ABLE ENERGY INC
Form 10KSB
September 24, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

(Mark One)

[X] 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, 2002

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[X] 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-KSB or any amendment to this Form 10-KSB [ ]

The Issuer's Revenues for the Most Recent Fiscal Year, June 30, 2002, was

$26,723,482.

The aggregate market of the voting stock held by non-affiliates of the registrant was approximately $4,395,488 as of the close of business on September 16, 2002.

The number of shares of Common Stock, $.001 par value, issued and outstanding as of September 16, 2002 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 58% of the Company's revenues. The remaining 42% of revenues were from sales of gasoline, diesel fuel, kerosene, propane, home heating equipment services, and related sales. The Company now serves approximately 26,000 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 25 custom fuel oil trucks and five 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 14 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 2002. Able Oil is headquartered in Rockaway, New Jersey, and serves just under 25,000 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, 20 of the Company's fuel oil trucks are reserved for use by Able Oil, of which 12 trucks operate from the Rockaway facility and eight trucks operate from the Newton, New Jersey, facility. In addition, Able Oil utilizes the services of six 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 20 fuel oil delivery trucks, and the six 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 and Newton facilities. 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 exclusively out of the Newton facility. Able Oil dispatches a total of 15 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 3,200 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, 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. Conversely, the winter of 2000-2001 was approximately 11% 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., Valero Marketing and Supply Co., 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 2002, sales of home heating oil accounted for approximately 58% of the Company's revenues. The remaining 42% 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 July 6, 2000, 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, 2002, the Company employed approximately 68 individuals. From October through March, the Company's peak season, the Company employs approximately 100 persons. From April through September, the Company employs approximately 65 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 two buildings, totaling 4,512 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.

The Company also leased an additional facility on Route 46 in Rockaway, New Jersey. The lease has a term of one year from September 1, 1999 to August 31, 2000. The rent was $1,300 per month, $15,600 for the year, plus 10% of the increase in real estate taxes over the base year, 1999. The Company had the option to renew for five additional one-year terms. The Company vacated this leased facility in October 2000.

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. PriceEnergy has commenced suit against ThinkSpark Corporation based on claims of breach of a Consulting Services Agreement, dated June 2, 2000. Under the agreement, ThinkSpark was to develop, deliver and install a data processing software system to be operational by mid-August 2000. ThinkSpark ceased work in mid-October 2000, prior to completion of the project, and PriceEnergy hired another firm to continue the project. ThinkSpark has filed a counterclaim seeking payment of $283,100.62, which is the total amount of bills rendered. The Company reached a settlement agreement with ThinkSpark Corporation whereby the Company paid the sum of $30,000 to ThinkSpark representing payment in full for the partial work done by ThinkSpark and agreed settlement in full.

Except as noted above, 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 Friday June 21, 2002.

(1) Elected a board of seven directors to hold office until the 2003 Annual Meeting of Shareholders and until their successors are elected and qualified;

	FOR	AGAINST	ABSTAIN
Timothy Harrington	1,948,100	0	1,000
Christopher P. Westad	1,949,100	0	
James Pucaro	1,949,100	0	
Gregory Sichenzia	1,949,100	0	
Patrick O'Neill	1,949,100	0	
Edward C. Miller, Jr.	1,949,100	0	
Ron J. Ponder	1,949,100	0	

(2) Ratified the selection of Simontacchi & Company, LLP as our auditors for the fiscal year ending June 30, 2003.

FOR	AGAINST	ABSTAIN
1,949,100	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

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.

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

ABLE ENERGY, INC. AND SUBSIDIARIES

Statements in this Annual Report on Form 10-KSB 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 matter 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, 2002, COMPARED TO THE YEAR ENDED JUNE 30, 2001.

The Company reported revenues of $26,723,482 for the year ended June 30, 2002, a decrease of 21.29% over the prior year's revenues of $33,953,373 for the same period. This decrease can be attributed primarily to a decrease in the cost of product (mainly home heating oil) and the resulting lower retail sales price, which was sold by the Company below the prices that the Company sold the same products the prior year. In addition, the winter of 2001/2002 was abnormally warm, making it the warmest temperatures on record for the last 125 years.

