,079) | \$<br>(447,307) |
|---|-----------------|-----------------|

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   | 1,751        | 0.001           | -            | 2                     | (1)      | 1          |
|   | 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.                         | Diagnostic test kits | 300          | 0.170           | 150          | 51                    |          | 51         |
| <b>Total All Companies</b>                      |                      |              |                 | \$           | \$                    | \$       | \$         |
|   |                      |              |                 | 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 |
|--|--------------|-----------------|-------------|-----------------------|------------|------------|
| <b>Affiliated Companies</b>                            |              |                 |             |                       |            |            |
| <b>Common Stocks-Public Market Method of Valuation</b> |              |                 |             |                       |            |            |
| 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      |
| <b>Unaffiliated Companies</b>                          |              |                 |             |                       |            |            |
| <b>Common Stocks-Public Market Method of Valuation</b> |              |                 |             |                       |            |            |
| Vitro Diagnostics, Inc.                                | 300          | 0.100           | 150         | 30                    | -          | 30         |
| <b>Total All Companies</b>                             |              |                 | \$ 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<br>December 31, 2007 | Six months ended<br>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<br>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       |
| <b>REVENUES</b>  |                                 |            |                               |            |
| Consulting income-related party  | \$ -                            | \$ 20,000  | \$ -                          | \$ 32,500  |
| Sales commissions  | -                               | -          | -                             | 1,670      |
| Miscellaneous income   | -                               | -          | 236                           | -          |
| Total revenues   | -                               | 20,000     | 236                           | 34,170     |
| <b>EXPENSES</b>  |                                 |            |                               |            |
| 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<br>December 31, 2007 | Six Months Ended<br>December 31, 2006 |
|--|---------------------------------------|---------------------------------------|
| <b>Cash flows from operating activities:</b>   |                                       |                                       |
| Net decrease in net assets resulting<br>from operations  | \$ (42,772)                           | \$ (41,380)                           |
| Adjustments to reconcile net decrease in net<br>assets to net cash provided by (used in) operating activities: |                                       |                                       |
| Net change in unrealized appreciation (depreciation)<br>on investments   | (21)                                  | (39,995)                              |
| Increase in other assets   | (5,767)                               | (1,918)                               |
| Increase (decrease) in accounts payable<br>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                                 |
| <b>Cash flows from financing activities:</b>   |                                       |                                       |
| 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 |
|---|-------------------|----|---------------|
| <b>Notes payable</b>                      | \$ 325,000        | \$ | 325,000       |
|   | 325,000           |    | 325,000       |
| <b>Notes payable Related</b>              |                   |    |               |
| 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       |
| <b>Accounts payable</b>                   | 10,151            |    | 19,443        |
| <b>Accrued management fees-Acrodyne</b>   | -                 |    | 67,500        |
| <b>Interest payable</b>                   |                   |    |               |
| 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        |
|   | \$ 82,329         | \$ | 80,005        |

The notes payable of \$325,000 are short term notes at 7% interest. The creditors related to these notes have not demanded any payments on the notes nor the interest accrued on the notes. These investors are willing to extend the terms of the notes, or convert the notes to equity.

The notes payable to related parties are all short term notes at 7% interest. Related parties have continuously supported the operations of Enercorp by extending the terms of the notes, and/or lending additional funds to Enercorp.

***Note 5: Recently Enacted Pronouncements***

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities- Including an amendment of FASB Statement No. 115. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments.

This Statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. This Statement does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. This Statement does not establish requirements for recognizing and measuring dividend income, interest income, or interest expense. This Statement does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS No. 157. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007. The implementation of SFAS No. 159 is not expected to have a material impact on the Company's results of operations and financial condition.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations, and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements. SFAS No. 141(R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company has not yet determined the effect on our consolidated financial statements, if any, upon adoption of SFAS No. 141(R) or SFAS No. 160.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements - an Amendment of ARB No. 51 ( SFAS 160 ), which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS No. 160 also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS No. 160 also provides guidance when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is currently evaluating the impact this statement will have on its financial position and results of operations.

In February 2008, the FASB issued FASB Staff Position No. 157-2, Effective Date of FASB Statement No. 157 ( FSP 157-2 ), which delays the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities. Therefore, the Company has delayed application of SFAS 157 to its nonfinancial assets and nonfinancial liabilities, which include

assets and liabilities acquired in connection with a business combination, goodwill, intangible assets and asset retirement obligations, until January 1, 2009. The Company is currently evaluating the impact of SFAS 157 for nonfinancial assets and liabilities on the Company's financial position and results of operations.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ( SFAS 161 ), which amends and expands the disclosure requirements of FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities ( SFAS 133 ), with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative instruments. This statement applies to all entities and all derivative instruments. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company has not yet determined the effect on our financial statements, if any, upon adoption of SFAS No. 161.

