

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the Fiscal Year ended June 30, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission file number: 333-59109

ABLE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

22-3520840

(State or other jurisdiction of
incorporation or organization)

(I.R.S. employer
identification No.)

198 Greenpond Road
Rockaway, NJ

07866

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (973) 625-1012

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, Par value \$.001 Per Share

(Title of class)

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

The Issuer's Revenues for the Most Recent Fiscal Year, June 30, 2003, were \$46,297,662.

The aggregate market of the voting stock held by non-affiliates of the registrant was approximately \$6,522,930.00 as of the close of business on September 22, 2003.

The number of shares of Common Stock, \$.001 par value, issued and outstanding as of September 22, 2003 was 2,013,250.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

HISTORY

Able Energy was incorporated on March 13, 1997 in the state of Delaware, to act as a holding company for five operating subsidiaries: Able Oil; Able Propane; Able Melbourne; Able Montgomery and A&O.

In August 1999, the company formed a wholly-owned subsidiary, Able Energy Terminal, LLC for the sole purpose of purchasing property located at 344 Route 46 in Rockaway, New Jersey for the Company's operations.

In August 1999, the company formed a wholly-owned subsidiary, Able Energy New York, Inc. for the sole purpose of purchasing B&B Fuels, an acquisition in Warrensburg, New York. This acquisition sold heating oil, diesel fuel, and kerosene and the Company added propane gas as an additional product shortly after the acquisition.

On December 29, 1998, the Company sold all of its outstanding shares of Able Montgomery, its Pennsylvania retail heating oil distributor, to an unaffiliated third party in exchange for monetary consideration and a ten-year franchise agreement with the buyer.

On December 31, 1998, the Company sold all of its outstanding shares of common stock of A&O, its environmental consulting and engineering subsidiary, to Owl Environmental, Inc., one of A&O's subcontractors, for nominal consideration. The Company decided to sell A&O in light of A&O's continuing operating losses.

In October 2000, the Company began operations of a majority-owned subsidiary, PriceEnergy.com, Inc. PriceEnergy was developed in order to bring about efficient transactions in the liquid fuels market by streamlining the ordering and delivery process utilizing Internet technology.

OVERVIEW

The Company is engaged in the retail distribution of, and the provision of services relating to, home heating oil, propane gas and diesel fuels. In addition to selling liquid energy products, the Company offers complete HVAC (heating, ventilation and air conditioning) installation and repair and also markets other petroleum products to commercial customers, including on-road and off-road diesel fuel, gasoline, and lubricants.

In fiscal year 2002, sales of home heating oil accounted for approximately 57% of the Company's revenues. The remaining 43% of revenues were from sales of gasoline, diesel fuel, kerosene, propane, home heating equipment services, and related sales. The Company now serves approximately 29,000 home heating oil customers from three locations, of which two are located in New Jersey and one is located in Florida.

The Company also provides installation and repair of heating equipment as a service to its customers. The Company considers service and installation services to be an integral part of its business. Accordingly, the Company regularly provides service incentives to obtain and retain customers. The Company provides home heating equipment repair service on a 24 hours-a-day, seven days-a-week basis, generally within four hours of request. Except in isolated instances, the Company does not provide service to any person who is not a customer.

The Company believes that it obtains new customers and maintains existing customers by offering full service home energy products at discount prices, providing quick response refueling and repair operations, providing automatic deliveries to customers by monitoring historical use and weather patterns, and by providing customers a variety of payment options. The Company also regularly provides service incentives to obtain and retain customers. The Company aggressively promotes its service through a variety of direct marketing media, including mail and telemarketing campaigns, by providing discounts to customers who refer new customers to the Company, and through an array of advertising, including television advertisements and billboards, which aim to increase brand name recognition. The Company believes that this focused marketing strategy has been key to its success.

The Company intends to expand its operations by acquiring select operators in the Company's present markets as well as other markets, capturing market share from competitors through increased advertising and other means, diversifying its products, diversifying its customer base, and replicating its marketing and service formula in new geographic areas either directly or through franchise arrangements. The Company may also enter into marketing alliances with other entities in product areas different than the Company's current product mix.

RETAIL FUEL OIL

The Company's retail fuel oil distribution business is conducted through its subsidiaries Able Oil, Able Energy New York, Inc., and Able Melbourne. The Company serves both residential and commercial fuel oil accounts. The Company sells premium quality home heating oil to its residential customers offering delivery seven days-a-week. To its commercial customers, in addition to selling home heating oil, the Company sells diesel fuels, gasoline and kerosene. The Company also provides an oil burner service that is available 24 hours-a-day for the maintenance, repair, and installation of oil burners. These services are performed on an as needed basis. Customers are not required to enter into service contracts to utilize the Company's service department, however the Company does offer such service contracts if desired.

Approximately 50% of the Company's customers receive their home heating oil pursuant to an automatic delivery system without the customer having to make an affirmative purchase decision. These deliveries are scheduled by computer, based on each customer's historical consumption patterns and prevailing weather conditions. Customers can also order deliveries of home heating oil through the Company's Web site located at WWW.ABLEENERGY.COM, or the Company's Subsidiary PriceEnergy.com's Web site at www.priceenergy.com. The Company delivers home heating oil approximately six times each year to the average customer. The Company bills customers promptly upon delivery or receives payment upon delivery. The Company's customers can pay for fuel deliveries with cash, check or credit card.

In addition, approximately 10% of the Company's total sales are made to customers pursuant to an agreement which pre-establishes the maximum annual sales price of fuel oil and is paid by customers over a ten month period in equal monthly installments. Such prices are renegotiated in April of each year and the Company has historically purchased fuel oil for these customers in advance and at a fixed cost.

The Company delivers fuel with its own fleet of 28 custom fuel oil trucks and four owner-operator fuel oil delivery trucks. The Company's fuel trucks have fuel capacities ranging from 3,000 to 8,000 gallons. Each vehicle is assigned to a specific delivery route, and services between 4 and 40 customer locations per day depending on market density and customers' fuel requirements. The Company also operates 16 Company owned service vans and one owner-operated service vans, which are equipped with state of the art diagnostic equipment necessary to repair and/or install heating equipment. The number of customers each van serves mostly depends upon the number of service calls received on any given day.

ABLE OIL

Able Oil was established in 1989 and is the Company's largest subsidiary, accounting for approximately 83% of the Company's total revenues in fiscal 2003. Able Oil is headquartered in Rockaway, New Jersey, and serves just under 29,000 oil customer accounts throughout northern New Jersey, mostly in Morris, Sussex, Warren, Passaic and Essex counties, from its distribution locations in Rockaway and Newton, New Jersey. Of these accounts, approximately 85% are residential customers and 15% are commercial customers.

Generally, 28 of the Company's fuel oil trucks are reserved for use by Able Oil, of which 28 trucks operate from the Rockaway facility and five vans operate from the Newton, New Jersey, facility. In addition, Able Oil utilizes the services of five owner-operated trucks. Each owner operator is under contract; they are responsible for all of the vehicle operating expenses including insurance coverage. All of the trucks have the Company's logo on them.

Able Oil's 28 fuel oil delivery trucks, and the five owner-operator trucks, acquire fuel inventory at the Company's facilities in Rockaway and Newton. Dispatch of fuel oil trucks is conducted at both the Rockaway.. Billing is conducted from Able Energy's corporate headquarters in Rockaway.

The Rockaway and Newton facilities have the capacity to store 1.5 million gallons and 200,000 gallons of fuel, respectively. During seasons where demand for heating oil is higher, or when wholesale oil prices are favorable, a slightly larger inventory is kept on hand. However, Management generally believes that short inventory life and high inventory turnover enables the Company to rapidly respond to changes in market prices. Thus, Management employs "just in time" inventory practices and rarely stores fuel to capacity levels. Additional fuel oil purchases are made daily on the spot market using electronic funds transfers. Able Oil carts its fuel purchases from wholesale purchase sites to the Rockaway and Newton facilities with two tractor-trailer tankers owned by the Company, and by two owner-operated tractor-trailer tankers that are used on an as needed basis. These two owner-operated tankers are under contract and bear the Able logo or name.

Able Oil's oil burner service operates out of the Rockaway and Newton facility. Able Oil dispatches a total of 16 service vans, one of which is subcontracted from an owner-operator.

ABLE MELBOURNE

Able Melbourne was established in July 1996, and is located in Cape Canaveral Florida. Presently, revenues from Able Melbourne account for approximately 3% of the Company's total revenues. Able Melbourne is engaged primarily in the sale of diesel fuel for commercial fleet fueling and other on-road vehicles, and dyed diesel fuel, which is used for off-road vehicles and purposes, including commercial and recreational fishing vessels, heating oil, and generator fuel. Additionally, a small portion of Able Melbourne's revenues is generated from the sale of home heating oil, lubricants and lubricant products. Able Melbourne serves approximately 300 customer accounts in Brevard County, Florida, primarily in the Cape Canaveral Area.

Able Melbourne delivers fuel with two fuel delivery trucks, which are capable of storing 6,000 gallons of fuel in aggregate. Because Able Melbourne's peak season is at the opposite time of the year than the rest of the Company, during this season, Able Melbourne uses one of Able Oil's trucks to meet its demand. Currently, Able Melbourne does not have facilities to store fuel oil beyond what is held on its trucks, and thus, purchases fuel inventory from local refineries. However, since Able Melbourne is located only three miles from port storage, the lack of inventory capacity is not material to the Company's operations or revenue.

RETAIL PROPANE DISTRIBUTION

The Company is engaged in the retail distribution of propane gas and propane equipment, and provides services related thereto through its subsidiary Able Propane. Able Propane, based in Rockaway, New Jersey, was established 1996 as part of the Company's efforts to increase market penetration through diversification. Able Propane serves approximately 3,500 accounts, the majority of which are located in northern New Jersey.

Propane can be used for virtually all household and business utility applications. Of Able Propane's customers, approximately 50% use propane for hot water heating and cooking; approximately 10% use propane for pool heating; and approximately 40% use propane for home heating. Although burned as a gas, propane is transported as a liquid and stored in tanks that vaporize the liquid for use. Able Propane provides its customers with such tanks at no charge, and by doing so, remains such customer's exclusive supplier of propane. Able Propane employs a delivery system similar to the Company's retail oil distribution business, whereby customers receive propane deliveries pursuant to an automatic delivery system without the customer having to make an affirmative purchase decision. These deliveries are scheduled by computer, based on each customer's historical consumption patterns and prevailing weather conditions.

With a continued marketing effort, the Company believes that Able Propane has the opportunity to gain a larger share of the New Jersey energy market by converting electricity users to propane, and by encouraging owners of newly-constructed homes and buildings to select propane as their energy source. The Company also believes that the use of propane as an alternate fuel for cars, trucks and public transportation to meet clean air requirements, poses a great opportunity for future growth.

Able Propane's base of operations is located in Rockaway, New Jersey, at the Company's headquarters. Currently, Able Propane has no propane storage facilities, and its only investment in propane inventory is what can be stored on its four propane delivery trucks. The delivery trucks have the capacity to deliver 3,000 gallons of propane, and can service approximately 35 customers per day. Able Propane purchases wholesale propane on the spot market at local facilities. The Company is considering plans to lease or build a facility that would enable Able Propane to store approximately 30,000 gallons of propane.

PRICEENERGY

PriceEnergy started business in October 2000 and is a majority-owned subsidiary of Able Energy, Inc. PriceEnergy was developed in order to bring about efficient transactions in the liquid fuels market by streamlining the ordering and delivery process utilizing Internet technology. PriceEnergy has developed a business technology platform that enables the company to sell and deliver liquid fuels and related energy products. This has been possible by utilizing a branded distribution channel of dealers and Able Energy's own delivery network. By leveraging its proprietary web technology and wireless dispatch platform, PriceEnergy intends to achieve cost leadership and create a competitive advantage in the industry.

PriceEnergy is currently completing its dealer network throughout New York, Pennsylvania, Massachusetts, Connecticut, and New Jersey. Products and services will be ordered over the Internet and forwarded to the local dealer to schedule delivery. PriceEnergy receives payment and retains a four cent per gallon override on all oil ordered through the system.

Once the proper dealer network is in place, the company expects that about 20 million gallons will be ordered in the following fiscal year. This will result in a minimum gross revenue stream of \$800,000, which is approximately the break-even point of the enterprise.

EFFECT OF CHANGES IN GENERAL ECONOMY

The Company's business is relatively unaffected by business cycles. Because fuel oil, propane and gasoline are such basic necessities, variations in the amount purchased as a result of general economic conditions are limited.

CUSTOMER STABILITY

The Company has a relatively stable customer base due to the tendency of homeowners to remain with their traditional distributors. In addition, a majority of the home buyers tend to remain with the previous owner's distributor. As a result, the Company's customer base each year includes most customers retained from the prior year, or home buyers who have purchased from such customers. Like many other companies in the industry, the Company delivers fuel oil and propane to each of its customers an average of approximately six times during the year, depending upon weather conditions and historical consumption patterns. Most of the Company's customers receive their deliveries pursuant to an automatic delivery system, without the customer having to make an affirmative purchase decision each time home heating oil or propane is needed. In addition, the Company provides home heating equipment repair service on a seven-days-a-week basis.

No single customer accounts for 10% or more of the Company's consolidated revenues.

CONVERSION TO NATURAL GAS

The rate of conversion from the use of home heating oil to natural gas is primarily affected by the relative prices of the two products, and the cost of replacing oil fired heating systems with one that uses natural gas. The Company believes that approximately 1% of its customer base annually converts from home heating oil to natural gas. Even when natural gas had a significant price advantage over home heating oil, such as in 1980 and 1981 when there were government controls on natural gas prices or during the Persian Gulf Crisis in 1990 and 1991, the Company's customers converted to natural gas at only a 2% annual rate. During the latter part of 1991 and through 1995, natural gas conversions have returned to their 1% historical annual rate as the prices for the two products have been at parity.

OIL PRICE VOLATILITY

Although prices of energy sources have been volatile, historically, this has not affected the performance of the Company because it has been able to pass substantially all wholesale cost increases along to its customers. While fluctuations in wholesale prices have not significantly affected demand to date, it is possible that significant wholesale price increase could have the effect of encouraging conservation of energy resources. If demand was reduced and the Company was unable to increase its gross profit margin or reduce its operating expenses, the effect of such decrease in demand would be a reduction of net income.

SEASONALITY

The Company's business is directly related to the heating needs of its customers. Accordingly, the weather can have a material effect on the Company's sales in any particular year. Generally, however, the temperatures in the past thirty years have been relatively stable, and as a result, have not had a significant impact on the Company's performance, except on a short-term basis. In the years 1997 and 2001, "El Nino" caused two of the warmest winters on record, which impacted home heating oil sales during the 1997-1998 and 2001-2002 winter seasons. The winter of 2002-2003 was approximately 14% colder than normal, resulting in record revenues for Able Energy.

Approximately 60% of the Company's revenues are earned and received from October through March, and the overwhelming majority of such revenues are derived from the sale of home heating oil. During the spring and summer months, revenues from the sale of diesel and gasoline fuels increase due to the increased use of automobiles and construction apparatus.

Each of the Company's divisions are seasonal. From May through September, Able Oil experiences considerable reduction of retail heating oil sales.

