

ENERCORP INC  
Form 10-Q  
April 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, 2008**

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, 2008 was 695,897.

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

| <b>ASSETS</b>  | December 31, 2008<br>(Unaudited) | June 30, 2008 |
|--|----------------------------------|---------------|
| Investments, at fair value, as determined by the Board of Directors, cost of \$7,750 at both December 31, 2008 and June 30, 2008             | \$ 5,330                         | \$ 5,375      |
| Cash   | 86                               | 193           |
| Prepaid expense  | 2,652                            | 884           |
| Total assets   | 8,068                            | 6,452         |
| <br><b>LIABILITIES</b>   |                                  |               |
| Notes payable  | 325,000                          | 325,000       |
| Notes payable-related parties  | 85,031                           | 85,031        |
| Accounts payable and accrued liabilities   | 55,584                           | 16,126        |
| Accrued management fees-related party  | 26,000                           | 11,000        |
| Interest payable-related parties   | 10,512                           | 7,511         |
| Interest payable-non related parties   | 100,599                          | 89,130        |
| Other liability-deposit  | 30,000                           | -             |
| Commitments and contingencies  | -                                | -             |
| Total liabilities  | 632,726                          | 533,798       |
| <br><b>NET ASSETS</b>  | <br>(624,658)                    | <br>(527,346) |
| <br><b>ANALYSIS OF NET ASSETS:</b>   |                                  |               |
| Common stock, no par value: 10,000,000 shares authorized, 695,897 shares issued and outstanding at both December 31, 2008 and June 30, 2008. | 1,888,251                        | 1,888,251     |
| Preferred Stock, no par value, 1,000,000 shares authorized, zero issued and outstanding  | -                                | -             |

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|  |              |              |
|--|--------------|--------------|
| Accumulated deficit  | (2,510,488)  | (2,413,221)  |
| Net unrealized depreciation on investments   | (2,421)      | (2,376)      |
| Net assets (equivalent to \$(0.90) and<br>\$(0.76) per share based on 695,897 shares<br>of common stock outstanding) | \$ (624,658) | \$ (527,346) |

See accompanying notes to unaudited financial statements

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**Enercorp, Inc.****Schedule of Investments as of December 31, 2008****(Unaudited)**

| <b>Description of Business</b>                   | <b>No of Shares</b> | <b>Price per Share</b> | <b>Cost/Equity</b> | <b>Value before Discount</b> | <b>Discount</b> | <b>Fair Value</b> |
|--|---------------------|------------------------|--------------------|------------------------------|-----------------|-------------------|
| <b>Affiliated Companies</b>                      |                     |                        |                    |                              |                 |                   |
| Common Stocks-Public Market Method of Valuation  |                     |                        |                    |                              |                 |                   |
| CompuSonics Video Corporation                    | 1,751               | 0.0006                 | \$ -               | \$ 1                         |                 | \$ 1              |
| Computer Software Product & Web Site Development | 9,500,000           | 0.0006                 | 7,600              | 5,700                        | (380)           | 5,320             |
|  |                     |                        | 7,600              | 5,701                        | (380)           | 5,321             |
| <b>Unaffiliated Companies</b>                    |                     |                        |                    |                              |                 |                   |
| Common Stocks-Public Market Method of Valuation  |                     |                        |                    |                              |                 |                   |
| Vitro Diagnostics, Inc.                          | 300                 | 0.030                  | 150                | 9                            |                 | 9                 |
|  |                     |                        | \$                 | \$                           |                 | \$                |
| <b>Total All Companies</b>                       |                     |                        | 7,750              | 5,710                        | \$ (380)        | 5,330             |

**See accompanying notes to unaudited financial statements**

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## Enercorp, Inc.