In May, 2008, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standard ( SFAS ) No. 162, The Hierarchy of Generally Accepted Accounting Principles, ( SFAS 162 ). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). SFAS No. 162 will be effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board's amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The FASB has stated that it does not expect SFAS No. 162 will result in a change in current practice. The application of SFAS No. 162 will have no effect on the Company's financial position, results of operations or cash flows.

Also in May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts—an interpretation of FASB Statement No. 60" ( SFAS 163 ). SFAS 163 interprets Statement 60 and amends existing accounting pronouncements to clarify their application to the financial guarantee insurance contracts included within the scope of that Statement. SFAS 163 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and all interim periods within those fiscal years. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ended December 31, 2009. The Company is currently evaluating the impact of SFAS 163 on its financial statements but does not expect it to have an effect on the Company's financial position, results of operations or cash flows.

In May 2008, FASB issued FSP APB 14-1, *Accounting for Convertible Debt Instruments that may be Settled in Cash upon Conversion (Including Partial Cash Settlement)* ("FSP APB 14-1"). FSP APB 14-1 applies to convertible debt securities that, upon conversion, may be settled by the issuer fully or partially in cash. FSP APB 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years after December 15, 2008, and must be applied on a retrospective basis. Early adoption is not permitted. We are assessing the potential impact of this FSP on our convertible debt issuances.

In June 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("FSP

EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the earnings allocation in computing earnings per share under the two-class method as described in SFAS No. 128, *Earnings per Share*. Under the guidance of FSP EITF 03-6-1, unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings-per-share pursuant to the two-class method. FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and all prior-period earnings per share data presented shall be adjusted retrospectively. Early application is not permitted. We are assessing the potential impact of this FSP on our earnings per share calculation.

In June 2008, FASB ratified EITF No. 07-5, *Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock* ("EITF 07-5"). EITF 07-5 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. EITF 07-5 is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early application is not permitted. We are assessing the potential impact of this EITF on our financial condition and results of operations.

#### ***Note 6: Subsequent Events***

##### **Entry Into a Material Definitive Agreement**

On September 29, 2008, Enercorp, Inc. ( Enercorp ) entered into a binding letter of intent (the Binding Letter of Intent ) with American Plastics Processing Products, Inc. ( AP3 ) and its President, Mr. DiNello, setting forth the principal terms on which AP3 will make an investment in Enercorp. As part of this investment, Enercorp will obtain a \$500,000 secured line of credit, 500,000 shares of common stock of LBO Capital Corp. 250,000 shares of common stock of EDEN Research, PLC (a publicly listed company in the United Kingdom), and \$250,000 worth of AP3 common stock. In exchange, AP3 will obtain approximately 3,083,333 shares of common stock of Enercorp. The Binding Letter of Intent does not set forth all of the terms related to this transaction, and Enercorp and AP3 agree to negotiate in good faith such other terms as well as definitive documents as appropriate to evidence this transaction. Consummation of this transaction is expected to occur in January 2009.

As conditions of this transaction, Enercorp must, among other things, use commercially reasonable efforts to become fully compliant with all federal and state laws by which it is governed, including the regulations promulgated by the Securities and Exchange Commission. Enercorp must also use commercially reasonable efforts to obtain agreements from current debt holders to convert approximately \$500,000 of notes receivable from Enercorp into 2,500,000 shares of common stock of Enercorp.

#### **Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.**

##### ***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.

The Company owns 9,501,751 shares of a related party, CompuSonics Video Corporation, 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.

Current liabilities decreased by \$141,400 and net asset value decreased by \$42,772 during the six month period ended December 31, 2007. Net asset value per share decreased from \$(0.64) to \$(0.70) during this six month period.

### ***Liquidity and Capital Resources.***

Currently, the Company's investment activity and operations are restricted by its limited working capital position. Capital required for the Company's investment activities, if available, would be generated from new investments, the sale of portfolio securities or from additional offerings of the Company's restricted and legended common stock, of which there can be no assurance of success in any such efforts. The ability of the Company to sell restricted portfolio held securities is dependent on market conditions over which the Company has no control. The Company had no material commitments for capital expenditures, as of December 31, 2007.