Able Propane can experience up to 80% decrease in heating related propane sales during the months of April to September, which is offset somewhat by an increase of pool heating and cooking fuel.

Over 90% of Able Melbourne's revenues are derived from the sale of diesel fuel for construction vehicles, and commercial and recreational sea-going vessels during Florida fishing season, which begins in April and ends in November. Only a small percentage of Able Melbourne's revenues are derived from the sale of home heating fuel. Most of these sales occur from December through March, Florida's cooler months.

WHOLESALE SUPPLIERS

The Company has three supply contracts for the purchase of Number 2 Heating Oil, representing 10% of the Company's annual heating fuel purchases. The Company purchases its remaining fuel supplies on the spot market. The Company satisfies its inventory requirements with nine different suppliers, the majority of which have significant domestic fuel sources, and many of which have been suppliers to the Company for over 5 years. The Company's current suppliers are Ameranda Hess Corporation, Motiva Enterprises, Petron Oil Corporation, Star Enterprises, Sprague Energy, Petrocom Energy Group Ltd., and Sun Co., Inc. (R&M). The Company monitors the market each day and determines when to purchase its oil inventory and from whom. As of June 1998, the Company began storing supplies of fuel equal to a month's sales of fuel because of unusually low fuel prices.

Three of these suppliers provided Able Oil with approximately 60% of its heating oil requirements for the year ended June 30, 2002.

Coastal Refining & Marketing, Inc., provided Able Melbourne with approximately 99% of its diesel fuel product requirements for the year ended December 31, 1998. Two major suppliers provided Able Melbourne with approximately 67% and 33%, respectively, of its lubricant and related product requirements for the year ended June 30, 2002. Two major suppliers, Keystone Propane and Propane Power, provided Able Propane with approximately 50% each, of its propane requirements for the year ended December 31, 1998.

Management believes that if the Company's supply of any of the foregoing products was interrupted, the Company would be able to secure adequate supplies from other sources without a material disruption in its operations. However, there can be no assurance that adequate supplies of such products will be readily available in the future.

TRUCK PURCHASES AND MAINTENANCE

The Company presently orders and purchases its fuel oil trucks from two companies that manufacture trucks suitable for the Company's operations. The Company has the option to purchase or lease standard equipment fuel trucks. The typical configuration of the Company's fuel trucks is a Kenworth with a 3,000 gallon multi-compartment aluminum tank, a vapor recovery system and a device that records fuel flow from the storage compartments. Each truck carries the Company's registered logo emblazoned on its side.

Service vehicles are standard commercial vans, which are obtained from a number of sources. These vehicles also carry the Company logo.

Generally, the Company relies upon equipment warranties, fixed fee service contracts and on-site repairs for the maintenance of the Company's fleet of vehicles. To date, the Company has not experienced significant downtime on the any of its fuel trucks.

FRANCHISE DEVELOPMENT

On December 29, 1999, the Company sold its Able Montgomery subsidiary as a franchise operation. Able Montgomery located in Horsham, Pennsylvania, was established in 1996 and is engaged in the retail sale and delivery of home heating oil. Pursuant to a Stock Purchase Agreement, the Company sold all of the outstanding shares of Able Montgomery held by the Company to an unaffiliated third party for a purchase price of \$140,000, and the purchaser agreed to enter into a ten-year franchise agreement with the Company. As an incentive for the purchaser to enter into the Stock Purchase Agreement and operate Able Montgomery as a franchise, the Company agreed to waive the \$25,000 franchise fee and the \$15,000 grand opening fee the Company typically charges new franchisees. At the time of the sale, Able Montgomery represented approximately 1.52% of the total assets of the Company and approximately 1.82% of the total revenues of the Company.

The purchaser of Able Montgomery issued to the Company a promissory note for the purchase price of Able Montgomery. On June 15, 2000, the promissory note was restructured to include the amount still due, plus an additional amount for purchases of oil and advertising, for a total principal amount of \$175,000. Pursuant to the Stock Purchase Agreement, the Company agreed to indemnify the purchaser in certain circumstances, which include, any personal injury

or property damage claims, or any environmental violation, caused by the Company prior to the closing of the sale of Able Montgomery. The purchaser agreed to indemnify the Company in certain circumstances, which include, the breach of any representation or warranty made by purchaser in the Stock Purchase Agreement or any of the other agreements executed by the purchaser in connection with the sale of Able Montgomery. Additionally, pursuant to the Stock Purchase Agreement, the purchaser agreed to enter into a Pledge and Security Agreement whereby the purchaser agreed to pledge to the Company all of the assets and outstanding shares of Able Montgomery, and grant to the Company a security interest in all of the assets of Able Montgomery, pending the satisfaction of the promissory note. The promissory note is payable 60 months from the date of the note and accrues interest at a rate of 9.5% per annum, payable to the Company in monthly installments.

On June 27, 2000, the Company issued a franchise to an independent third party for exclusive rights to operate our franchised business in the Pocono Mountains, Pennsylvania. This franchise commenced business operations in September 2000. In conjunction with issuance of the franchise, the franchisee paid the company a non-refundable fee of \$25,000, an advertising deposit of \$15,000 and a \$5,000 escrow deposit. The Company will provide training, advertising and use of Able credit for the purchase of product, among other things, as specified in the agreement. The franchisee has an option to sell the business back to the Company after two (2) years of operations pursuant to the agreement.

1998 SALE OF A&O SUBSIDIARY

A&O was established in 1995 and was engaged in the business of environmental consulting and engineering. After assessing the potential profitability of A&O versus its potential liabilities, Management determined that it was in the Company's best interest to sell A&O. During the year ended December 31, 1999, A&O experienced a loss from operations of approximately \$152,000 on revenues of \$734,032. At December 31, 1999, A&O's liabilities were approximately \$374,712 as compared to assets of \$221,000. From its inception through year ended December 31, 1998, the Company, through Able Oil, advanced to A&O approximately \$128,442. Pursuant to a Stock Purchase Agreement dated December 31, 1998, the Company sold all of the outstanding shares of common stock of A&O held by the Company to Owl Environmental, Inc. ("Owl"), one of A&O's subcontractors, for nominal consideration. Owl purchased such shares "as is" without recourse or express or implied warranty from the Company.

PRODUCT LINES

In fiscal year 2003, sales of home heating oil accounted for approximately 57% of the Company's revenues. The remaining 43% of revenues were from sales of gasoline, diesel fuel, kerosene, propane, equipment sales and service, and related sales. The Company also installs heating equipment and repairs such equipment on a 24 hours-a-day, seven days-a-week basis, generally within four hours of request.

INDUSTRY OVERVIEW

The Company's business is highly competitive. In addition to competition from alternative energy sources, the Company competes with distributors offering a broad range of services and prices, from full service distributors similar to the Company, to those offering delivery only. Competition with other companies in the propane industry is based primarily on customer service and price. Longstanding customer relationships are typical in the retail home heating oil and propane industry. Many companies in the industry, including the Company, deliver fuel oil or propane to their customers based upon weather conditions and historical consumption patterns without the customers having to make an affirmative purchase decision each time fuel oil or propane is needed. In addition, most companies, including the Company, provide equipment repair service on a 24 hour-a-day basis, which tends to build customer loyalty. As a result, the Company may experience difficulty in acquiring new retail customers due to existing relationships between potential customers and other fuel oil or propane distributors.

MARKETING, SALES & STRATEGIC PARTNERSHIPS

The Company employs a dynamic marketing strategy that the Company believes has been the key to its success. The Company believes that it obtains new customers and maintains existing customers by offering its full service home energy products at discount prices, providing quick response refueling and repair operations, providing automatic deliveries to customers by monitoring historical use and weather patterns, and by providing customers a variety of payment options. To expand its customer base and aggressively promote its service, the Company engages in direct marketing campaigns, advertises regularly, offers employee incentives, and encourages referrals.

The Company has successfully expanded its customer base by employing a variety of direct marketing tactics, including telemarketing campaigns, billboards, mass and direct mailings, and by distributing hand-bills and promotional

items, such as refrigerator magnets, sweatshirts and hats. Additionally, the Company's delivery personnel are an integral part of the Company's direct marketing activities. While in the field, drivers isolate potential new customers by taking note of where the Company is not servicing accounts, and act as salespersons for the Company. The Company offers its drivers and customer care representatives an incentive payment of \$20 for each new automatic delivery customer and \$10 for each conversion of an existing customer to automatic delivery.

The Company uses advertising campaigns to increase brand recognition and expand its customer base, including radio and television advertisements, billboards, and newsprint and telephone directory advertisements. Additionally, the Company utilizes its fleet of fuel delivery trucks and service vans as moving advertisements by emblazoning them with the Company's logo.

Historically, referrals have been an important part of the Company's efforts to expand its business and the Company offers incentives to customers who refer business. Customers who refer business receive either \$30 or 25 gallons of heating oil at no charge for each new customer referred. The Company also offers other special limited time promotional offers to customers, designed to increase business in specific targeted business segments. The Company also encourages civic and religious organizations to refer business to the Company. As an incentive, the Company pays such organizations a donation for each of its members who become customers and a stipend based upon the members' fuel consumption.

PATENTS AND TRADEMARKS

Able Oil owns the exclusive right and license to use, and to license others to use, the proprietary marks, including the service mark "Able Oil- -Registered Trademark-" (and design) ("Proprietary Marks"). The "Able Oil- -Registered Trademark-" service mark and design was registered under Classes 37 and 39 of the Principal Register of the U.S. Patent & Trademark Office ("USPTO") on April 30, 1996 (registration No. 1,971,758). In addition, Able Oil established certain common law rights to the Proprietary Marks through its continuous, exclusive and extensive public use and advertising. The Proprietary Marks are not registered in any state.

Presently there is no effective determination by the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state, or court regarding the Proprietary Marks, nor is there any pending interference, opposition or cancellation proceeding or any pending litigation involving the Proprietary Marks or the trade names, logotypes, or other commercial symbols of Able Oil. There are no agreements currently in effect that significantly limit the rights of Able Oil to use or license the use of the Proprietary Marks.

In December 2000, the Company was advised by the United States Patent and Trademark Office that its applications for registration for the "PriceEnergy.com" mark was assigned Serial No. 76/172083 and the "PriceEnergy.com The Energy Hotspot" mark was assigned Serial No. 76/171829, as of November 28, 2000.

ENVIRONMENTAL CONSIDERATIONS AND REGULATION

The Company has implemented environmental programs and policies designed to avoid potential liability under applicable environmental laws. The Company has not incurred any significant environmental compliance cost, and compliance with environmental regulations has not had a material effect on the Company's operating or financial condition. This is primarily due to the Company's general policies of closely monitoring its compliance with all environmental laws. In the future, the Company does not expect environmental compliance to have a material effect on its operations and financial condition. The Company's policy for determining the timing and amount of any environmental cost is to reflect an expense as and when the cost becomes probable and reasonably capable of estimation.

On September 15, 2003, Able Oil received approval from the New Jersey Department of Environmental Protection a revised Discharge Prevention Containment and Countermeasure plan ("DPCC") and Discharge, Cleanup and Removal plan ("DCR") for the facility at 344 Route 46 East in Rockaway, New Jersey. This plan has received approval and will be in effect for three years. The State of New Jersey requires companies which operate major fuel storage facilities to prepare such plans, as proof that such companies are capable of, and have planned for, an event that might be deemed by the State to be hazardous to the environment. In addition to these plans, Able Oil has this facility monitored on an ongoing basis to ensure that the facility meets or exceeds all standards required by the State.

The Company experienced no spill events that would warrant investigation by state or other environmental regulatory agencies. All locations are prepared to deal with such an event should one occur.

GOVERNMENT REGULATIONS

Numerous federal, state and local laws, including those relating to protection of the environment and worker safety, effect the Company's operations. The transportation of fuel oil, diesel fuel, propane and gasoline is subject to regulation by various federal, state and local agencies including the U.S. Department of Transportation ("DOT"). These regulatory authorities have broad powers, and the Company is subject to regulatory and legislative changes that can effect the economies of the industry by requiring changes in operating practices or influencing demand for, and the cost of providing, its services.

The regulations provide that, among other things, the Company's drivers must possess a commercial driver's licence with a hazardous materials endorsement. The Company is also subject to the rules and regulations concerning Hazardous Materials Transportation Act. For example, the Company's drivers and their equipment must comply with the DOT's pre-trip inspection rules, documentation regulations concerning hazardous materials (i.e. certificates of shipments which describe the type, and amount of product transported), and limitations on the amount of fuel transported, as well as driver "hours of service" limitations. Additionally, the Company is subject to DOT inspections that occur at random intervals. Any material violation of DOT rules or the Hazardous Materials Transportation Act may result in citations and/or fines upon the Company. In addition, the Company depends upon the supply of petroleum products from the oil and gas industry and, therefore, is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry generally. The Company cannot determine the extent to which future operations and earnings may be affected by new legislation, new regulations and changes in existing regulations.

The technical requirements of these laws and regulations are becoming increasingly expensive, complex and stringent. These laws may impose penalties or sanctions for damages to natural resources or threats to public health and safety. Such laws and regulations may also expose the Company to liability for the conduct or conditions caused by others, or for acts of the Company that were in compliance with all applicable laws at the time such acts were performed. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Certain environmental laws provide for joint and several liabilities for remediation of spills and releases of hazardous substances. In addition, companies may be subject to claims alleging personal injury or property damages as a result of alleged exposure to hazardous substances, as well as damage to natural resources.

Although the Company believes that it is in compliance with existing laws and regulations and carries adequate insurance coverage for environmental and other liabilities, there can be no assurance that substantial costs for compliance will not be incurred in the future or that the insurance coverage in place will be adequate to cover future liabilities. There could be an adverse affect upon the Company's operations if there were any substantial violations of these rules and regulations. Moreover, it is possible that other developments, such as more stringent environmental laws, regulations and enforcement policies thereunder, could result in additional, presently unquantifiable, costs or liabilities to the Company.

EMPLOYEES

As of June 30, 2003, the Company employed approximately 82 individuals. From October through March, the Company's peak season, the Company employs approximately 100 persons. From April through September, the Company employs approximately 75 persons. Currently, there are no organized labor unions representing any of the employees of Company or any of its related companies.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's corporate headquarters are located in a 9,800 square foot facility in Rockaway, New Jersey. This facility accommodates the Company's corporate, administrative, marketing and sales personnel. The lease expires July 31, 2005 and carries an annual rent increasing from \$109,000 to \$290,000 over the term of the lease. The Company owns the property located at 344 Route 46 in Rockaway, New Jersey. This facility accomodates the Company's fuel terminal, including fuel storage tanks, truck yard space and dispatch operations. The Company purchased the property in August 1999, through a newly formed wholly-owned subsidiary, Able Energy Terminal, LLC, at a purchase price of \$1,150,000. The Company also owns buildings, totaling 1,000 square feet, consisting of wood frame facilities located at 38 Diller Avenue, Newton, New Jersey that serves as a supply depot, storage area administrative offices and service facility.

Able Melbourne leases a 4,000 square foot concrete and aluminum facility that serves as a storage facility, a service facility and administrative offices, located at 757 Scallop Drive, Port Canaveral, Florida and is governed by an oral, month-to-month lease with annual rent of \$6,000. The Company does not store fuel oil at this location with the exception of that which is kept in the delivery trucks. This facility is conveniently located within three miles of its

wholesale supplier. The Company is responsible for maintaining the facilities in compliance with all environmental rules and laws.