Gross profit margin, as a percentage of revenues, for the year ended June 30, 2002, increased to 18.98% from 15.22%. The increase in margin is primarily a result of the Company's new margin management policy. This program, which was introduced in September of 2001, is designed to maximize margins, by product segment, on each of the products and services that it markets to the consumer. This program is

designed to promote product pricing that is in line with the specific type of service provided.

Selling, General and Administrative expenses decreased by $618,367, or 10.38%, from $5,959,044 for the year ended June 30, 2001 to $5,340,677 for the year ended June 30, 2002. The lower costs resulted from a decrease in telephone, repairs, consulting fees, and advertising. The overall decrease in SG&A was achieved even with the operations of a new subsidiary, PriceEnergy.com, included in the results of this year but only nine months last year as PriceEnergy.com began its operations in October of 2000. PriceEnergy had salaries, advertising, and computer consulting costs of approximately $143,000 for the three months ended September 30, 2001, the quarter that was not included in the year ended June 30, 2001.

Operating loss for the year ended June 30, 2002 was $1,426,268, a decrease of 20.73% over the Company's operating loss of $1,799,235 for the year ended June 30, 2001. This decreased operating loss for the year ended June 30, 2002 was directly attributable to the lower SG&A expenses and sales at higher margins.

This net loss included the results of a new subsidiary, Price Energy.com, which had a loss of $1,010,682 for the year ended June 30, 2002. The subsidiary began operations in October 2000. Other causes that reduced income included warmer weather. The entire Northeast, which includes the Company's main area of operations, experienced the warmest winter season in 125 years which also significantly reduced income during the primary heating season of the six-month period October through March. In addition, interest income decreased and the Company's gross margin was lower during the quarter ended September 30th 2001, prior to full implementation of the new margin management program.

OPERATIONAL EFFICIENCY

The Company believes that it can continue to significantly increase the utilization of existing personnel and equipment, thereby reducing expenses and increasing profitability, within its current business configuration.

During this past fiscal year, in September of 2001, the Company implemented a new margin management program which is a policy and system that was designed to increase profitability without sacrificing customer appeal. The Company believes that there is value to the products and services that it provides to its consumers in varying levels based upon the specific needs of the consumer and the products provided.

Within the new margin matrix that the Company has implemented, product pricing has been put into line with the level of service and specific product packages provided to the consumer. This pricing methodology is now being introduced into the service department with the initial implementation of "Flat Rate Pricing" which will introduce enhanced margins into the service sector of the Company's business.

For those consumers requiring more in depth or full-service, prices have been adjusted appropriately to match the level of the services provided. This new margin management program has already begun to yield positive results for the Company as evidenced by the 3.8% increase in Gross Profit for the year 2002 vs. 2001. The Company believes that this trend of increasing gross profit will continue into the 2003 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 believes, in the current down economy, that it can significantly increase its ability to provide superior customer service from its Rockaway Call Center while at the same time operating its administration more efficiently through the use of newly installed Customer Relationship Management software. By utilizing 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. Full implementation and integration of this software has now been completed.

The Company also has an arrangement with a service provider to make available a further level of automation into the existing call center using voice- activated technology. This software will provide customers with the option of placing an order via a "Voice Driven Order Entry System". This technology will enable existing 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 believes that this system will further reduce its call center costs as this new system is put into place this fall. An additional benefit is that the cost for this enhancement will be paid for only as operational savings are realized.

The Company's full implementation of the previously announced Automated Dispatch Technology is approximately 80% complete as of the period ending June 30, 2002. This technology will enable the organization to increase the efficiency, productivity, and profitability of its equipment service and fuel delivery dispatch systems. The initial rollout of this system is focusing on the Company's heating oil service department. This is in line with the organization's current initiative to maximize its customer service on all of its in-home services.