## Schedule of Investments as of June 30, 2008

| Description of Business                         |  | No of Shares | Share Price | Cost/Equity | Value Before Discount | Discount   | Fair Value |
|---|--|--------------|-------------|-------------|-----------------------|------------|------------|
| Affiliated Companies                            |  |              |             |             |                       |            |            |
| Common Stocks-Public Market Method of Valuation |  |              |             |             |                       |            |            |
| CompuSonics Video Corp.                         | Computer Software Product & Web Site Development | 1,751        | \$0.001     | \$ -        | \$ 2                  | \$ (1)     | \$ 1       |
|   |  | 9,500,000    | 0.001       | 7,600       | 13,300                | (7,980)    | 5,320      |
|   |  |              |             | 7,600       | 13,302                | (7,981)    | 5,321      |
| Unaffiliated Companies                          |  |              |             |             |                       |            |            |
| Common Stocks-Public Market Method of Valuation |  |              |             |             |                       |            |            |
| Vitro Diagnostics, Inc.                         | Diagnostic test kits                             | 300          | 0.180       | 150         | 54                    | -          | 54         |
| <b>Total All Companies</b>                      |  |              |             | \$ 7,750    | \$ 13,356             | \$ (7,981) | \$ 5,375   |

See accompanying notes to unaudited financial statements

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

|  | Six Months ended<br>December 31, 2008 | Six Months ended<br>December 31, 2007 |
|--|---------------------------------------|---------------------------------------|
| Decrease in net assets from operations:                              |                                       |                                       |
| Net investment loss  | \$ (97,267)                           | \$ (42,793)                           |
| Net (increase) decrease in unrealized depreciation<br>on investments | (45)                                  | 21                                    |
| Net decrease in net assets resulting from<br>operations              | (97,312)                              | (42,772)                              |
| Net assets   |                                       |                                       |
| Beginning of the period  | (527,346)                             | (447,307)                             |
| End of period  | \$ (624,658)                          | \$ (490,079)                          |

See accompanying notes to unaudited financial statements

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

|  | Three months ended December 31, |          | Six months ended December 31, |          |
|--|---------------------------------|----------|-------------------------------|----------|
|  | 2008                            | 2007     | 2008                          | 2007     |
| <b>REVENUES</b>  |                                 |          |                               |          |
| Miscellaneous income   | \$ -                            | \$ -     | \$ -                          | \$ 236   |
| Total revenues   | -                               | -        | -                             | 236      |
| <b>EXPENSES</b>  |                                 |          |                               |          |
| Officer compensation   | -                               | -        | -                             | 10,000   |
| Legal ,<br>accounting &<br>other<br>professional fees  | 30,032                          | 450      | 65,555                        | 1,035    |
| Management fees<br>- related party   | 7,500                           | 7,500    | 15,000                        | 15,000   |
| Interest expense   | 5,734                           | 5,735    | 11,468                        | 11,469   |
| Interest expense-<br>related parties   | 1,500                           | 1,499    | 3,001                         | 3,231    |
| Other general &<br>administrative<br>expenses  | 1,329                           | 1,173    | 2,243                         | 2,294    |
| Total expenses   | 46,095                          | 16,357   | 97,267                        | 43,029   |
| Investment loss<br>before income<br>tax expense  | (46,095)                        | (16,357) | (97,267)                      | (42,793) |
| Income tax<br>expense  | -                               | -        | -                             | -        |
| Net investment<br>loss   | (46,095)                        | (16,357) | (97,267)                      | (42,793) |
| Net (increase)<br>decrease in<br>unrealized<br>depreciation<br>on investments,<br>net of \$0 taxes | (33)                            | 42       | (45)                          | 21       |
| Net decrease in<br>net assets<br>resulting from  | (46,128)                        | (16,315) | (97,312)                      | (42,772) |



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operations

|                                     |    |         |    |         |    |         |    |         |
|-------------------------------------|----|---------|----|---------|----|---------|----|---------|
| Decrease in net assets per share    | \$ | (0.066) | \$ | (0.023) | \$ | (0.140) | \$ | (0.061) |
| Weighted average shares outstanding |    | 695,897 |    | 695,897 |    | 695,897 |    | 695,897 |