ITEM 3. LEGAL PROCEEDINGS

In accordance with the purchase of the property on Route 46, Rockaway, New Jersey by Able Energy Terminal, LLC, the Company intends to pursue recovery of all costs and damages related to a lawsuit by the seller against a former tenant of the property, based on environmental cleanup costs on the property. Purchaser will assume all responsibility and direction for the lawsuit, subject to the sharing of half of any recoveries from the lawsuit with the seller. The seller by reduction of its mortgage will pay costs related to the above up to \$250,000. In December of 2000, the Company reached an agreement with the former tenants whereby the former tenants agreed to pay Able Energy, Inc. the sum of \$397,000 in order to pay for the environmental cleanup costs on the Company's Route 46 property.

A lawsuit has been filed against the Company by property owners who allegedly suffered property damages as a result of the March 14, 2003 explosion and fire. The Company's insurance carrier is defending as related to compensatory damages. Legal counsel is defending on the punitive damage claim. Per legal counsel, it is too early in the process to assess the outcome, in their opinion, the matter will not be certified as a Class Action.

As a result of the March 14, 2003 explosion and fire, various claims for property damage have been submitted to the Company's insurance carrier. These claims are presently being handled and, in many cases, settled by the insurance carrier's adjuster. There are approximately 200 claims being handled and adjusted with reserves for losses established as deemed appropriate by the insurance carrier.

The Company is not currently involved in any legal proceeding that could have a material adverse effect on the results of operations or the financial condition of the Company. From time to time, the Company may become a party to litigation incidental to its business. There can be no assurance that any future legal proceedings will not have a material adverse affect on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The following matters were submitted to a vote and ratified at our annual meeting held in Rockaway, New Jersey on May 30, 2003.

(1) Elected a board of seven directors to hold office until the 2004 Annual Meeting of Shareholders and until their successors are elected and qualified;

	FOR	AGAINST	ABSTAIN
Timothy Harrington	1,018,996	0	0
Christopher P. Westad	1,018,996	0	0
James Pucaro	1,018,996	0	0
Gregory Sichenzia	1,018,996	0	0
Patrick O'Neill	1,018,996	0	0
Edward C. Miller, Jr.	1,018,996	0	0

(2) Ratified the selection of Simontacchi & Company, LLP as our auditors for the fiscal year ending June 30, 2004.

FOR AGAINST ABSTAIN

1,018,996 0 0

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET FOR SECURITIES

The Company's Common Stock commenced trading on the Nasdaq SmallCap Market under the symbol "ABLE" on June 29, 1999. The following table sets forth the high and low sale price of the Common Stock on a quarterly basis, as reported by Nasdaq:

QUARTER ENDED	HIGH PRICE (\$)	LOW PRICE (\$)
June 30, 2000	6	4 1/4
September 30, 2000	5 1/4	3
December 31, 2000	4	1 5/8
March 31, 2001	3 9/16	2
June 30, 2001	6.75	2.35
September 30, 2001	5.89	3.70
December 31, 2001	4.58	3.55
March 31, 2002	4.72	3.34
June 30, 2002	4.55	3.30
September 2002	4.50	3.40
December 2002	4.82	2.81
March 2003	4.80	2.80
June 2003	4.15	2.41

At September 23, 2002, there were approximately 600 holders of record of the Company's Common Stock. The Company has not paid dividends on its shares of Common Stock outstanding in the past. There are no restrictions that limit the ability of the Company to pay dividends or are likely to do so in the future.

RECENT SALE OF UNREGISTERED SECURITIES

None.

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ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with the Consolidated Financial Statements, including the related notes, and "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations".

FOR THE YEAR ENDED JUNE 30,

	2003 ----	2002 ----	2001 ----
Results of Operation Data -----			
Sales	\$ 46,297,662	\$ 26,723,482	\$ 33,953,373
Gross Profit	7,541,962	5,071,010	5,169,010
Operating Income (Loss)	927,627	(1,426,268)	(1,799,235)
Net Income (Loss)	202,152	(1,522,255)	(1,614,909)
Net Income (Loss) Per Share	.10	(.76)	(.81)
Depreciation and Amortization	1,220,048	1,156,601	1,009,201
Interest Expense	465,531	298,331	236,599
Weighted Average Number of Shares Outstanding	2,012,708	2,001,332	2,000,000
Balance Sheet Data -----			
Cash	\$ 400,033	\$ 258,560	\$ 1,489,018
Current Assets	5,504,366	3,086,136	4,040,586
Current Liabilities	8,678,829	5,559,680	5,169,197
Total Assets	12,612,582	10,477,891	11,756,530
Long-Term Liabilities	446,461	1,657,071	1,828,401
Total Stockholders' Equity	3,487,292	3,261,140	4,758,932

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements in this Annual Report on Form 10-K concerning the Company's outlook or future economic performance, anticipated profitability, gross billings, expenses or other financial items, and statements concerning assumptions made or exceptions to any future events, conditions, performance or other matters are "forward looking statements," as that term is defined under the Federal Securities Laws. Forward-looking statements are subject to risks, uncertainties, and other factors that would cause actual results to differ materially from those stated in such statements. Such risks, and uncertainties and factors include, but are not limited to: (i) changes in external competitive market factors or trends in the Company's results of operation; (ii) unanticipated working capital or other cash requirements and (iii) changes in the Company's business strategy or an inability to execute its competitive factors that may prevent the Company from competing successfully in the marketplace.

Revenue Recognition

Sales of fuel and heating equipment are recognized at the time of delivery to the customer, and sales of equipment are recognized at the time of installation. Revenue from repairs and maintenance service is recognized upon completion of the service. Payments received from customers for heating equipment service contracts are deferred and amortized into income over the term of the respective service contracts, on a straight-line basis, which generally do not exceed one year.

Results of Operations

Year ended June 30, 2003; Compared to the Year ended June 30, 2002.

The Company reported revenues of \$46,297,662 for the year ended June 30, 2003, an increase of 73.25% over the prior year's revenues for the same period. The sales increased by \$19,574,180. This increase can be attributed primarily to the Company's continued aggressive sales activities, which resulted in a larger customer base as well as an increase in the sales of commercial diesel fuels and gasoline. The Company's primary delivery territory also experienced much colder weather and higher margins via a more favorable pricing structure. A higher commodity cost during this past season due to economic unrest, and the fear that war could disrupt the world's oil supply also impacted revenues. The Company experienced a sales increase in its two main commodities during the year ended June 30, 2003. Sales of #2 heating oil, the Company's main product line, grew in revenue dollars by 79.09%. Propane gas sales, in dollars, grew by 53.61% for the year over the prior year. In addition, the Company increased its sales of new equipment and HVAC services for the year by 35.92%. In addition, sales of gasoline and on-road diesel also experienced strong revenue growth. Sustained growth in these non-heating related products and services in the off-season, will also help even out the seasonality of the Company's business when heating related sales are generally down. Management has also been dedicated to a realistic gross margin percentage on these off-season products to allow for greatest profitability.

Gross profit margin, as a percentage of revenues, for the year ended June 30, 2003, decreased by 2.69%, but gross profit in dollars increased \$2,470,952 above the prior year's results. Gross profit margin as a percentage of revenues was lower due to the increased cost of the main commodities during this past heating season. Typically, margin dollars per gallon remain relatively constant in a given marketing area regardless of the changes in commodity pricing. The overall increase in gross profit reflects the Company's margin management policy along with the increase in gross sales revenue. This margin program is designed to promote product pricing that is in line with the specific type and extent of service that is provided.

Selling, general, and administrative expenses, as a percent of sales, decreased by 8.33% from 19.98% in the year ending June 30, 2002 to 11.65% during the same period in 2003. The Company attributes this decrease to its continued dedication to controlling expense line items as a percentage of sales, including advertising, and outside consulting fees. Management will continue to monitor the fiscal budget against actual results on a continuing basis in an effort to further reduce SG&A as a percentage of sales.

Operating income for the year ended June 30, 2003 was \$927,627, as compared to the Company's operating loss of (\$1,426,268) for the year ended June 30, 2002. This operating profit for the year was directly related to the increase in sales and lower percentage of operating costs in comparison to sales.

Net income for the year ended June 30, 2003 was \$202,152 as compared to the same period for the previous year loss of (\$1,522,255), a year over year increase of \$1,724,407. The overall performance in net income was primarily affected by the dramatic increase in sales during the year. Primarily, the Able Oil subsidiary experienced the greatest increase in year-to-year net profit of \$1,378,655 this year compared to prior year. This net income while being a significant improvement over the prior year was severely effected by the explosion and fire on March 14, 2003, and regulatory penalties of \$435,500, discussed on a subsequent page.

Results of Operations

Year ended June 30, 2003, compared to year ended June 30, 2002:

	June 30, 2003	June 30, 2002	% Inc / (Dec)
	-----	-----	-----
Sales	\$46,297,662	\$26,723,482	73.24%
Gross Profit Margin	7,541,962	5,071,010	48.73%
Selling General & Administrative Expense	5,394,287	5,340,677	1.00%
Income/(Loss) From Operations	927,627	(1,426,268)	100.00%+
Net Income	202,152	(1,522,255)	100.00%+

To reiterate, the sales increases can be attributed to the Company's vigorously energetic sales activities, which resulted in continued customer growth especially automatic delivery heating oil customers. In addition, the year as a whole was 34% colder than the prior year creating higher demand in heating related gallons sales. While the 2002/2003 season was colder than the prior year, it was also 10% colder than normal in the Company's primary delivery area of Northwestern New Jersey. This colder weather also contributed to a 36% increase in HVAC service work and new heating system installations. While the Company increased the total Gross Profit Margin by 49%, the overall percent to sales as compared to prior year was down by 2.7% due to increased commodity costs coupled with a margin goal per gallon that was achieved. Unseasonably cold weather this year, continued strong sales and marketing efforts, continued emphasis on margin management, along with stable operating costs all contributed to the Company's operating profit and net income. The Company reported revenues for the year of \$46,297,662, an increase of 73.24% over the revenues of a year ago. These increased revenues were the result of sales efforts, colder weather, and a higher commodity cost this past season.

Operational Efficiencies

The Company believes that it will continue to increase the utilization of existing personnel and equipment, thus continuing to reduce expenses as a percent of sales, and increasing profitability, within its current business configuration. The redefining of the Company's organizational chart and associated position descriptions (by assigning duties to best suit the organizations growth) will further enhance this increased utilization. Moreover, the Company is in the process of implementing a new operating system to further streamline operations and information processing.

The Company's margin management strategy will be additionally strengthened as it plans to use the PriceEnergy subsidiary to handle highly discounted non-service related home heating oil sales previously sold through the Able Oil subsidiary. This change will permit Able Oil Co. to grow its automatic delivery customer base using its moniker of "Full Service at Discount Prices", while the PriceEnergy entity will cater to those customers looking for the lowest possible retail price either "on-line" or over the phone. The Company believes that this further segmentation of its customer base will be successful in increasing overall profitability while enhancing customer appeal. The Company has identified several discreet customer segments that prefer varying levels of service from the Company. By better aligning the Company's product offerings to match the desires of these customer segments, the Company believes that it will be able to capture a larger market share

The Company is in the process of implementing a service billing methodology known as "Flat Rate Pricing", an approach similar to that used in the automobile repair industry. This system will provide sales and service personnel the capability of offering the customer an easy to understand, "package approach" to repairs and equipment installations with one or two line billings per invoice. This policy is consistent with the Company's customer segmentation strategy, permitting different retail prices for different customer segments, based upon their choice of service level desired. This system will interface with the Company's automated dispatch communications program that was introduced last year. Flat rate pricing is being rolled out in the 2nd fiscal quarter of the current year and is anticipated that this system will be fully implemented by the end of the current fiscal year.

Recently Implemented Technological Procedures

The Company has established goals, which will be accomplished through the implementation of some modern technologies that are currently being installed into the Company's existing infrastructure.

The Company has introduced additional customer service technology to its Rockaway call and administrative center during the past year. Able Energy management believes that the improvements to its existing telephony hardware and in-house management, the Company's call center environment will be provided with the ability to respond to changing call patterns, both higher and lower, without the expense of clerical over-staffing to meet unrealized needs. New software now provides the customer with the option of placing an order via a voice activated technology. This allows customers who simply wish to refill their fuel tank, the opportunity to quickly place an order 24 hours a day without the help of a live customer service representative.

The Company is now beginning full implementation of the recently announced automated dispatch technology, which provides management with the ability to communicate with service technicians instantaneously. This system also is now performing billing functions at the customer's location as well as documenting payment data instantaneously. Additionally, management is now aware of the status of every on-duty worker and obtains real time reporting for stand-by, en route, and service work time. This enables the Company to maximize scheduling opportunities and eliminating service technician down time.

Operating Subsidiary

The company's operating subsidiary, PriceEnergy with its modern order-processing platform is now in its second full year of operation. This revolutionary proprietary technology is fully automated and allows for the removal of the inefficiencies associated with traditional heating oil companies within this industry. PriceEnergy has generated over 2 million gallons in new business this year, which were delivered by PriceEnergy's dealer network. In December of 2002, PriceEnergy began sales of Home Heating Oil in the initial BJ's Wholesale Club. Gallons sold through this new venue have been increasing with each week. The Company is excited about this new sales opportunity with its new "Channel Partner", BJ's. The Company believes that this is the first of many prime retail opportunities to utilize the PriceEnergy operating platform to open new markets for the sales of heating oil, diesel fuel, and propane gas.

Explosion and Fire

On March 14, 2003, Able Energy experienced an explosion and fire at its Newton, New Jersey facility which resulted in the destruction of an office building on the site, as well as damage to 18 company vehicles and neighboring properties. Fortunately, due to the immediate response by employees at the site, a quick evacuation of all personnel occurred prior to the explosion, preventing any serious injuries.

The preliminary results of the company's investigation indicate that the explosion was an accident that occurred as a result of a combination of human error, mechanical malfunction, as well as the failure to follow prescribed state standards for propane delivery truck loading. On April 3, 2003, Able Energy received a Notice of Violation from the New Jersey Department of Community Affairs. The dollar amount of the assessed penalty totaled \$414,000. Able Energy has contested the Notice of Violation as well as the assessed penalties with the State of New Jersey and is waiting for a hearing date.

The company has taken the lessons learned from this event very seriously. Able Energy has worked closely, and cooperated fully with all local and state officials in the clean up phase, tank testing process, and subsequent investigations. Strict and clear employee communications have taken place to reinforce compliance with all governmental regulations as well as all company policies. The company has retained the assistance of Boyer Safety Services, experts in the propane industry; to hold safety-training sessions for all propane related employees. This training will be ongoing and will upgrade employee training to the most modern and up-to-date levels as well as reinforce Able Energy's commitment to operate all aspects of the company in a professional, responsible, and safe manner.

The Company is currently not processing deliveries from the Newton, New Jersey facility as it awaits the outcome of an appeal before the Newton Board of Adjustment as to future operations from that site. Company operations have continued throughout the aftermath of the incident and management believes that it has fully recovered to normal delivery operations using its main distribution facility in Rockaway, New Jersey.