Within the home heating equipment service environment, this technology is providing management with the ability to communicate with service technicians instantaneously via wireless CDPD technology to perform billing functions at the

customer's location and receive and input payment information remotely. In addition, management will be aware of the status of every on-duty worker and provide real time reporting for stand-by, enroute, and service work time thus maximizing scheduling opportunities and eliminating service technician down time. All service vehicles have been equipped with GPS (Global Positioning System) to track the ongoing location, ground speed, and vehicle movement history for both service and delivery personnel. It is expected that the Company will also have full implementation of this technology on all of its delivery vehicles by the end of this current fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended June 30, 2002, compared to the year ended June 30, 2001, the Company's cash position decreased by $1,230,458 from $1,489,018 to $258,560. For the year ended June 30, 2002, cash was generated through collections of customer advance payments, and an increased loan from the bank. The primary reason for reduction in cash was a loan to PriceEnergy.com, Inc. and a reduction in accounts payable and installment debt.

During the year ended June 30, 2001, cash was generated through collection of customer advance payments and a loan from an outside individual.

In September 2002, the Company entered into an agreement and received a loan of $750,000 from a private company. The Company is in discussion on the consolidation of a large portion of its existing debt and obtaining a working capital line of credit in the $2 - $2.5 million dollar range. This will enable the Company to continue to grow while strengthening its infrastructures.

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. The warmer weather in the nine months ended June 30, 2002 reduced the sale of heating oil by approximately 14.3%. The heating season, September through March, resulted in a 32% decrease in degree-days, comparing the period in the years 2001 and 2000. The Company still continued to grow its customer base in the period ended June 30, 2002. The Company is attempting to reduce the effects of weather on the seasonality of its business through greater emphasis on equipment sales and by the addition of a commission based diesel sales representative.

In general, 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 75% 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 7. FINANCIAL STATEMENTS

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

ABLE ENERGY, INC.

JUNE 30, 2001 AND 2000

C O N T E N T S

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, 2002 and the related consolidated statements of operations, changes in Stockholders' equity, and cash flows for the years ended June 30, 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, 2002, and the results of their operations and their cash flows for the years ended June 30, 2002 and 2001 in conformity with accounting principles generally accepted in the United States of America.

Simontacchi & Company, LLP
Rockaway, New Jersey
September 16, 2002

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

JUNE 30, 2002

ASSETS

	2002
CURRENT ASSETS:	
Cash	$ 258,560
Accounts Receivable (Less Allowance for Doubtful Accounts of ($242,358)	1,933,526
Inventory	405,424
Notes Receivable - Current Portion	32,756
Miscellaneous Receivables	113,905
Prepaid Expenses	228,839
Prepaid Expense - Income Taxes	2,733
Deferred Income Tax	65,703
Due From Officer	44,690
TOTAL CURRENT ASSETS	3,086,136
PROPERTY AND EQUIPMENT:	
Land	451,925
Buildings	1,096,046
Trucks	3,037,192
Fuel Tanks	1,190,153
Machinery and Equipment	576,123
Leasehold Improvements	578,792
Cylinders	731,692
Office Furniture and Equipment	200,640
Website Development Costs	2,200,511
	10,063,074
Less: Accumulated Depreciation and Amortization	3,461,342
NET PROPERTY AND EQUIPMENT	6,601,732
OTHER ASSETS:	
Deposits	70,570
Notes Receivable - Less Current Portion	216,628
Customer List, Less Accumulated Amortization of ($188,122)	422,728
Covenant Not to Compete, Less Accumulated Amortization of ($56,667)	43,333
Development Costs - Franchising	36,764
TOTAL OTHER ASSETS	790,023
TOTAL ASSETS	$10,477,891

See Accompanying Notes and Auditor's Report

ABLE ENERGY, INC. AND SUBSIDIARIES

BALANCE SHEET (CONT'D)