See accompanying notes to unaudited financial statements

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

|  | Six Months Ended<br>December 31, 2008 | Six Months Ended<br>December 31, 2007 |
|--|---------------------------------------|---------------------------------------|
| <b>Cash flows used in operating activities:</b>  |                                       |                                       |
| Net decrease in net assets resulting<br>from operations  | \$ (97,312)                           | \$ (42,772)                           |
| Adjustments to reconcile net decrease in net<br>assets to net cash used in operating activities: |                                       |                                       |
| Net change in unrealized (appreciation)<br>depreciation on investments                           | 45                                    | (21)                                  |
| Increase in other assets   | (1,768)                               | (5,767)                               |
| Increase in accounts payable and accrued<br>expenses   | 68,928                                | (74,468)                              |
| Increase in other liabilities  | 30,000                                | -                                     |
| Total adjustments  | 97,205                                | (80,256)                              |
| Net cash used in operating activities  | (107)                                 | (123,028)                             |
| <b>Cash flows from financing activities:</b>   |                                       |                                       |
| Payments of notes payable  | -                                     | (66,932)                              |
| Net cash (used in) financing activities  | -                                     | (66,932)                              |
| Net decrease in cash   | (107)                                 | (189,960)                             |
| Cash, beginning of period  | 193                                   | 190,370                               |
| Cash, end of period  | \$ 86                                 | \$ 410                                |
| Supplemental disclosure of cash flow information:  |                                       |                                       |
| Interest paid  | \$ -                                  | \$ 12,376                             |

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. All of these adjustments are of normal recurring nature. 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, 2008. 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***

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, 2008. Subsequent to December 31, 2008 this investment was trading below that price. Management deemed some of 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: Fair value measurements***

Effective January 1, 2008, the Company adopted SFAS No. 157. This statement defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. The Company has elected the option to defer the effective date of SFAS No. 157 as it pertains to non-financial assets and liabilities to January 1, 2009.

SFAS No. 157 establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. SFAS 157 requires that certain liabilities be classified in their entirety based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and its placement within the fair value of the hierarchy. The Company classifies the fair value balances based on the fair value hierarchy defined by SFAS No. 157 as follows:

Level 1. Consists of unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date.

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Level 2. Consists of inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3. Consist of unobservable inputs for assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost-benefit constraints.

The following table presents assets and liabilities measured and recorded at fair value on a recurring basis as of September 30, 2008 and the hierarchy in which these assets and liabilities are classified:

Net balance at

Assets:

Level 1

Level 2

Level 3

December 31, 2008

Investments:

\$5,330

\$ -

\$ -

\$5,330

Total assets at fair value

\$5,330

\$ -

\$ -

\$5,330

***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, 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 has not made any payments to Acrodyne during the six-month period ended December 31, 2008. The balance of accrued fees due to Acrodyne Corporation was \$26,000 as of December 31, 2008. Acrodyne and Enercorp share the same office space and have common ownership.

***Note 5: Income tax expense***

There was no income tax expense for the six months ended December 31, 2008 and 2007. Financial statement tax expense amounts differ from the amounts computed by applying the statutory federal tax rate of 34% to pretax income because of permanent book-tax differences and changes in deferred tax valuation allowances.

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**Note 6: Liabilities**

The following schedule represents detailed liabilities as of December 31, 2008 and June 30, 2008:

|   | December 31, 2008 | June 30, 2008 |
|---|-------------------|---------------|
| Notes payable                             | \$ 325,000        | \$ 325,000    |
|   | 325,000           | 325,000       |
| Notes payable-related parties:            |                   |               |
| Note payable-TICO                         | 14,000            | 14,000        |
| Note payable-First Equity Corporation     | 23,636            | 23,636        |
| Note payable-Quorum Capital               | 19,828            | 19,828        |
| Note payable - Brett Homovec              | 27,567            | 27,567        |
|   | 85,031            | 85,031        |
| Accounts payable                          | 55,584            | 16,126        |
| Accrued management fees - related party   | 26,000            | 11,000        |
| Other liability-deposit                   | 30,000            | -             |
| Interest payable:                         |                   |               |
| Interest payable-Quorum Capital           | 2,461             | 1,761         |
| Interest payable-TICO                     | 1,477             | 983           |
| Interest payable-First Equity Corporation | 2,493             | 1,659         |
| Interest payable - Brett Homovec          | 4,081             | 3,108         |
| Interest payable-Current                  | 100,599           | 89,130        |
|   | \$ 111,111        | \$ 96,641     |

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 7: Recently Enacted Pronouncements**

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 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. 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 8: New Agreements**

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 was expected to occur in January 2009, however due to some unexpected delays the transaction is set to close by late spring.