Liquidity And Capital Resources

For the year ended June 30, 2003, compared to the year ended June 30, 2002, the Company's cash position increased by \$141,473 from \$258,560 to \$400,033. For the year ended June 30, 2002, cash was generated through collections of customer advance payments, and an increased loan from the bank. In the year ending June 30, 2003, the Company entered into agreements and received loans of \$750,000 from a private company and a loan in excess of \$300,000 from the C.E.O. The Company has closed a new credit facility on September 22, 2003 with UPS Business Capital Credit and obtained a term loan of \$4.3 million to consolidate a large portion of its existing debt and has also obtained a working capital line of credit of \$700,000. This new debt restructuring will save in excess of \$200,000 per year in interest payments and eliminate previous administrative efforts in the managing of over two-dozen individual leases and loans. The new facility will enable the Company to continue to grow while strengthening its infrastructure.

Seasonality

The Company's operations are subject to seasonal fluctuations, with a majority of the Company's business occurring in the late fall and winter months. Approximately 70% of the Company's revenues are earned and received from October through March, most of such revenues are derived from the sale of home heating products including propane gas and home heating oil. However the seasonality of the Company's business is offset, in part, by an increase in revenues from the sale of HVAC products and services, diesel and gasoline fuels during the spring and summer months, due to the increased use of automobiles and construction apparatus

From May through September, Able Oil can experience considerable reduction of retail heating oil sales. Similarly, Able Propane can experience up to an 80% decrease in heating related propane sales during the months of April to September, this is offset somewhat by increased sales of propane gas used for pool heating, heating of domestic hot water in homes and fuel for outdoor cooking equipment.

Over 90% of Able Melbourne's revenues are derived from the sale of diesel fuel for construction vehicles, and commercial and recreational sea-going vessels during Florida's fishing season, which begins in April and ends in November. Only a small percentage of Able Melbourne's revenues are derived from the sale of home heating fuel. Most of these sales occur from December through March, Florida's cooler months.

ITEM 8. FINANCIAL STATEMENTS

All financial information required by this Item is attached hereto beginning on Page F-1.

ABLE ENERGY, INC.

JUNE 30, 2003 AND 2002

C O N T E N T S

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To The Board of Directors
Able Energy, Inc.
Rockaway, New Jersey 07866

Independent Auditors' Report

We have audited the accompanying consolidated balance sheet of Able Energy, Inc. and subsidiaries as of June 30, 2003 and 2002 and the related consolidated statements of income, changes in Stockholders' equity, and cash flows for the years ended June 30, 2003, 2002 and 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audits the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Able Energy, Inc. and subsidiaries as of June 30, 2003 and 2002, and the results of their operations and their cash flows for the years ended June 30, 2003, 2002 and 2001 in conformity with accounting principles generally accepted in the United States of America.

Simontacchi & Company, LLP
Rockaway, New Jersey
September 22, 2003

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ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

	JUNE 30,	
	2003	2002
Current Assets:		
Cash	\$ 400,033	\$ 258,560
Accounts Receivable (Less Allowance for Doubtful Accounts of \$279,913 (2003) and \$242,358 (2002))	2,661,808	1,933,526
Inventory	789,422	405,424
Notes Receivable - Current Portion	57,577	32,756
Miscellaneous Receivables	70,503	113,905
Prepaid Expenses	395,982	228,839
Insurance Claim Receivable	349,526	--
Deferred Costs - Insurance Claims	703,675	--
Prepaid Expense - Income Taxes	2,063	2,733
Deferred Income Tax	73,777	65,703
Due From Officer	--	44,690
Total Current Assets	5,504,366	3,086,136
Property and Equipment:		
Land	451,925	451,925
Buildings	946,046	1,096,046
Trucks	3,125,453	3,037,192
Fuel Tanks	1,455,501	1,190,153
Machinery and Equipment	769,817	576,123
Leasehold Improvements	597,759	578,792
Cylinders	755,496	731,692
Office Furniture and Equipment	200,640	200,640
Website Development Costs	2,274,575	2,200,511
	10,577,212	10,063,074
Less: Accumulated Depreciation and Amortization	4,331,055	3,461,342
Net Property and Equipment	6,246,157	6,601,732
Other Assets:		
Deferred Income Taxes	45,091	--
Deposits	165,541	70,570
Notes Receivable - Less Current Portion	177,793	216,628
Customer List, Less Accumulated Amortization of (\$188,122) 2003 and 2002	422,728	422,728
Covenant Not to Compete, Less Accumulated Amortization of \$76,667 (2003) and \$56,667 (2002)	23,333	43,333
Development Costs - Franchising	27,573	36,764
Total Other Assets	862,059	790,023
Total Assets	\$12,612,582	\$10,477,891

See Accompanying Notes and Auditor's Report

ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (Cont'd)
LIABILITIES & STOCKHOLDERS' EQUITY

	JUNE 30,	
	2003	2002
Current Liabilities:		
Accounts Payable	\$ 1,420,911	\$ 1,159,341
Note Payable - Bank	1,270,000	1,470,000
Note Payable - Other	1,585,000	500,000
Current Portion of Long-Term Debt	1,888,982	584,384
Accrued Expenses	735,370	309,363
Accrued Taxes	98,612	24,673
Customer Pre-Purchase Payments	936,680	880,111
Customer Credit Balances	416,644	548,336
Escrow Deposits	5,000	28,472
Note Payable - Officer	321,630	55,000
Total Current Liabilities	8,678,829	5,559,680
Deferred Income	79,679	79,679
Deferred Income Taxes	70,310	54,712
Long Term Debt: less current portion	296,472	1,522,680
Total Liabilities	9,125,290	7,216,751
Stockholders' Equity:		
Preferred Stock		
Authorized 10,000,000 Shares Par Value \$.001 per share		
Issued - None		
Common Stock		
Authorized 10,000,000 Par Value \$.001 per share Issued		
and Outstanding Shares 2,013,250 (2003) and 2,007,250 (2002)	2,014	2,008
Paid in Surplus	5,711,224	5,687,230
Retained Earnings (Deficit)	(2,225,946)	(2,428,098)
Total Stockholders' Equity	3,487,292	3,261,140
Total Liabilities and Stockholders' Equity	\$ 12,612,582	\$ 10,477,891

See Accompanying Notes and Auditors' Report

ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	YEARS ENDED JUNE 30,		
	2003	2002	2001
Net Sales	\$ 46,297,662	\$ 26,723,482	\$ 33,953,373
Cost of Sales	38,755,700	21,652,472	28,784,363
Gross Profit	7,541,962	5,071,010	5,169,010
Expenses			
Selling, General and Administrative Expenses	5,394,287	5,340,677	5,959,044
Depreciation and Amortization Expense	1,220,048	1,156,601	1,009,201
Total Expenses	6,614,335	6,497,278	6,968,245
Income (Loss) From Operations	927,627	(1,426,268)	(1,799,235)
Other Income (Expenses):			
Interest and Other Income	127,248	214,707	404,290
Interest Expense	(465,531)	(298,331)	(236,599)
Directors' Fees	(24,000)	(20,400)	--
Gain on Insurance Recovery (Note 24)	215,140	--	--
Other Expense (Note 22)	(435,500)	--	--
Legal Fees Relating to Other Expense	(90,050)	--	--
Total Other Income (Expense)	(672,693)	(104,024)	167,691
Income (Loss) Before Provision for Income Taxes (Credit)	254,934	(1,530,292)	(1,631,544)
Provision for Income Taxes (Credit)	52,782	(8,037)	(16,635)
Net Income (Loss)	\$ 202,152	\$ (1,522,255)	\$ (1,614,909)
Basic Earnings (Loss) per Common Share	\$.10	\$ (.76)	\$ (.81)
Diluted Earnings (Loss) per Common Share	\$.10	\$ (.76)	\$ (.81)
Weighted Average number of Common Shares Outstanding	2,012,708	2,001,332	2,000,000
Weighted Average Number of Common Shares Outstanding, Assuming Dilution	2,051,700	2,001,332	2,000,000

See Accompanying Notes and Auditors' Report

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ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED JUNE 30, 2003, 2002 AND 2001

Common Stock .001 Par Value

	Shares	Amount	Additional Paid-in Surplus	Retained Earnings	Total Stockholders' Equity
	-----	-----	-----	-----	-----
Balance - July 1, 2000	2,000,000	\$ 2,000	\$ 5,662,775	\$ 709,066	\$ 6,373,841
Net Loss	-----	-----	-----	(1,614,909)	(1,614,909)
Balance - June 30, 2001	2,000,000	2,000	5,662,775	(905,843)	4,758,932
Sale of Common Stock	1,250	2	4,061		4,063
Issuance of Common Stock for Payment of Directors' Fees	6,000	6	20,394		20,400
Net Loss	-----	-----	-----	(1,522,255)	(1,522,255)
Balance - June 30, 2002	2,007,250	\$ 2,008	\$ 5,687,230	\$ (2,428,098)	\$ 3,261,140
Issuance of Common Stock for Payment of Directors' Fees	6,000	6	23,994		24,000
Net Income	-----	-----	-----	202,152	202,152
Balance - June 30, 2003	2,013,250	\$ 2,014	\$ 5,711,224	\$ (2,225,946)	\$ 3,487,292
	=====	=====	=====	=====	=====

See Accompanying Notes and Auditors' Report

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED JUNE 30,		
	2003	2002	2001
Cash Flow From Operating Activities			
Net Income (Loss) - Continuing Operations	\$ 202,152	\$(1,522,255)	\$(1,614,909)
Adjustments to Reconcile Net Income to Net Cash used by Operating Activities:			
Depreciation and Amortization	1,220,048	1,156,601	1,009,201
Gain on Disposal of Equipment	(215,272)	(331)	(35,434)
Directors' Fees	24,000		
Other Expense	435,500		
(Increase) Decrease in:			
Accounts Receivable	(728,282)	(113,670)	381,984
Inventory	(383,998)	(38,098)	(63,807)
Prepaid Expenses	(167,143)	(117,275)	(29,154)
Prepaid Income Taxes	670	81,171	36,047
Deposits	(87,000)	30,713	(47,035)
Deferred Income Tax - Asset	(8,074)	(6,973)	(10,460)
Deferred Costs - Insurance Claims	(614,816)		
Increase (Decrease) in:			
Accounts Payable	261,570	(496,146)	(286,809)
Accrued Expenses	19,355	(151,103)	184,675
Customer Advance Payments	56,569	(444,138)	1,324,249
Customer Credit Balance	(131,692)	324,616	223,720
Deferred Income Taxes	15,598	(1,064)	(6,175)
Escrow Deposits	(23,472)	23,472	(10,000)
Deferred Income	--	--	(27,729)
Net Cash (Used) Provided by Operating Activities	(124,287)	(1,274,480)	1,028,364
Cash Flow From Investing Activities			
Purchase of Property and Equipment	(1,102,589)	(941,489)	(1,469,504)
Web Site Development Costs	(74,064)	63,630	(1,163,049)
Increase in Deposits	(7,971)	--	(16,623)
Sale of Equipment	118,258	591	46,439
Notes Receivable - Sale of Equipment	--	--	(94,500)
Payment on Notes Receivable - Sale of Equipment	13,359	7,939	36,353
Note Receivable - Montgomery	655	644	(11,293)
Miscellaneous Receivables	43,402	(75,272)	8,072
Net Cash (Used) Provided By Investing Activities	(1,008,950)	(943,957)	(2,664,105)

See Accompanying Notes and Auditors' Report

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	YEARS ENDED JUNE 30,		
	2003	2002	2001
Cash Flow From Financing Activities			
(Decrease) Increase in Notes Payable - Bank	\$ (200,000)	\$ 1,470,000	\$ 157,492
Note Payable - Other	1,085,000	--	500,000
Note Payable - Officer	311,320	55,000	--
(Decrease) in Notes Payable - Bank	--	(449,720)	--
Decrease in Long-Term Debt	(766,479)	(520,509)	(738,916)
Increase in Long-Term Debt	844,869	408,745	959,203
Decrease Escrow Deposit Payable	--	--	(20,000)
Sale of Common Stock	--	24,463	--
Net Cash (Used) Provided By Financing Activities	1,274,710	987,979	857,779
Net (Decrease) Increase In Cash	141,473	(1,230,458)	(777,962)
Cash - Beginning of Year	258,560	1,489,018	2,266,980
Cash - End of Year	\$ 400,033	\$ 258,560	\$ 1,489,018
The Company had Interest Cash Expenditures of:	\$ 416,049	\$ 292,318	\$ 230,849
The Company had Tax Cash Expenditures of:	\$ 34,567	\$ 13,400	\$ 17,900

See Accompanying Notes and Auditors' Report

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ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2003 AND 2002

Note 1 Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Able Energy, Inc. and its subsidiaries. The minority interest of 1% in Able Propane, LLC is immaterial and has not been shown separately. All material inter-company balances and transactions were eliminated in consolidation.

Majority Ownership

The Company is the majority owner, owning 70.6% of the issued shares of a subsidiary, PriceEnergy.Com, Inc. in which their capital investment is \$25,000. The subsidiary has established an E-Commerce Operating System for the sale of products through a network of suppliers originally on the East Coast of the United States. The business became active in October 2000 (See Notes 9 and 13)

Minority Interest

The minority interest in PriceEnergy.Com, Inc. is a deficit and, in accordance with Accounting Research Bulletin No. 51, subsidiary losses should not be charged against the minority interest to the extent of reducing it to a negative amount. As such, the losses have been charged against the Company, the majority owner. The loss for year ended June 30, 2003 is \$711,841, (See Notes 9 and 13).

Nature of Operations

Able Oil Company, Able Melbourne and Able Energy New York, Inc. are full service oil companies that market and distribute home heating oil, diesel fuel and kerosene to residential and commercial customers operating in the northern New Jersey, Melbourne, Florida, and Warrensburg, New York respectively. Able Propane installs propane tanks which it owns and sells propane for heating and cooking, along with other residential and commercial uses.

The Company's operations are subject to seasonal fluctuations with a majority of the Company's business occurring in the late fall and winter months. Approximately 70% of the Company's revenues are earned and received from October through March, and the overwhelming majority of such revenues are derived from the sale of home heating fuel. However, the seasonality of the Company's business is offset, in part, by the increase in revenues from the sale of diesel and gasoline fuels during the spring and summer months due to the increased use of automobiles and construction apparatus.

Inventories

Inventories are valued at the lower of cost (first in, first out method) or market.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 1 Summary of Significant Accounting Policies (cont'd)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided by using the straight-line method based upon the estimated useful lives of the assets (5 to 40 years). Depreciation expense for the year ended June 30, 2003 and 2002 amounted to \$745,015 and \$681,192, respectively.

For income tax basis, depreciation is calculated by a combination of the straight-line and modified accelerated cost recovery systems established by the Tax Reform Act of 1986.

Expenditures for maintenance and repairs are charged to expense as incurred whereas expenditures for renewals and betterments are capitalized.

The cost and related accumulated depreciation of assets sold or otherwise disposed of during the period are removed from the accounts. Any gain or loss is reflected in the year of disposal.