JUNE 30, 2002

LIABILITIES & STOCKHOLDERS' EQUITY

	2002
CURRENT LIABILITIES:	
Accounts Payable	$ 1,159,341
Note Payable - Bank	1,470,000
Note Payable - Other	500,000
Current Portion of Long-Term Debt	584,384
Accrued Expenses	309,363
Accrued Taxes	24,673
Customer Pre-Purchase Payments	880,111
Customer Credit Balances	548,336
Escrow Deposits	28,472
Note Payable - Officer	55,000
TOTAL CURRENT LIABILITIES	5,559,680
DEFERRED INCOME	79,679
DEFERRED INCOME TAXES	54,712
LONG TERM DEBT: less current portion	1,522,680
TOTAL LIABILITIES	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 2,007,250 Shares	2,008
Paid in Surplus	5,687,230
Retained Earnings (Deficit)	(2,428,098)
TOTAL STOCKHOLDERS' EQUITY	3,261,140
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$10,477,891

See Accompanying Notes and Auditors' Report

F-4

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

YEARS ENDED JUNE 30, 2002 AND 2001

	2002	
NET SALES	$26,723,482	$33
COST OF SALES	21,652,472	28
GROSS PROFIT	5,071,010	5
EXPENSES		
Selling, General and Administrative Expenses	5,340,677	5
Depreciation and Amortization Expense	1,156,601	1
Total Expenses	6,497,278	6
INCOME (LOSS) FROM OPERATIONS	(1,426,268)	(1
OTHER INCOME (EXPENSES):		
Interest and Other Income	214,707	
Interest Expense	(298,331)	
Directors' Fees	(20,400)	
Total Other Income (Expense)	(104,024)	
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES (CREDIT)	(1,530,292)	(1
PROVISION FOR INCOME TAXES (CREDIT)	(8,037)	
NET (LOSS) INCOME	$(1,522,255)	$(1
BASIC EARNINGS (LOSS) PER COMMON SHARE	$ (.76)	$
DILUTED EARNINGS PER COMMON SHARE	$ (.76)	$
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	2,001,332	2
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, ASSUMING DILUTION	2,001,332	2

See Accompanying Notes and Auditors' Report

F-5

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED JUNE 30, 2002 AND 2001

	COMMON STOCK .001 PAR VALUE			
	SHARES	AMOUNT	ADDITIONAL PAID-IN SURPLUS	RETAIN EARNIN
Balance - July 1, 2000	2,000,000	$ 2,000	$5,662,775	$ 709,
Net Loss				(1,614,
Balance - June 30, 2001	2,000,000	2,000	5,662,775	(905,
Sale of Common Stock	1,250	2	4,061	
Issuance of Common Stock for Payment of Directors' Fees	6,000	6	20,394	
Net Loss				(1,522,2
Balance - June 30, 2002	2,007,250	$ 2,008	$5,687,230	$(2,428,0

See Accompanying Notes and Auditors' Report

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2002 AND 2001

	2002
CASH FLOW FROM OPERATING ACTIVITIES	
Net (Loss) - Continuing Operations	$ (1,522,255)
Adjustments to Reconcile Net Income to Net Cash used by Operating Activities:	
Depreciation and Amortization	1,156,601
Gain on Disposal of Equipment	(331)
(Increase) Decrease in:	

Accounts Receivable	(113,670)
Inventory	(38,098)
Prepaid Expenses	(117,275)
Prepaid Income Taxes	81,171
Deposits	30,713
Deferred Income Tax - Asset	(6,973)
Increase (Decrease) in:	
Accounts Payable	(496,146)
Accrued Expenses	(151,103)
Customer Advance Payments	(444,138)
Customer Credit Balance	324,616
Deferred Income Taxes	(1,064)
Escrow Deposits	23,472
Deferred Income	-
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(1,274,480)

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(941,489)
Web Site Development Costs	63,630
Increase in Deposits	-
Sale of Equipment	591
Notes Receivable - Sale of Equipment	-
Payment on Notes Receivable - Sale of Equipment	7,939
Note Receivable - Montgomery	644
Miscellaneous Receivables	(75,272)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	$ (943,957)