### ***Results of Operations***

#### ***Three months ended December 31, 2007 compared to three months ended December 31, 2006.***

The Company had a net investment loss of \$16,357 for the three month period ended December 31, 2007 as compared to a net investment loss of \$46,680 for the three month period ended December 31, 2006. The decrease in losses for the three month period ended December 31, 2007 is mainly due to decrease in compensation expense and professional expense.

The Company had no consulting income for this period as compared to \$20,000 of consulting income for the same period in 2006. Officer compensation decreased by \$30,000 when comparing the 2007 and 2006 periods.

Professional expense decreased by \$17,588 for this period. Interest expense decreased by \$1,006 and other general and administrative expense decreased by \$1,729 for this three month period compared to the same period last year.

The Company had \$42 and \$30,500 of unrealized gain on investment for the three month period ended December 31, 2007 and 2006, respectively. The change is mainly due to Williams Controls, Inc. investment, which appreciated during the three months ended December 31, 2006 and was subsequently sold in June 2007.

The Company had a \$0.023 decrease in net assets per share for both three month periods ended December 31, 2007 and 2006.

#### ***Six months ended December 31, 2007 compared to six months ended December 31, 2006.***

The Company had a net investment loss of \$42,793 and \$81,375 for the three month period ended December 31, 2007 and 2006, respectively.

The Company had no consulting income for this period compared to \$32,500 for the same period last year. Officer compensation decreased by \$50,000 for the six months ended December 31, 2007 when compared to the six months ended December 31, 2006. Professional fees decreased by \$17,375 for the six months ended December 31, 2007 compared to the same period in 2006. Interest expense decreased by \$1,690 and other general and administrative expense decreased by \$3,451 for this six month period compared to the same period last year.

The Company had \$21 and \$39,995 of unrealized gain on investment for the six month period ended December 31, 2007 and 2006, respectively. The change is mainly due to Williams Controls, Inc. investment, which appreciated

during the six months ended December 31, 2006 and was subsequently sold in June 2007.

The Company had a \$0.061 and \$0.059 decrease in net assets per share for the six month periods ended December 31, 2007 and 2006, respectively.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

None

**Item 4. Controls and Procedures.**

*Evaluation of Disclosure Controls and Procedures*

We maintain disclosure controls and procedures designed to provide reasonable assurance that

information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of Chief Executive Officer (CEO) and Chief Financial Officer (CFO), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) as of December 31, 2007. Based on that evaluation, our current CEO and CFO concluded that, as of that date, our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were not effective at the reasonable assurance level because of the identification of material weaknesses in our internal control over financial reporting, which we view as an integral part of our disclosure controls and procedures.

The Company has not filed on a timely basis, certain of its quarterly Forms 10-Q and annual Form 10-K with the Securities Exchange Commission (SEC) within the required due dates.

*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 three month period ended December 31, 2007 to which this report relates that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Management is working on filing with the SEC all of the Company's past due filings. Expected improvement of cash flow will ensure that the audits and reviews be completed on a timely basis, in order for management to file the reports by the due dates imposed by the SEC rules.



**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults Upon Senior Securities**

None

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

None

**Item 5. Other information**

None

**Item 6. Exhibits**

Exhibit No. 31.1

Exhibit No. 31.2

Exhibit No. 32.1

Exhibit No. 32.2

**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/ Majlinda Xhuti

Majlinda Xhuti

Chairman, President & CEO

Date: January 14, 2009

**EXHIBIT INDEX**

| <b>Exhibit<br/>No.</b> | <b>Identification of Exhibit</b>  |
|------------------------|---|
| 31.1                   | Certification of Majlinda Xhuti, Chief Executive Officer of the Company, pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2                   | Certification of Majlinda Xhuti, Chief Financial Officer of the Company, pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1                   | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 32.2                   | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |

**Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer**

I, Majlinda Xhuti certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enercorp, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2009

/s/ Majlinda Xhuti  
Chief Executive Officer

**EXHIBIT 31.2**

**Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer**

I, Majlinda Xhuti, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enercorp, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2009

/s/ Majlinda Xhuti  
Chief Financial Officer

**EXHIBIT 32.1**

**Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, , Chief Executive Officer of Enercorp, Inc. ( the Company ), hereby certify pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2007, to which this statement is furnished as an exhibit (the Report ), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 14, 2009

/s/Majlinda Xhuti.

Chief Executive Officer



**EXHIBIT 32.2**

**Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Majlinda Xhuti, Chief Financial Officer of Enercorp, Inc. ( the Company ), hereby certify pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2007 to which this statement is furnished as an exhibit (the Report ), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 14, 2009

/s/Majlinda Xhuti.

Chief Financial Officer