E-Commerce Operating System Development Costs

Costs of \$2,274,575 incurred in the developmental stage for computer hardware and software have been capitalized in accordance with accounting pronouncement SOP98-1. The costs are included in Property and Equipment and will be amortized on a straight line basis during the estimated useful life, 5 years. Operations commenced in October 2000. Amortization for the years ended June 30, 2003 and 2002 amounted to \$445,842 and \$436,177, respectively.

Intangible Assets

Intangibles are stated at cost and amortized as follows:

Customer Lists of \$571,000 related to the Connell's Fuel Oil Company acquisition on October 28, 1996, by Able Oil Company are being amortized over a straight-line period of 15 years. The current period amortization also includes a customer list of \$39,850 and Covenant Not To Compete of \$100,000 relating to the acquisition from B & B Fuels on August 27, 1999, is being amortized over a straight-line period of 10 and 5 years, respectively. The amortization for the years ended June 30, 2003 and 2002 are \$29,191 and \$39,232, respectively.

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 requires goodwill and other intangible assets to be tested for impairment under certain circumstances, and written off when impaired, rather than being amortized as previous standards required, as such, effective July 1, 2001, the Customer List will no longer be amortized for financial statement purposes.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 1 Summary of Significant Accounting Policies (cont'd)

For income tax basis, the Customer Lists and the Covenant Not To Compete are being amortized over a straight-line method of 15 years as per the Tax Reform Act of 1993.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Income Taxes

Effective January 1, 1997, all the subsidiaries, which were S-Corporations, terminated their S- Corporation elections. The subsidiaries are filing a consolidated tax return with Able Energy, Inc.

Effective January 1, 1997, the Company has elected to provide for income taxes based on the provisions of Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements and tax returns in different years. Under this method, deferred income tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Concentrations of Credit Risk

The Company performs on-going credit evaluations of its customers' financial conditions and requires no collateral from its customers.

Financial instruments which potentially subject the Company to concentrations of credit risk consists of checking and savings accounts with several financial institutions in excess of insured limits. The excess above insured limits is approximately \$387,299. The Company does not anticipate non-performance by the financial institutions.

Cash

For the purpose of the statement of cash flows, cash is defined as balances held in corporate checking accounts and money market accounts.

Advertising Expense

Advertising costs are expensed at the time the advertisement appears in various publications and other media. The expense was \$416,712 and \$524,859 for the years ended June 30, 2003 and 2002, respectively.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 1 Summary of Significant Accounting Policies (cont'd)

Fair Value of Financial Instruments

Carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accrued compensation, and other accrued liabilities, approximate fair value because of their short maturities.

Revenue Recognition

Sales of fuel and heating equipment are recognized at the time of delivery to the customer, and sales of equipment are recognized at the time of installation. Revenue from repairs and maintenance service is recognized upon completion of the service. Payments received from customers for heating equipment service contracts are deferred and amortized into income over the term of the respective service contracts, on a straight line basis, which generally do not exceed one year.

Computation of Net Income (Loss) per Share

Basic net income (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common and dilutive potential common shares outstanding during the period. Diluted net loss per share is computed using the weighted-average number of common shares and excludes dilutive potential common shares outstanding, as their effect is antidilutive. Dilutive potential common shares primarily consist of employee stock options.

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Goodwill and Intangible Assets

In June 2001, FASB approved two new pronouncements: SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 applies to all business combinations with a closing date after June 30, 2001. This Statement eliminates the pooling-of-interests method of accounting and further clarifies the criteria for recognition of intangible assets separately from goodwill.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 1 Summary of Significant Accounting Policies (cont'd)

SFAS No. 142 eliminates the amortization of goodwill and indefinite-lived intangible assets and initiates an annual review for impairment. Identifiable intangible assets with a determinable useful life will continue to be amortized. The amortization provisions apply to goodwill and other intangible assets acquired after June 30, 2001. Goodwill and other intangible assets acquired prior to June 30, 2001 will be affected upon adoption. The Company has adopted SFAS No. 142 effective July 1, 2001, which will require the Company to cease amortization of its remaining net customer lists balance and to perform an impairment test of its existing customer lists and any other intangible assets based on a fair value concept.

The Company has reviewed the provisions of these Statements. It is management's assessment that customer lists impairment will not result upon adoption. As of June 30, 2001, the Company has net unamortized customer lists of \$422,728. Amortization expense of the customer list was \$20,125 for the six month short year ended June 30, 2001 and \$42,052 for the full year ended December 31, 2000.

Recent Accounting Pronouncements

FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." In November 2002, the FASB issued FIN 45 which requires a guarantor to recognize a liability for the fair value of the obligation it assumes under certain guarantees. Additionally, FIN 45 requires a guarantor to disclose certain aspects of each guarantee, or each group of similar guarantees, including the nature of the guarantee, the maximum exposure under the guarantee, the current carrying amount of any liability for the guarantee, and any recourse provisions allowing the guarantor to recover from third parties any amounts paid under the guarantee. The disclosure provisions of FIN 45 are effective for financial statements for both interim and annual periods ending after December 15, 2002. The fair value measurement provisions of FIN 45 are to be adopted as of July 1, 2003. The Company has no obligation effected by this pronouncement.

SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure (an amendment of FASB Statement No. 123)." In December 2002, the FASB issued SFAS No. 148, which amends SFAS No. 123, "Accounting for Stock-Based Compensation," and provides alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation; SFAS No. 148 also amends the disclosure requirements of SFAS No. 123 and APB Opinion No. 28, "Interim Financial Reporting," to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for financial statements for periods ending after December 15, 2002. The Company will adopt SFAS No. 148 effective July 1, 2003. It currently has no effect on the Company.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 1 Summary of Significant Accounting Policies (cont'd)

Recent Accounting Pronouncements (cont'd)

Debt Extinguishments

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements Nos. 4, 44 and 64, Amendment of FASB Statement No. 13, and technical Corrections." Among other things, this statement rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt" (SFAS No. 4), which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. As a result, the criteria in Accounting Principles Board Opinion No. 30, "reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," which requires gains and losses on extinguishment of debts to be classified as income or loss from continuing operations, will now be applied. We adopted the provisions of this statement as of July 1, 2002, as it was effective for years beginning after June 15, 2002.

Exit Costs and Disposal Activities

In June 2002, FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS NO. 146), which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force No. 94- 3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" (EITF 94-3). The principal difference between SFAS No. 146 and EITF 94-3 relates to SFAS No. 146's requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as generally defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. We will adopt the new standard effective July 1, 2003. This currently has no effect on the Company's operations.

Asset Retirement Obligations

Effective January 1, 2003, the Company has adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS No. 143). This statement provides the accounting for the cost of legal obligations associated with the retirement of long-lived assets. SFAS No. 143 requires that companies recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. SFAS No. 143 also precludes companies from accruing removal costs that exceed gross salvage in their depreciation rates and accumulated depreciation balances if there is no legal obligation to remove the long-lived assets. The adoption had no current effect on the financial records.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 2 Notes Receivable

A. The Company has a Receivable from Able Montgomery, Inc. and Andrew W. Schmidt related to the sale of Able Montgomery, Inc. to Schmidt, and truck financed by Able Energy, Inc. No payments of principal or interest had been received for more than one year. A new note was drawn dated June 15, 2000 for \$170,000, including the prior balance, plus accrued interest. The Note bears interest at 9.5% per annum and payments commence October 1, 2000. The payments will be monthly in varying amount each year with a final payment of \$55,981.07 due September 1, 2010. No payments were received in the year ended December 31, 2000. In February 2001, two (2) payments were received in the amount \$2,691.66, interest only. In September 2001, \$15,124.97 was received covering payments from December 2000 through October 2001, representing interest of \$14,804.13 and principal of \$320.84. Payments were received in November and December 2002, representing December 2001 and January 2002, a total of \$3,333.34; interest of \$2,678.88, and principal of \$654.46.

The note is secured by a pledge and security agreement and stock purchase agreement (Stock of Able Montgomery, Inc.), dated December 31, 1998, and the assets of Andrew W. Schmidt with the note dated June 15, 2000. The income on the sale of the company in December 1998 and the accrued interest on the drawing of the new note are shown as deferred income in the amount of \$79,679.18 to be realized on collection of the notes.

Maturities of the Note Receivable are as follows:

For the 12 Months Ending

June 30, -----	Principal Amount -----
2004	\$ 20,225
2005	11,382
2006	12,511
2007	13,753
2008	15,118
Balance	95,712
Total	----- \$168,701 =====

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 2 Notes Receivable (cont'd)

B. Able Oil Company has three (3) Notes Receivable for the sale of oil delivery trucks to independent drivers who also deliver oil for the Company. The Notes bear interest at the rate of 12% per annum. Two notes began December 1998 and one began February 1999. The Notes are payable eight (8) months per year September through April, the oil delivery season.

Maturities of these Notes Receivable are as follows:

For the 12 Months Ended

June 30, -----	Principal Amount -----
2004	\$ 37,351
2005	14,931
2006	7,091
2007	7,295
Total	----- \$ 66,668 =====

Note 3 Inventories

Items -----	June 30, 2003 -----	June 30, 2002 -----
Heating Oil	\$241,107	\$141,114
Diesel Fuel	18,921	21,642
Kerosene	2,534	6,220
Propane	8,851	12,343
Parts, Supplies and Equipment	518,009	224,105
Total	----- \$789,422 =====	----- \$405,424 =====

Note 4 Notes Payable Bank

On October 22, 2001, the Company and its subsidiaries, either as Borrower or Guarantor, entered into a loan and security Agreement with Fleet National Bank. The bank is providing the following credit facility.

A borrowing base of 75% of Eligible Accounts Receivable, as defined in the Agreement, plus \$500,000 against the value of the Company's customer list, for a total amount of \$1,500,000. The revolving credit may also be used for Letters of Credit, with the lender's approval.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 4 Notes Payable Bank (cont'd)

The Letters of Credit will have an annual fee of 1.25% of the face value of each Letter of Credit. The applicable interest rate on the revolving credit advances will be the bank's prime rate or Libor interest rate, plus 2.75%, see below increase in interest rate. Interest is to be paid on the amount advanced on the last day of each month.

As security for the performance of this Agreement, the other Loan Documents and the payment of the Liabilities, each Borrower and Guarantor grants, pledges and assigns to Lender a security interest in all assets of such Borrower or Guarantor, whether now owned or hereafter acquired including, without limitation, (a) all Accounts, Goods, Chattel Paper, Equipment, Documents, Deposits, Instruments, General Intangibles and Payment Intangibles (including, but not limited to, any and all interests in trademarks, service marks, patents, licenses, permits, and copyrights), (b) all inventory of Borrowers, if any, held by any Borrowers for sale or lease or to be furnished under contracts of service, (c) all Books and Records, (d) any Account maintained by any Borrower with Lender and all cash held therein, and (e) all proceeds and products of the foregoing, including casualty insurance thereon (collectively, the "Collateral").

The Agreement provides for covenants as follows:

- (1) Use of proceeds only for Working Capital, Letters of Credit and for acquisitions with Lender's prior written consent.
- (2) Financial information to be furnished either annually, quarterly or monthly.
- (3) Financial covenants to be tested as of the end of each fiscal quarter.
- (4) Limitations on loans and investments.
- (5) Compliance with laws and environmental matters.
- (6) Limitations on Borrowing.
- (7) Can not declare or pay any dividends.

All of the above and other items as per article VI of the Agreement. The Agreement has a current expiration date of November 30, 2002. Fleet Bank did not renew the credit facility upon expiration of the Agreement on November 30, 2002. Effective December 1, 2002, the bank is charging an additional annual interest of 4% as the Note is in default. The total current interest rate charged is currently 8.25% per annum. The Company and Lender have entered into a Forbearance Agreement, where the Lender is willing to forbear until May 31, 2003 from exercising its rights and remedies. The Lender will receive a forbearance fee of \$50,000 at May 31, 2003, reduced by \$2,500 for each week prior to May 31, 2003, that the credit facility and all charges are paid in full, with a minimum forbearance fee of \$15,000. The interest charged is at 8.25% per annum. The principal amount outstanding is \$1,270,000. Interest for the year ended June 30, 2003 was \$89,358. The loan and the \$50,000 forbearance fee were not paid at May 31, 2003. The note payable plus forbearance fee, accrued interest and other costs were paid in full on September 22, 2003 (See Note 25).

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 5 Notes Payable

A. The Company has borrowed \$500,000 from an unrelated individual. The Note was dated June 26, 2001 with interest at 12% per annum. The interest will be paid monthly at \$5,000 per month commencing on August 1, 2001. The Note will mature on June 26, 2002 unless the borrower (the Company), at its option, elects to extend the maturity date to December 26, 2002. The Company has exercised its option and has extended the Note to December 26, 2002. The lender has granted the Company an additional extension at the same terms to June 26, 2003. The Lender has granted the Company an extension to July 26, 2003. The Note may be prepaid in whole or part from time-to-time without penalty. No principal payments have been made on the Note. At the maturity date, a final payment of the unpaid principal and interest shall be due and payable. In connection with this Note, the Company has issued the lender warrants to purchase 40,000 shares of its common stock at \$4 per share. The warrants vest immediately and must be exercised no later than June 26, 2004. The warrants have not been registered under the Securities Act of 1933. The Note was paid in full on September 22, 2003 (See Note 25).

B. The Company has borrowed \$750,000 from an unrelated company. The mortgage and note are dated September 13, 2002. The term of the note is for one (1) year. Payments of interest only on the outstanding principal balance shall be paid monthly at a rate of 10%. The first payment was paid on November 1, 2002 and on the first day of each month thereafter until October 1, 2003, when the Note shall mature and all principal and accrued interest shall be due and payable in full. The Note was paid in full on September 22, 2003 (See Note 25).

Prepayment Penalty - in the event borrower makes a voluntary principal payment during the term of this note, borrower shall pay to the lender a premium equal to three (3) monthly payments of interest on the note. The note is collateralized by a mortgage dated September 13, 2002 from Able Energy Terminal, LLC, a wholly owned subsidiary, which is a second mortgage on the property at 344 Route 46, Rockaway, NJ and also by all leases and rents related to the property. The lender has been issued a stock purchase warrant for 100,000 shares at \$4 per share. The warrant has not been registered under the Securities Act of 1933. The Company has granted the holder piggy-back registration rights for the Common Stock underlying the warrant on its next registration statement. This warrant does not entitle the holder to any of the rights of a stockholder of the Company. Unless previously exercised, the warrants will expire on September 13, 2004.

C. The Company has borrowed \$335,000 from an unrelated Company. The mortgage and Note are dated April 16, 2003. The loan is to Able Energy New York, Inc., a wholly owned subsidiary. The loan is collateralized by a mortgage on property in Lake George, New York owned by the subsidiary and a second mortgage on property in Bolton, New York, owned by the Company's CEO who is also a guarantor on the loan. Payments of interest only on the outstanding principal balance at a rate of 14% per annum, are payable monthly. The first payment was paid June 1, 2003. The entire amount, both principal and accrued interest shall be due and payable on May 1, 2004.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 6 Long-Term Debt (cont'd)

Mortgage note payable dated, August 27, 1999, related to the purchase of B & B Fuels facility and equipment. The total note is \$145,000. The note is payable in the monthly amount of principal and interest of \$1,721.18 with an interest rate of 7.5% per annum. The initial payment was made on September 27, 1999, and continues monthly until August 27, 2009 which is the final payment. The note is secured by a mortgage made by Able Energy New York, Inc. on property at 2 and 4 Green Terrace and 4 Horican Avenue, Town of Warrensburg, Warren County, New York. The balance due on this Note at June 30, 2003 and 2002 was \$101,724 and \$114,235, respectively.