See Accompanying Notes

F-7

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

YEARS ENDED JUNE 30, 2002 AND 2001

	2002
CASH FLOW FROM FINANCING ACTIVITIES	
Increase in Notes Payable - Bank	$ 1,470,000
Note Payable - Other	-
Note Payable - Officer	55,000
(Decrease) in Notes Payable - Bank	(449,720)
Decrease in Long-Term Debt	(520,509)
Increase in Long-Term Debt	408,745
Decrease Escrow Deposit Payable	-
Sale of Common Stock	24,463
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	987,979

NET (DECREASE) INCREASE IN CASH	(1,230,458)
Cash - Beginning of Year	1,489,018
Cash - End of Year	$ 258,560
The Company had Interest Cash Expenditures of:	$ 292,318
The Company had Tax Cash Expenditures of:	$ 13,400

See Accompanying Notes

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION AND BASIS OF PRESENTATION
Change of Fiscal Year End:
The Board of Directors have elected to change the Company and Subsidiaries' year end from December 31, to June 30, to more clearly reflect the natural business year end when the business activities have reached the lowest point in their annual cycle. The initial year of the change was a six month short period year end, January 1, 2001 to June 30, 2001. The attached financial statements for the year ended June 30, 2001 reflect the period July 1, 2000 through June 30, 2001 for comparative purposes.

The Company's financial statements have been prepared assuming the Company will continue as a going concern. Significant losses were incurred during the years ended June 30, 2002 and 2001, resulting in a reduction of working capital and stockholders' equity. The Company as of June 30, 2002, has a positive stockholders' equity of $3,261,140. The Company's business plan is as follows:

1. Suspend the operations of its subsidiary, Price Energy.Com, Inc., which had a loss in excess of $1 million in the year ended June 30, 2002, and has been a drain on cash.
2. The Company is pursuing several sources of financing:

    1. The Company is currently in talks to consolidate a large potion of its existing debt into one facility and obtain a working capital line of credit in the $2 - $2.5 million range.
    2. The Company is also working on a Stock Purchase Agreement that will increase ownership equity.
    3. The Company has received a loan of $750,000 in September 2002 from a privately owned entity.

3. The Company is working on a decrease in operating expenses, has increased its gross margin during the past nine months and also has budgeted higher sales for the 2002/2003 year, as sales of primarily #2 heating oil were reduced in the 2001/2002 heating season by abnormally high temperatures in the northeast.

Based upon management's plans, it appears that substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time (one year) is alleviated. Continuation of the Company as a going concern is dependent upon its ability to implement its plans. No assurance can be given that the Company will be successful in these efforts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 a Web Site for the sale of products through a network of suppliers originally on the East Coast of the United States. The Web Site 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, 2002 is $1,010,682, (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.

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, 2002 and 2001 amounted to $681,192 and $597,217, 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.

WEB SITE DEVELOPMENT COSTS
Costs of $2,200,511 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 year ended June 30, 2002 is $436,177, and amortization for the period ended June 30, 2001 was $313,219.

INTANGIBLE ASSETS
Intangibles are stated at cost and amortized as follows: Customer Lists of $571,000 and Covenant Not To Compete of $183,567 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 and 5 years, respectively. 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, 2002 and 2001 are $39,232 and $98,765, respectively. The covenant Not

To Compete with Connell's Fuel Oil Company ended in October 2001, and was fully amortized.

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, 2002 AND 2001

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 $143,904. 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 $524,859 and $566,049 for the years ended June 30, 2002 and 2001, respectively.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

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.

RECENT ACCOUNTING PRONOUNCEMENTS

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, 2002 AND 2001

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.

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 of $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

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 to be realized on collection of the notes.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 2   NOTES RECEIVABLE

Maturities of the Note Receivable are as follows:

For the 12 Months Ending June 30,	Principal Amount
2003	$ 11,351
2004	10,354
2005	11,382
2006	12,511
2007	13,753
Balance	110,005
Total	$169,356

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 Ending June 30,	Principal Amount
2003	$ 21,405
2004	23,803
2005	18,648
2006	11,013
2007	5,159
Total	$ 80,028

NOTE 3   INVENTORIES

ITEMS	2002	2001
Heating Oil	$ 141,114	$134,229
Diesel Fuel	21,642	40,770
Kerosene	6,220	8,013
Propane	12,343	14,287
Parts and Supplies	224,105	170,027
TOTAL	$ 405,424	$ 367,326

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

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.