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 debt into 2,500,000 shares of common stock of Enercorp.

#### **Note 9: Going concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. For the year ended June 30, 2008, the Company incurred a net decrease in net assets from operations of \$80,039 and for the six months ended December 31, 2008, the Company incurred a net decrease in net assets from operations of \$97,312. As of December 31, 2008 the Company had net assets of \$(624,658).

The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing or refinancing as may be required, and ultimately to establish profitability. Until the Company is able to generate positive operating cash flows, additional funds will be required to support operations. The Company believes that the new financing obtained (See Note 8) will be sufficient to enable them to continue as a going concern through June 30, 2009. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## **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, 2008. Subsequent to December 31, 2008 this investment was trading below that price. Management deemed some of this decline to be permanent. This investment was permanently written down by \$94,050 to reflect the significant decline in its fair market value.

Current liabilities increased by \$98,928 and the net asset value decreased by \$97,312 during the six month period ended December 31, 2008. Net asset value per share decreased from \$(0.76) to \$(0.90) 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. The Company had no material commitments for capital expenditures, as of December 31, 2008. 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 was expected to occur in January 2009, however due to some unexpected delays the transaction is set to close by late

spring. This investment will enhance Enercorp's ability to continue to position itself as a viable business development company.

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***Results of Operations***

***Three months ended December 31, 2008 compared to three months ended December 31, 2007.***

The Company had a net investment loss of \$46,095 for the three-month period ended December 31, 2008 as compared to a net investment loss of \$16,357 for the three-month period ended December 31, 2007. The increase in losses for the 2008 period is mainly due to increase in legal and professional expense. Enercorp has filed many past financial reports during 2008, which explains the reason for legal and accounting fees.

Legal and professional expense increased \$29,582 for this period. Interest expense and general and administrative expense did not have a significant change for this three-month period compared to the same period last year.

The Company had respectively \$(33) and \$(42) of unrealized depreciation and appreciation on investment for the three-month periods ended December 31, 2008 and 2007. The change is mainly due to CompuSonics Video and Vitro Diagnostics investment.

The Company had a \$0.066 and \$0.023 decrease in net assets per share for the three-month periods ended December 31, 2008 and 2007, respectively.

***Six months ended December 31, 2008 compared to six months ended December 31, 2007.***

The Company had a net investment loss of \$97,267 for the six-month period ended December 31, 2008 as compared to a net investment loss of \$42,793 for the six-month period ended December 31, 2007. The increase in losses for the 2008 period is mainly due to increase in legal and professional expense. Enercorp has filed many past financial reports during 2008, which explains the reason for legal and accounting fees.

Officer compensation decreased by \$10,000, during the six months ended December 31, 2008. Legal and professional expense increased \$64,520 for this period. Interest expense and general and administrative expense did not have a significant change for this six-month period compared to the same period last year.

The Company had respectively \$45 and \$21 of unrealized depreciation and appreciation on investment for the six-month periods ended December 31, 2008 and 2007. The change is mainly due to CompuSonics Video and Vitro Diagnostics investment.

The Company had a \$0.140 and \$0.061 decrease in net assets per share for the six-month periods ended December 31, 2008 and 2007, 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, 2008. 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, 2008 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

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**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: April 14, 2009

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**EXHIBIT INDEX**

| <b>Exhibit 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.  |

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**EXHIBIT 31.1**

**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: April 14, 2009

/s/ Majlinda Xhuti  
Chief Executive Officer

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**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: April 14, 2009

/s/ Majlinda Xhuti  
Chief Financial Officer

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**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, 2008, 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: April 14, 2009

/s/Majlinda Xhuti

Chief Executive Officer

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**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, 2008 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: April 14, 2009

/s/Majlinda Xhuti

Chief Financial Officer