Mortgage note payable dated, August 31, 1999, related to the purchase of the facility and equipment in Rockaway, New Jersey by Able Energy Terminal, LLC ("Terminal"). The note is in the amount of \$650,000.

Pursuant to Section 4.4 of the Agreement of Sale to purchase the Terminal, the Principal Sum of the \$650,000 Note shall be reduced by an amount equal to one-half of all sums expended by Borrower on the investigation and remediation of the property provided, however, that the amount of said reduction shall not exceed \$250,000 (the "Remediation Amount").

The "Principal Sum: Less the "Remediation Amount" shall be an amount equal to \$400,000 (the "Reduced Principal Sum"). The Reduced Principal Sum shall bear interest from the date hereof at the rate of 8.25% per annum. Any portion of the Remediation Amount not utilized in the investigation and remediation of the property shall not begin to accrue interest until such time that (i) a "No Further Action Letter" is obtained from the Department of Environmental Protection and (ii) an outstanding lawsuit concerning the property is resolved through settlement or litigation (subject to no further appeals). All payments on this Note shall be applied first to the payment of interest, with any balance to the payment to reduction of the reduced Principal Sum.

Based upon an amendment, dated November 5, 2001, and commencing with interest due December 1, 2001, interest will be paid at the rate of 8.25% on the principal sum of \$650,000. Only interest is required to be paid and the principal is due on July 31, 2004 (See Note 11).

The Note is collateralized by the property and equipment purchased and assignment of the leases. The balance due on this Note at June 30, 2003 and 2002 was \$650,000. The Note was paid in full on September 22, 2003 (See Note 25).

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 6 Long-Term Debt (cont'd)

	Interest Rate at June 30, 2003 -----	Maturities -----	Outstanding Debt at 6/30/2003 -----	Outstanding Debt at 6/30/2002 -----
Notes Payable Collateralized				
By Trucks and Vans	0.00 - 9.147%	11/17/03- 10/1/07	\$ 147,583	\$ 435,430
Capitalize Leases Payable Collateralized by Trucks and Vans Purchased	5.689 - 12.506%	12/1/03-5/10/08	782,111	534,191
Capitalize Leases Payable Collateralized by Propane Tanks	8.450 - 16.500%	11/1/05-6/1/06	126,275	3,704
Notes Payable Collateralized by Office and Computer Equipment	6.011 - 16.196%	4/3/05-5/27/08	330,445	143,715
Lease Payable Collateralized by Computer Equipment and Software	9.56%	Sept. 1, 2003	47,317 ----- \$1,433,731 =====	225,789 ----- \$1,342,829 =====

The above notes are all collateralized by the equipment and/or furniture purchased. The capitalized leases payable are lease/purchase agreements with a small purchase price at the end of the lease. The above notes are represented by 34 Notes Payable to 16 Payees. Long-term debt at June 30, 2003, in the amount of \$1,178,184 and reduced by subsequent payments to \$1,084,866 was paid in full on September 22, 2003 (See Note 25).

Maturities on the Notes Payable subsequent to June 30, 2003 are as follows:

For the Year Ending June 30, -----	Principal Amount -----
2004	\$ 1,225,501
2005	78,476
2006	71,028
2007	42,363
2008	16,363
Total	----- \$ 1,433,731 =====

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 7 Income Taxes

Effective January 1, 1997 the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

The differences between the statutory Federal Income Tax and Income Taxes is accounted for as follows:

	2003	
	Amount	Percent
Statutory Federal Income Tax	\$ 204,432	34.0%
Federal Income Tax Reduction due to Carryforward loss	(199,165)	
State Income Tax	45,258	5.9
State Income Tax (Note X)	45,091	
State Income Tax Reduction due to Carryforward loss	(42,834)	
	-----	-----
Income Taxes	\$ 52,782	39.9%
	=====	=====

Income Taxes consist of:

Current	\$ 45,258
Deferred	7,524

Total	\$ 52,782
	=====

(Note X) The State of New Jersey has suspended the use of carryforward losses for the years 2002 and 2003. As such, state income taxes of \$45,091 have been shown as a deferred asset and as income taxes payable. New Jersey carryforward is treated separately by the Company. Able Oil Company has a New Jersey Operating Loss of \$501,010 which can not be utilized in the current year ended June 30, 2003, the State Income Tax on income in excess of the NOL \$45,258 is shown as state income tax. Under current New Jersey law, the carryforward will be available after 2003, the Company's fiscal year ending June 30, 2005.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 7 Income Taxes (cont'd)

	2002		2001	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
Statutory Federal Income Tax (Benefits)	\$ (5,608)	(15.0%)	\$(11,605)	(15.0%)
Increase resulting from State Income Tax, net of Federal Tax Benefit	(2,429)	(7.6%)	(5,030)	(7.6%)
Income Taxes (Benefits)	\$ (8,037)	(22.6%)	\$(16,635)	(22.6%)
Income Taxes consist of:				
Current	--		--	
Deferred	\$ (8,037)		\$(16,635)	
Total	\$ (8,037)		\$(16,635)	

The types of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts that give rise to a significant portion of the deferred tax liability and deferred tax asset and their approximate tax effects are as follows at:

	June 30, 2003	
	Temporary Difference	Tax Effect
Depreciation and Amortization	\$(241,993)	\$ (70,310)
Allowance for Doubtful Accounts	279,913	69,742
Gain on Sale of Subsidiary	18,766	4,035
New Jersey Net Operating Loss Carryforward (See Note X, Prior Page)	501,010	45,091
	June 30, 2002	
	Temporary Difference	Tax Effect
Depreciation and Amortization	\$(169,441)	\$ (54,712)
Allowance for Doubtful Accounts	242,358	61,668
Gain on Sale of Subsidiary	18,766	4,035

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 7 Income Taxes (cont'd)

Able Energy, Inc., et al, open years are December 31, 1999, 2000 and June 30, 2001 and 2002. The Company has a Federal net operating loss carryforward of approximately \$2,740,000. The net operating loss expires between June 30, 2019 and 2021.

These carryforward losses are available to offset future taxable income, if any. The Company's utilization of this carryforward against future taxable income is subject to the Company having profitable operations or sale of Company assets which create taxable income. For the year ended June 30, 2003, \$660,741 of net income has been utilized against the net operating loss carry forward. At this time, the Company believes that a full valuation allowance should be provided. The component of the deferred tax asset as of June 30, 2003 are as follows:

Net Operating Loss Carryforward - Tax Effect	\$728,205
Valuation Allowance	(728,205)

Net Deferred Tax based upon Net	
Operating Loss Carryforward	\$ -0-
	=====

Note 8	Note Receivable - Subsidiary
-----	-----

The Company has a Note Receivable from PriceEnergy.Com, Inc. for advances made in the development of the business, including hardware and software costs. All of PriceEnergy.Com, Inc.'s assets are pledged as collateral to Able Energy, Inc. The amount of the note is \$1,350,000 dated November 1, 2000 with interest at 8% per annum payable quarterly. Principal payments to begin two years after the date of the Note, November 1, 2002. Through March 31, 2003, no principal has been paid. Interest, in the amount of \$54,000 has been accrued for the nine months ended March 31, 2003. No interest was accrued for the six months ended June 30, 2003 as the note is non performing. Unpaid accrued interest due through June 30, 2003 is \$234,000. The Note, accrued interest and interest expense have been eliminated in the consolidated financial statements (See Notes 1 and 13). Able Oil Company has a Note Receivable originally dated September 30, 2002 in the amount of \$1,510,372.73 from PriceEnergy.Com, Inc. The Note has been updated for transactions during the nine months ended June 30, 2003, resulting in a balance of \$2,057,525 with interest at 8% per annum, to be paid quarterly, and was paid in the amount of \$30,000. Principal payments to begin one year after date of Note, October 1, 2003, and continue monthly thereafter. The Note is the result of the transference of the unpaid accounts receivable which resulted from the sale of heating oil through PriceEnergy.Com, Inc. Able Oil Company has a second position as collateral in all of the assets of PriceEnergy.Com, Inc. to Able Energy, Inc. Interest in the amount of \$30,000 has been recorded at June 30, 2003. No interest has been recorded for the six months ended June 30, 2003. Any payments will go to pay principal. The note receivable accrued interest and interest income have been eliminated in consolidation against the amounts on PriceEnergy.Com, Inc.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 9 Profit Sharing Plan

Effective January 1, 1997, Able Oil Company established a Qualified Profit Sharing Plan under Internal Revenue Code Section 401-K. The Company matches 25% of qualified employee contributions. The expense was \$24,213 (2003) and \$30,276 (2002), for the year ended June 30.

Note 10 Commitments and Contingencies

The Company is subject to laws and regulations relating to the protection of the environment. While it is not possible to quantify with certainty the potential impact of actions regarding environmental matters, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition, competitive position, or capital expenditures of the Company.

In accordance with the agreement on the purchase of the property on Route 46, Rockaway, New Jersey by Able Energy Terminal, LLC, the purchaser shall commence after the closing, the investigation and remediation of the property and any hazardous substances emanating from the property in order to obtain a No Further Action letter from the New Jersey Department of Environmental Protection (NJDEP). The purchaser will also pursue recovery of all costs and damages related thereto in the lawsuit by the seller against a former tenant on the purchased property. Purchaser will assume all responsibility and direction for the lawsuit, subject to the sharing of any recoveries from the lawsuit with the seller, 50-50.

The seller by reduction of its mortgage will pay costs related to the above up to \$250,000 (see Note 6). A settlement has been achieved by the Company with regard to the lawsuit. The settlement provides for a lump sum payment of \$397,500 from the defendants to the Company. In return, the defendants received a release from the Estate (the Seller) and a release and indemnification from the Company. The defendants provided a release to Able Energy and the Estate. Pursuant to the original agreement, the Estate receives 50% of the settlement amount, net of attorney fees.

This has been amended by an agreement dated November 5, 2001. The entire settlement, net of attorney fees, was collected and placed in an attorney's escrow account for payment of all investigation and remediation costs. Able Energy Terminal, LLC has incurred costs of \$96,435 to June 30, 2003 which are included in Prepaid Expenses and must be presented to the attorney for reimbursement. Per management, certain items such as a performance bond are being finalized, then reimbursement can be made.

The costs of the cleanup pursuant to the Agreement of Sale must be shared equally (50/50) by the seller and purchaser up to Seller's cap of \$250,000. Seller's contribution to the cleanup is in the form of a reduction to the Note and not by direct payments. In the opinion of management, the Company will not sustain costs in this matter which will have a material adverse effect on its financial condition.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 10 Commitments and Contingencies (cont'd)

Able Oil Company is under contract to purchase #2 oil as follows:

Company	Period	Total Gallons	Gallons Open Commitment at 6/30/03	Open Dollar Commitment at 6/30/03
-----	-----	-----	-----	-----
Total Energy Solutions, LLC	10/1/03 - 4/30/04	294,000	294,000	\$214,431
Conectiv Energy	11/1/03 - 3/31/04	210,000	210,000	169,554
		-----	-----	-----
Total		504,000	504,000	\$383,985
		=====	=====	=====

Price Energy.Com, Inc., a subsidiary, has commenced suit against ThinkSpark Corporation on Consulting Services Agreement, dated June 2, 2000. ThinkSpark has filed a counterclaim. On January 11, 2002, Price Energy and ThinkSpark agreed to settle their dispute. Price Energy will pay ThinkSpark \$30,000 and there will be mutual releases of all claims as well as dismissals of the pending actions in New Jersey and Texas. The liability as of June 30, 2003 has been paid in full.

Following an explosion and fire that occurred at the Able Energy Facility in Newton, NJ on March 14, 2003 (see Note 20), and through the subsequent clean up efforts, Able Energy has cooperated fully with all local, state and federal agencies in their investigations into the cause of this accident.

On April 2, 2003, Able Energy received a Notice Of Violation from the New Jersey Department of Community Affairs ("DCA") citing a total of 13 violations to the New Jersey Administrative Code, Liquefied Petroleum Gas. Twelve of the violations were assessed a penalty of \$500 each. One of the violations, regarding the liquid transfer from one truck to another truck, was assessed a penalty of \$408,000, a second notice was received on April 29, 2003, for an alleged violation on April 12, 2003, and a fine of \$5,500 was assessed for a total of \$419,500.

The DCA document is currently under review by counsel. Based upon initial review, the company disagrees with many of the findings of the report and disputes many of the allegations. The company has contested the DCA Notice of Violation and the assessed penalties. Counsel and the DCA have had several meetings and hearings are currently docketed in the Office of Administrative Law.

Other violations have been cited by the NJ DCA after June 30, 2003. The penalties assessed amount to \$4,000. The Company has appealed the assessments to the Office of Administrative Law.

The Sussex County, New Jersey, Prosecutor's Office is conducting and investigation as a result of the March 14, 2003 explosion and fire. No determination has been made with respect to its investigation.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 10 Commitments and Contingencies (cont'd)

A lawsuit has been filed against the Company by property owners who allegedly suffered property damages as a result of the March 14, 2003 explosion and fire. The Company's insurance carrier is defending as related to compensatory damages. Legal counsel is defending on the punitive damage claim. Per legal counsel, it is too early in the process to assess the outcome, in their opinion, the matter will not be certified as a Class Action.

As a result of the March 14, 2003 explosion and fire, various claims for property damage have been submitted to the Company's insurance carrier. These claims are presently being handled and, in many cases, settled by the insurance carrier's adjuster. There are approximately 200 claims being handled and adjusted with reserves for losses established as deemed appropriate by the insurance carrier.

The Company in the normal course of business has been involved in law suits. Current suits are being defended by the insurance carrier and should be covered by insurance.

Note 11 Operating Lease

Able Energy Terminal, LLC, has acquired the following lease on the property it purchased on Route 46 in Rockaway, New Jersey.

The lease with Able Oil Company, a wholly owned subsidiary of Able Energy, Inc., has an expiration date of July 31, 2004. The lease provides for a monthly payment of \$1,200 plus a one cent per gallon through put, as per a monthly rack meter reading.

Estimated future rents are \$14,400 per year, plus the one cent per gallon through put charges per the monthly rack meter readings.

The Company leased 9,800 square feet in the Rockaway Business Centre on Green Pond Road in Rockaway, New Jersey. The facility will be used as a call center and will combine the administrative operations in New Jersey in one facility. The lease has a term of five (5) years from August 1, 2000 through July 31, 2005.

The rent for the first year is \$7,145.83 per month and the second through fifth year is \$7,431.67 per month, plus 20.5% of the building's annual operational costs and it's portion of utilities. The current monthly rent, including Common Area Charges, is \$9,799.04 per month.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 11 Operating Lease (cont'd)

The lease does not contain any option for renewal. The rent expense was \$116,138 for the year ended June 30, 2003. The estimated future rents are as follows:

Year Ended June 30,

2004	\$ 117,588
2005	117,588
July 2005	9,799

Total	\$ 244,975
	=====

The following summarizes the month to month operating leases for the other subsidiaries:

Able Oil Melbourne \$500.00, per month Total rent expense, \$6,000

Able Energy New York \$800.00, per month, from January 1, 2003, \$600 per month the prior six months Total rent expense, \$8,400

Note 12 Franchising

The Company sells franchises permitting the operation of a franchised business specializing in residential and commercial sales of fuel oil, diesel fuel, gasoline, propane and related services. The Company will provide training, advertising and use of Able credit for the purchase of product, among other things, as specified in the Agreement. The franchisee has an option to sell the business back to the Company after two (2) years of operations for a price calculated per the Agreement.