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%. 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. The Company, as of June 30, 2002, was in an over draft position of approximately $71,760 with respect to its borrowing base of 75% of eligible accounts receivable. This has been cleared as of the statement date (see Note 19).

F - 16

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 4 NOTES PAYABLE BANK

The Agreement with Able Oil Company and PNC Bank, dated August 11, 1999, was amended July 14, 2000. The term was extended from June 30, 2001 to September 29, 2001. The loan was paid in full effective September 29, 2001. The banking relation was terminated and all collateral was being released by PNC Bank.

NOTE 5 NOTE PAYABLE

The Company has borrowed $500,000 from an unrelated individual. The Note is 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 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.

NOTE 6 LONG-TERM DEBT

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 and 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, 2002 was $114,235.

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").

NOTE 6 LONG-TERM DEBT (CONT'D)

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, 2002 was $650,000.

Two Notes Payable to Chrysler Financial at a range of interest from of 8.9% to 9.15% with total monthly payments of $830.53. The earliest of these Notes originated on March 25, 1999 and the last Note matures in March 2004. These Notes are collateralized by a 1999 and a 1998 Dodge truck.

Notes Balance	$ 15,314

Note Payable to World Omni at an interest rate of 8.99% with a monthly payment of $316.44. The Note originated October 20, 2000 and matures October 20,2005. The Note is collateralized by a Ford F-150 Pick-up

Truck.

Note Balance	$ 10,956

Note Payable to Fleet Capital Leasing at an interest rate of 8.50% with a monthly payment of $1,124.52. The Note originated on November 10, 1997 and matures on November 10, 2002. The Notes are collateralized by a 1998 Freightliner fuel oil truck.

Note Balance	$ 4,380

The Company and Able Propane, LLC have a lease/purchase agreement with First Sierra Financial, Inc. The agreement calls for 48 payments of $1,457.50, including principal, interest and sales tax and a final purchase option payment of $5,576.02 plus sales tax. The interest rate is approximately 8 1/2%. The agreement is collateralized by the equipment purchase.

Balance Due	$ 7,943

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 6 LONG-TERM DEBT (CONT'D)

Able Oil Company and Able Propane, LLC have a lease/purchase agreement with Fleet Capital Leasing, Lease #002, interest approximately 8 1/2% collateralized by a 1998 Peterbilt Model 375 truck and a Trinity trailer. The lease and payments began August 20, 1998 at $1,605.50 per month for 48 payments thereafter until all payments are made through and including July 20, 2002.

Balance Due	$ 2,571

Able Oil Company and Able Propane have a lease/purchase agreement with Fleet Capital Leasing, Lease #003, interest approximately 8 1/2% collateralized by a Freightliner truck. The lease commenced November 10, 1998 and has 48 monthly payments of $1,286.12 until November 2002 with a final purchase option payment of $12,682.

Balance Due	$ 18,646

Able Oil Company and Able Propane, LLC have a lease/purchase agreement with Fleet Capital Leasing, Lease #004, collateralized by a Ford F-450 truck and a 1997 Chevy 3/4 ton van. The lease and payments began January 1, 1999 at $1,591.87 per month for 48 payments thereafter until all payments are made through and including December 2002. Interest at 6.92%

Note Balance	$ 23,075

Able Oil Company has a lease/purchase agreement with Fleet Capital Leasing, Lease #005, interest approximately 8 1/2% collateralized by a 1999 Freightliner FL-70, 2800 gallon Tri State Truck tank and a 1999

Kenworth Model T-300 conventional cab and chassis. The lease payments began January 5, 1999 at $2,810.62 per month for 48 months and 5 additional days until all payments are made through January 10, 2003. Able Oil Company has the option to purchase all the equipment for an amount agreed upon as the fair market value at the end of the lease term.