The Company signed its first franchise agreement in September 2000. On June 29, 2001, PriceEnergy.Com Franchising, LLC, a subsidiary, signed its first franchise agreement. The franchisee will operate a B-franchised business, using the proprietary marks and a license from PriceEnergy.Com, Inc. and will establish the presence of the franchisee's company on the PriceEnergy Internet Website. The franchisee will have the exclusive territory of Fairfield County, Connecticut as designated in the agreement. The franchisee paid the following amounts in July 2001:

1. A non-refundable franchise fee of \$25,000.
2. An advertising deposit of \$15,000 and a \$5,000 escrow deposit.

The non-refundable fee of \$25,000 has been recorded as Other Income in the period ended December 31, 2001. The advertising deposit was credited to advertising expense in the year ended June 30, 2002. The \$5,000 Escrow Deposit was returned in September 2002.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 13 Related Party Transactions

\$44,690 is due from the major Shareholder/Officer of the Company. This amount is evidenced by a Note bearing interest at a rate of 6% between the Shareholder and the Company. This Shareholder has loaned the Company a total of \$380,000 as of June 30, 2003, as evidenced by a Demand Note with interest at 6% per annum, which can be paid all or in part at any time without penalty. The balance of the new note is \$366,320 at June 30, 2003. Interest expense has been accrued in the amount of \$5,495.

The following officers of this Company own stock in the subsidiary, PriceEnergy.Com, Inc., which they incorporated in November 1999.

Chief Executive Officer 23.5% President 3.6%

No capital contributions have been made by these officers (See Notes 1 and 8).

Note 14 Earnings Per Share

The shares used in the computation of the Company's basic and diluted Earnings Per Common Share are as follows:

	June 30, 2003	June 30, 2002	June 30, 2001
	-----	-----	-----
Weighted Average of Common Shares Outstanding Used in Basic Earnings Per Share	2,012,708	2,001,332	2,000,000
Dilutive Effect of:			
Employee Stock Options	38,992	--	--
Stock Warrants	--	--	--
	-----	-----	-----
Weighted Average Common Shares Outstanding Used in Diluted Earnings Per Share	2,051,700	2,001,332	2,000,000
	=====	=====	=====

Weighted average common shares outstanding, assuming dilution, includes the incremental shares that would be issued upon the assumed exercise of stock options, and stock warrants. For 2003, approximately 396,848 of the company's stock options and stock warrants were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-diluted, 285,840

(2002) 285,840 (2001). These options and warrants could be dilutive in the future. The numerator for the calculation of both basic and diluted earnings per share is the earnings or loss available for common stockholders. The above table shows the denominator for basic and diluted earnings per share.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 15 Stock Option Plans

The Company has stock option plans under which stock options may be issued to officers, key employees, and non-employee directors to purchase shares of the Company's authorized but unissued common stock. The Company also has a stock option plan under which stock options may be granted to employees and officers.

Options granted currently expire no later than 3 to 5 years from the grant and have vesting periods from none to 25% at grant and 25% each anniversary.

		Outstanding Options		
		Number of Shares	Exercise Price	Term
		-----	-----	-----
	January 6, 2000			
	Grants	56,000	\$5.00	5 years
	Exercises	0		
	December 1, 2000			
	Grants	48,090	\$3.25	3 years
	Exercises	1,250		
	December 21, 2000			
	Grants	60,000	\$1.80	5 years
	Exercises	0		
	Grants	23,000	\$2.25	5 years
	Exercises	0		
	October 22, 2002			
	Grants	50,000	\$3.00	5 years
	Exercises	0		
Note 16	Stock Warrants			
-----	-----			

The Company has issued stock warrants as follows:

1. 60,000 Common Stock Purchase Warrants at \$4.81 per share, effective August 31, 2000, and expiring August 31, 2005, to Andrew Alexander Wise & Company in connection with an investment banking advisory agreement with the Company, dated July 1, 2000.
2. 40,000 Common Stock Purchase Warrants at \$4.00 per share, effective June 26, 2001 and expiring June 26, 2004, in connection with a \$500,000 Note Payable (See Note 5). These warrants have not been registered under the Securities Act of 1933.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 16 Stock Warrants (cont'd)

3. 100,000 Common Stock Purchase Warrants at \$4.00 per share, effective September 13, 2002, and expiring September 13, 2004, in connection with a \$750,000 Note Payable (see Note 5).

The 200,000 warrants to purchase shares of common stock were outstanding during the second quarter of 2003 and were not included in the computation of diluted EPS as the warrants' were all higher than the average stock price of \$3.28, and would have been anti-diluted (See Note 14). These warrants have not been registered under the Securities Act of 1933.

Note 17 Stock Issuance

During the quarter ended September 30, 2002, 6000 shares of Common Stock were issued to the directors for services rendered during the year 2001, and charged at the fair market value as Directors' Fees. The share price was \$4.00 per share for a total Directors' Fees of \$24,000.

Note 18 Compensated Absences

There has been no liability accrued for compensated absences; as in accordance with Company policy, all compensated absences, accrued vacation and sick payment must be used by December 31st. At June 30, 2003, any amount for accrual of the above is not material and has not been computed.

Note 19 Cash Flow Information

The Directors received Common Stock as payment of Directors' Fees, \$24,000. No cash was received or paid. The Company lost fixed assets in the explosion at its Newton, NJ facility. As of June 30, 2003, there is no direct effect on cash of \$239,497. Penalties were assessed of \$435,500, no payment has been made as of June 30, 2003.

Note 20 Other Events

On March 14, 2003, Able Energy experienced an explosion and fire at its Newton, New Jersey facility that resulted in the destruction of an office building on the site, as well as damage to 18 company vehicles and neighboring properties. Fortunately, there were no serious physical injuries.

The results of the company's investigation indicate that the explosion was an accident that occurred as a result of a combination of human error and mechanical malfunction.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 20 Other Events (cont'd)

The Company was able to resume operations the following morning from other company facilities, avoiding any interruption of service to customers. Based upon current loss information, the company believes that the amount of its insurance coverage is sufficient to cover its potential liabilities for losses and damage.

Final clean-up of the site has concluded. Future plans for the Newton facility have not yet been determined.

Note 21 Insurance Claim

The Company suffered a loss of a building, trucks, leasehold improvements, product inventory and equipment as well as cost of cleanup and restoration. The Company has filed an insurance claim. The insurance adjusters are in the process of finalizing the amounts to be paid to the Company. The estimated costs are \$854,313 and is currently shown as an Insurance Claim Receivable and deferred costs insurance claims on the balance sheet. Management anticipates the insurance recovery will cover the company costs. The following is a summary of insurance claims filed:

Building (commercial property)		\$349,526
Contents		443,411
Vehicles	\$302,674	
Paid by June 30, 2003	144,032	158,642
	-----	-----
Total		\$951,579
		=====

The above amounts were submitted as claims but do not represent a settlement with the insurance carriers, except for the commercial property settlement. A partial payment of \$160,934.37 was received on July 22, 2003, related to the commercial property. Vehicle payments of \$66,729.62 were received subsequent to June 30, 2003.

Note 22 Other Expense

The Company has been assessed a penalty by the New Jersey Department of Community Affairs (DCA) (see Note 10) in the total amount of \$419,500. A penalty has been assessed by OSHA (See Note 25) in the amount of \$16,000. The total of \$435,500 has been recorded as Other Expense and an accrued liability.

Note 23 Business Segment Information

The Company does not have separate operating financial segments. The financial information is evaluated on a company wide basis. As such, no segment reporting is prepared for internal use.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

JUNE 30, 2003 AND 2002

Note 24 Other Income

The Company has realized the following gains on insurance claims which have been finalized (See Note 21).

Building (Commercial Property)	\$198,888
Vehicles	16,252

Total	\$215,140
	=====

<u>Note 25</u>	<u>Subsequent Events</u>
-----	-----

Company personnel met with personnel of the United States Occupational Safety and Health Administration ("OSHA") on September 12, 2003. OSHA has conducted an investigation relating to the safety practices of the Company, including such practices relating to the March 14, 2003 explosion and fire. OSHA has informed the Company it will be assessed a penalty of \$16,000 based upon violations sited.

On September 22, 2003, the Company closed a new loan facility with UPS Capital Business Credit. The facility is a \$4,300,000 term loan, payable over fifteen (15) years with interest at the prime rate plus 1.75%, and a Line of Credit of \$700,000 with interest at prime rate plus 1.00%. The Company paid the following loans on September 22, 2003:

Fleet Bank	\$ 1,340,644	(including interest and fees of \$70,644)
KMA Associates	750,000	
Jeff Will	505,000	(including interest of \$5,000)
Estate of Birdsal	657,895	(including interest of \$7,895)
Long-term Debt	1,084,866	

Total Refinance	4,338,405	
Other Fees Paid at Closing	133,911	

Total	\$ 4,472,316	
	=====	

The loan advanced was \$4,300,000, the balance of \$172,316 was paid by the Company

ITEM 9A. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including the chief executive officer, or CEO, and chief financial officer, or CFO, of the effectiveness of the design and operation of our disclosure procedures. Based on that evaluation, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective as of June 30, 2003. There have been no significant changes in our internal control over financial reporting in the fourth quarter of 2003 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

DIRECTORS AND EXECUTIVE OFFICERS

The directors and executive officers of the Company are as follows:

NAME	Age	Position
Timothy Harrington	36	Chief Executive Officer, Chairman of the Board and Secretary
Christopher P. Westad	49	President, Chief Financial Officer and Director
James Purcaro	41	Director
Gregory Sichenzia	41	Director
Patrick O'Neill	43	Director
Edward C. Miller, Jr.	36	Director

Set forth below is a brief background of the executive officers and directors of the Company, based on information supplied by them.

TIMOTHY HARRINGTON, serves as the Company's Chief Executive Officer, Chairman of the Board, and Secretary. In 1989, Mr. Harrington founded Able Oil Company, Inc., and since that time, has served as Able Oil's President, Chief Executive Officer and Chairman of the Board. Mr. Harrington has also served as the Chief Executive Officer and Chairman of the Board of Directors of Able Energy, Able Melbourne and Able Propane since their respective inception.

CHRISTOPHER P. WESTAD, serves as the President, Chief Financial Officer and a Director of the Company. Since September 1996, Mr. Westad has served as the President of Able Propane, and since July of 1998, President of Able Energy, Inc. From 1991 through 1996, Mr. Westad was a Market Manager and Area Manager for Ferrellgas Partners, L.P., a company engaged in the retail distribution of liquefied petroleum gas. From 1977 through 1991, Mr. Westad served in a number of management positions with RJR Nabisco. In 1975, Mr. Westad received a Bachelor of Arts in Business and Public Management from Long Island University--Southampton, New York.

JAMES PURCARO, has served as a director to the Company since September 1999. Since 1986, Mr. Purcaro has served as the president and chief executive officer of Kingsland Trade Print Group, Inc., a commercial printing company.

GREGORY SICHENZIA, has served as a director to the Company since August 1999. Mr. Sichenzia is a partner of the law firm of Sichenzia, Ross Friedman, and Ferrence LLP in New York, New York and has been since May 1998. Prior to that he had been a partner of Singer Zamansky LLP in New York, New York, since November 1996. Prior to that he had been an associate attorney at Schneck Waeltman Hashmall & Mischel LLP in New York City, since 1994.

PATRICK O'NEILL, has served as a director to the Company since August 1999. Mr. O'Neill has served as the President of Fenix Investment and Development, Inc., a real estate company based in Parsippany, New Jersey for the past five years. Prior to this, Mr. O'Neill served as Vice President of Business Development for AvisAmerica, a Pennsylvania based home manufacturer. Mr. O'Neill holds a B.S. from the United States Military Academy, and has been awarded the Army Achievement Medal for his work with the Army Corps of Engineers..

EDWARD C. MILLER, JR., has served as a director to the Company since February 2000. Mr. Miller has served as the Director of Marketing for the law firm of Norris, McLaughlin & Marcus, P.A., located in Somerville, New Jersey since September 1999. Prior to that, Mr. Miller served as Practice Development Coordinator at the law firm of Riker, Danzig, Scherer, Hyland & Perretti, LLP since

May 1991. Mr. Miller holds a B.S. in Marketing Management from Syracuse University School of Management.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established a Compensation Committee and an Audit Committee consisting of at least two directors who

are not salaried officers of the Company.

The purpose of the Compensation Committee is to review the Company's compensation of its executives, to make determinations relative thereto and to submit recommendations to the Board of Directors with respect thereto. The Compensation Committee also selects the persons to whom options to purchase shares of the Company's Common Stock under the 1999 Stock Option Plan will be granted and to make various other determinations with respect to such Plan.

The purpose of the Audit Committee is to provide general oversight of audit, legal compliance and potential conflict of interest matters.

COMPENSATION OF DIRECTORS

The Company recently paid compensation to the directors in the amount of 2,000 common shares of common stock in the Company for acting in such capacity..

Directors serve until the next annual meeting of stockholders or until their successors are elected and qualified. Officers serve at the discretion of the Board of Directors. Directors are reimbursed for travel expenses.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon a review of Forms 3, 4 and 5, and amendments thereto, furnished to the Company during fiscal year 2003, the Company is not aware of any director, officer or beneficial owner of more than ten percent of the Company's Common Stock that failed to file reports required by Section 16(a) of the Securities Exchange Act of 1934 on a timely basis during fiscal year 2003.

CODE OF ETHICS

The Company has adopted its Code of Ethics and Business Conduct for Officers, Directors and Employees that applies to all of the officers, directors and employees of the Company.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth certain summary information with respect to the compensation paid to the Company's Chief Executive Officer and President for services rendered in all capacities to the Company for the fiscal years ending 2003, 2002, and 2001. Other than as listed below, the Company had no executive officers whose total annual salary and bonus exceeded \$100,000 for that fiscal year:

Name and Principal Position	ANNUAL COMPENSATION				LONG-TERM COMPENSATION			
	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Restricted Stock Award	Securities Underlying Options / SARs (#)	LTIP Payouts (\$)	All, Other Compensation (\$)
Timothy Harrington, Chief Executive Officer	2003	225,000	25,825	9,560 (1)				
	2002	225,000	19,033	7,284				
	2001	225,000	14,890	7,284 (1)				
Christopher P. Westad, President	2003	100,000	6,064	5,035				
	2002	100,000	6,360	5,035 (1)	-	-	-	-
	2001	100,000	5,746	5,035	-	-	-	-

(1) Represents car allowance and travel expense reimbursements pursuant to his employment agreement with the Company.

OPTION GRANTS

No option grants were made to our executive officers during fiscal year ended June 30, 2003.

No named executive held unexercised options as at June 30, 2003.

EMPLOYMENT ARRANGEMENTS

Timothy Harrington and Christopher P. Westad have three year employment agreements with the Company. Timothy Harrington is retained as Chief Executive Officer of the Company at an annual salary of \$225,000. Christopher Westad is retained as President of the Company at an annual salary of \$100,000. Each of the Messrs. Harrington and Westad are entitled to bonuses pursuant to their employment agreements if the Company meets certain financial targets based on sales, profitability and good management goals as predetermined by the Board of Directors or compensation committee and other subjective criteria as determined by the Board of Directors or compensation committee. Such bonuses, plus all other bonuses payable to the executive management of the Company, shall not exceed in the aggregate, a "bonus pool" which shall equal up to 5% of the Company's earnings before taxes, depreciation and amortization ("EBITDA") for 1999, provided the Company achieves at least \$800,000 in EBITDA, 10% of EBITDA for 2,000 and 2001, provided the Company achieves at least \$3,000,000 and \$5,000,000, respectively, of EBITDA in each of such years. The employment agreements also provide for reimbursement of reasonable business expenses. Timothy Harrington also receive additional compensation including Company automobile, insurance and retirement savings matched contributions by the Company and such other perquisites as are customary. The employment agreements for each of Messrs. Harrington and Westad contain a covenant not to compete whereby Messrs. Harrington and Westad agree, for the term of the employment agreements and until one year following the termination of the agreements, not to (i) persuade any customer of the Company to cease or reduce the amount of business it does with the Company; (ii) solicit the Company's customers for their own benefit; or (iii) persuade any of the Company's employees to leave the employ of the Company.

In the event that there is a change in control of the Company, through an acquisition where any person acquires more than 50% of the shares of the Company, a consolidation or merger with another corporation resulting in at least 50% of the voting shares of the surviving corporation being controlled by a new acquirer or the sale directly or otherwise of all of the assets of the Company to a third party in a non-distress situation, then the Company shall pay to Timothy Harrington a lump sum payment equal to one year's salary.

EMPLOYEE BONUS POOL

The Company has adopted an Employee Bonus Pool, pursuant to which Management may, at its own discretion, award employees for exemplary performance. The Company has allocated \$25,000, \$40,000 and \$50,000 for the years 1999, 2000 and 2001, respectively, for such purposes. Management may not, however, award employees bonuses from the Employee Bonus Pool (i) if such bonuses would result in negative earning before taxes for the year in which such bonuses are to be granted, or (ii) if the Company does not have net profits in such year.

EMPLOYEE STOCK OPTION PLAN

The Company has adopted a Stock Option Plan (the "1999 Plan"), pursuant to which 300,000 shares of Common Stock are reserved for issuance.

The 1999 Plan is administered by the board of directors, or by a committee with at least two directors as delegated by the board of directors who determine among other things, those individuals who shall receive options, the time period during which the options may be partially or fully exercised, the number of shares of Common Stock issuable upon the exercise of the options and the option exercise price.

The 1999 Plan's duration is for a period of ten years. Options under the 1999 Plan must be issued within ten years from the effective date of the 1999 Plan. Options may be granted to officers, directors, consultants, key employees, advisors and similar parties who provide their skills and expertise to the Company. Options granted under the 1999 Plan may be exercisable for up to ten years, may require vesting, and shall be at an exercise price all as determined by the board. Options will be non-transferable except to an option holder's personal holding company or registered retirement savings plan and except by the laws of descent and distribution or a change in control of the Company, as defined in the 1999 Plan, and are exercisable only by the participant during his or her lifetime. Change in control includes (i) the sale of substantially all of the assets of the Company and merger or consolidation with another, or (ii) a majority of the board changes other than by election by the shareholders pursuant to board solicitation or by vacancies filled by the board caused by death or resignation of such person.

If a participant ceases affiliation with the Company by reason of death, permanent disability or the retirement of an Optionee either pursuant to a pension or retirement plan adopted by the Company or on the normal retirement date prescribed from time to time by the Company, the option remains exercisable for three months from such occurrence but not beyond the option's expiration date. Other termination gives the participant three months to exercise, except for termination for cause which results in immediate termination of the option.

Options granted under the 1999 Plan, at the discretion of the compensation committee or the board, may be exercised either with cash, by certified check or bank cashier's check, Common Stock having a fair market equal to the cash exercise price, the participant's promissory note, or with an assignment to the Company of sufficient proceeds from the sale of the Common Stock acquired upon exercise of the Options with an authorization to the broker or selling agent to pay that amount to the Company, or any combination of the above.

The exercise price of an option may not be less than the fair market value per share of Common Stock on the date that the option is granted in order to receive certain tax benefits under the Income Tax Act of United States (the "ITA"). The exercise price of all future options will be at least 100% of the fair market value of the Common Stock on the date of grant of the options. A benefit equal to the amount by which the fair market value of the shares at the time the employee acquires them exceeds the total of the amount paid for the shares or the amount paid for the right to acquire the shares shall be deemed to be received by the employee in the year the shares are acquired pursuant to paragraph 7(1) of the ITA. Where the exercise price of the option is equal to the fair market value of the shares at the time the option is granted, paragraph 110(1)(d) of the ITA allows a deduction from income equal to one quarter of the benefit as calculated above. If the exercise price of the option is less than the fair market value at the time it is granted, no deduction under paragraph 110(1)(d) is permitted. Options granted to any non-employees, whether directors or consultants or otherwise will confer a tax benefit in contemplation of the person becoming a shareholder pursuant to subsection 15(1) of the ITA.

Any unexercised options that expire or that terminate upon an employee's ceasing to be employed by the Company become available again for issuance under the 1999 Plan.

The 1999 Plan may be terminated or amended at any time by the board of directors, except that the number of shares of Common Stock reserved for issuance upon the exercise of options granted under the 1999 Plan may not be increased without the consent of the shareholders of the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of June 30, 2003, certain information concerning beneficial ownership of shares of Common Stock with respect to (i) each person known to the Company to own 5% or more of the outstanding shares of Common Stock, (ii) each director of the Company, (iii) the executive officers of the Company, and (iv) all directors and officers of the Company as a group:

NAME*	NUMBER OF SHARES BENEFICIALLY OWNED	APPROXIMATE PERCENTAGE OF COMMON STOCK**
Timothy Harrington	1,000,000	50%
Christopher Westad	--	--
All Officers and Directors as a Group (2 persons)	1,000,000	50%

* Except as noted above, the address for the above identified officers and directors of the Company is c/o Able Energy, Inc., 198 Green Pond Road, Rockaway, New Jersey 7866.

** Percentages are based upon the assumption that the shareholder has exercised all of the currently exercisable options he or she owns which are currently exercisable or exercisable within 60 days and that no other shareholder has exercised any options he or she owns.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

From time to time, our majority-owned subsidiary Price Energy has borrowed money from us. As of June 30, 2001, the aggregate indebtedness to us was a promissory note made on November 1, 2000 for \$1,350,000. This note bears interest at a rate of 8% per annum payable quarterly with principal payments beginning on November 1, 2002. Able Energy, Inc. own approximately 70.6% of Price Energy, Timothy Harrington, our Chief Executive Officer, owns 23%, and Christopher Westad, our President, owns 3.6%.

On May 10, 2002, we borrowed \$55,000 from our Chief Executive Officer, Timothy Harrington. This amount is evidenced by a demand note bearing interest at a rate of 6%. Currently, \$44,690 is due to Mr. Harrington.

ITEM 14. EXHIBITS, LIST AND REPORTS ON FORM 8-K

The Company has not filed any reports on Form 8-K during the last quarter of the period covered by this report.

EXHIBITS

The following Exhibits are filed as part of this Report:

Exhibit Number -----	Description -----
3.1	Articles of Incorporation of Registrant*
3.2	By-Laws of Registrant*
4.1	Specimen Common Stock Certificate*
5.1	Opinion of Sichenzia, Ross & Friedman LLP***
10.1	Form of Consulting Agreement with the Walsh Manning Securities, LLC***
10.2	1999 Stock Option Plan***
10.3	Lease of Company's Facility at 344 Route 46, Rockaway, New Jersey*
10.4	Form of employment agreement between the Company and Timothy Harrington, to be executed on or before the Effective Date***
10.5	Form of employment agreement between the Company and Christopher P. Wested, to be executed on or before the Effective Date***
10.6	\$600,000 Revolving Credit Facility and \$350,000 Line of Credit with PNC Bank, National Association dated October 23, 1996, and amendment thereto, dated June 12, 1998, extending the Line of Credit to \$500,000*
10.7	\$675,000 Term Loan Agreement dated June 11, 1998 by and between the Company and PNC Bank, National Association and exhibits thereto, including Pledge Agreement by and between Timothy Harrington and PNC Bank, Guaranty and Suretyship Agreement by and between the Company and PNC Bank, and Pledge Agreement by and between the Company and PNC Bank*
10.8	Marketing Alliance Agreement, dated March 1, 1998, between the Company and AllEnergy Marketing Company, L.L.C., whereby the Company obtained the exclusive

right to market natural gas supplied by AllEnergy in specified areas**

10.9

In tank agreement between the Company and Mico, Inc., dated May 11, 1998, for the storage of the Mico's petroleum products in the Company's tank facilities**

- 10.10 Form of Company's Pre-Purchase Enrollment Form*
- 10.11 Oil Supply Agreement between the Company and Mieco, Inc., dated May 19, 1998**
- 10.12 Letter agreement, dated July 3, 1998, between the Company and Mieco, Inc. modifying the Oil Supply Agreement, dated May 19, 1998, whereby the Company agreed to increase the amount of oil purchased from Mieco**

- 10.13 Oil Supply Agreement between the Company and Amarada Hess Corporation, dated July 30, 1998**
- 10.14 Oil Supply Agreement between the Company and Bayway (TOSCO) Refining Company, dated March 27, 1998**
- 10.15 Oil Supply Agreement between the Company and Koch Refining Company, L.P., dated March 17, 1998**
- 10.16 Fuel Purchase Agreement (Natural Gas) between the Company and Ferrellgas, dated September 3, 1996**
- 10.17 Fuel Purchase Agreement (Propane) between the Company and Keystone Propane Service, Inc., dated July 28, 1998**
- 10.18 Lease between the Company and Summit Leasing Corporation ("Summit"), dated December 3, 1997**
- 10.19 Franchise Agreement, dated December 31, 1998, between the Company and Andrew Schmidt regarding sale of Able Oil Company Montgomery, Inc. as a franchise***
- 10.20 Stock Purchase Agreement, dated December 31, 1998, between the Company and Andrew Schmidt regarding the sale of stock of Able Oil Company Montgomery, Inc. by the Company to Mr. Schmidt***
- 10.21 Pledge and Security Agreement, dated December 31, 1998, between the Company and Andrew Schmidt regarding the pledge of stock of Able Oil Company Montgomery, Inc.***
- 10.22 \$140,000 principal amount, 9.5% Promissory Note, dated December 31, 1998, between the Company and Andrew Schmidt regarding the sale of stock of Able Oil Company Montgomery, Inc. by the Company to Mr. Schmidt
- 10.23 Stock Sale Agreement, dated December 31, 1998, between the Company and Owl Environmental, Inc. regarding the sale of stock of A&O Environmental Services, Inc. by the Company to Owl Environmental, Inc.*
- 21.1 List of Subsidiaries of Registrant*
- 31.1 Certification by Chief Executive Officer pursuant to Sarbanes-Oxley Section 302
- 31.2 Certification by Chief Financial Officer pursuant to Sarbanes-Oxley Section 302
- 32.1 Certification by Chief Executive Officer pursuant to 18 U.S. C. Section 1350
- 32.2 Certification by Chief Financial Officer pursuant to 18 U.S. C. Section 1350

- (*) Reference is made to the Company's Registration Statement, filing Number 333-51909, filed with the SEC on July 15, 1998.
- (**) Reference is made to the Company's Registration Statement, filing Number 333-51909, filed with the SEC on November 6, 1998.
- (***) Reference is made to the Company's Registration Statement, filing Number 333-51909, filed with the SEC on April 15, 1999.
- (****) Reference is made to the Company's Registration Statement, filing Number 333-51909, filed with the SEC on May 17, 1999.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 29th day of September, 2003.

ABLE ENERGY, INC.

*/s/ Timothy Harrington
Timothy Harrington, Chief Executive Officer,
Secretary, and Chairman*

*/s/ Christopher P. Westad
Christopher P. Westad, President, Chief
Financial Officer, and Director*

*/s/ James Purcaro
James Purcaro, Director*

*/s/ Gregory Sichenzia
Gregory Sichenzia, Director*

*/s/ Patrick O'Neill
Patrick O'Neill, Director*

*/s/ Edward C. Miller, Jr.
Edward C. Miller, Jr., Director*

EXHIBIT 31.1
ABLE ENERGY, INC.
OFFICER'S CERTIFICATE PURSUANT TO SECTION 302

I, Timothy Harrington, the Chief Executive Officer of Able Energy, Inc., certify that:

1. I have reviewed this Form 10-K of Able Energy, 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 issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) 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 issuer 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 issuer, 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 issuer'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 issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter (the issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer'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 issuer'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 issuer's internal control over financial reporting.

Date: September 29, 2003

/s/ Timothy Harrington

Timothy Harrington
Chief Executive Officer

EXHIBIT 31.2
ABLE ENERGY, INC.
OFFICER'S CERTIFICATE PURSUANT TO SECTION 302

I, Christopher P. Westad, the Chief Financial Officer of Able Energy, Inc., certify that:

6. I have reviewed this Form 10-K of Able Energy, Inc.;

7. 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;

8. 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 issuer as of, and for, the periods presented in this report;

9. The issuer's other certifying officer(s) 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 issuer 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 issuer, 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 issuer'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 issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter (the issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

10. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer'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 issuer'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 issuer's internal control over financial reporting.

Date: September 29, 2003

/s/ Christopher P. Westad

Christopher P. Westad
Chief Financial Officer

EXHIBIT 32.1
ABLE ENERGY, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Able Energy, Inc. (the Company) on Form 10-K for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Timothy Harrington, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;

and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Able Energy, Inc. and will be retained by Able Energy, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: September 29, 2003

/s/ Timothy Harrington

Timothy Harrington
Chief Executive Officer

EXHIBIT 32.2
ABLE ENERGY, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Able Energy, Inc. (the Company) on Form 10-K for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Christopher P. Westad, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;

and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Able Energy, Inc. and will be retained by Able Energy, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: September 29, 2003

/s/ Christopher P. Westad

Christopher P. Westad
Chief Financial Officer

EXHIBIT 99.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Harrington, the Chief Executive Officer, Secretary, and Chairman of Able Energy, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Annual Report on Form 10-KSB of the Company for the fiscal year ended June 30, 2002 (the "Report") fully complies with the requirements of Section 13

(a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); 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: September 23, 2002

/s/ Timothy Harrington

Name: Timothy Harrington

*Title: Chief Executive Officer, Secretary
and Chairman*

EXHIBIT 99.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher Westad, the President, Chief Financial Officer and Director of Able Energy, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Annual Report on Form 10-KSB of the Company for the fiscal year ended June 30, 2002 (the "Report") fully complies with the requirements of Section 13

(a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); 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: September 23, 2002

/s/ Christopher Westad

Name: Christopher Westad

*Title: President, Chief Financial Officer
and Director*

End of Filing