Note Balance	$ 37,337

Two Notes payable to Ford Credit at interest rates of 3.90% and 8.79%, with monthly payments of $602.32 and $737.34 including interest. The Notes originated in January 1999 and include 48 monthly payments and mature December 2002. The Notes are collateralized by two 1998 Ford Econo-Line trucks.

Notes Balance	$ 5,776

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 6 LONG-TERM DEBT (CONT'D)

The Company and Able Propane, LLC have a lease/purchase agreement with First Sierra Financial, Inc. The agreement calls for 48 payments of $592.54, including principal and interest and sales tax and a final purchase option payment of $2,191.10, plus sales tax. The lease began February 1999 and ends January 2003. The interest rate is approximately 8 1/2%. The agreement is collateralized by the equipment purchase.

Note Balance	$ 3,704

Two Notes payable to Ford Credit at interest rates of 8.60% and 6.02% with monthly payments of $629.46 and $695.83 including interest. The Notes originated June 1999 and December 1999, they each include 48 monthly payments and mature May 2003 and November 2003, respectively. The Notes are collateralized by two 1999 Ford Vans.

Notes Balance	$ 17,765

Able Oil Company has a lease/purchase agreement with Fleet Capital Leasing, lease #007, collateralized by equipment as stated in the agreement. The lease payments began December 25, 1999 at $9,023.46 per month for 48 months and 5 additional days until all payments are made through November 25, 2003. The interest is an average of 4.5% per annum. Able Oil Company has the option to purchase all the equipment for an amount agreed upon as the fair market value at the end of the lease term.

Note Balance	$138,850

The Company has a lease purchase agreement with Diamond Lease (U.S.A.), Inc. collateralized by computer equipment and software on the books of Price Energy.Com, a subsidiary of the Company. The lease commenced October 1, 2000, with an initial payment of $32,062 paying the first and last payment. There will be 34 payments of $16,031, final payment on September 1, 2003 and a $1 purchase option payment. The annual rate of interest is 9.56%.

Note Balance	$225,789

The Company has Notes payable under Purchase Money Security Agreements No. 00501, 00502 and 00503 with Monarch Capital Corporation. Agreement #00501 commenced October 25, 2000, with the payment of $6,804 being the first and last payment. The payments will be 60 payments of $3,402, including principal and interest, with an interest rate of 11.5%. The Note will mature in September 2005. The note is secured by the equipment purchased, two 2001 Kenworth Oil Trucks and Two KW Fuel Tanks.

Notes Balance	$109,162

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 6 LONG-TERM DEBT (CONT'D)

Agreement #00502 commenced December 21, 2000 for 60 months and matures November 21, 2005. The monthly payments are $1,834, including principal and interest with an interest rate of 12.5%. The Note is secured by the equipment purchased, one 2001 Kenworth Oil Truck and one Amthor 2800-gallon aluminum Cardinal Classic Canopy Style tank. This Note was sold to Sovereign Bank by Monarch.

Note Balance	$ 59,104

Agreement #00503 commenced December 21, 2000 for 60 months and matures November 21, 2005. The monthly payments are $1,822.50, including principal and interest with an interest rate of 12.5%. The Note is secured by the equipment purchased, a 2001 Kenworth Model T 300 truck and 2800-gallon aluminum fuel tank.

Note Balance	$ 58,733

Agreement #00504 commenced on April 30, 2001 for 48 months and matures on April 30, 2005. The monthly payments are $2,692.48, including principal and interest with an interest rate of 6.80%. The Note is secured by furniture purchased.

Note Balance	$ 74,234

The Company and Able Propane, LLC have a Lease/Purchase Agreement with New Concepts Leasing. The Lease commenced February 12, 2001, with the payment of $2,986 being the first and last payment. The payments will be 60 payments of $1,493, including principal and interest, with an interest rate of 10.88%. The Note will mature in February 2006 with a final principal payment of $5,000. The Note is secured by a 2001 Ford

F-550 Cab and Chassis.

Note Balance	$ 58,975

Note Payable to Ford Credit at an interest rate of 8.05% with monthly payments of $653.80, including interest. The note originated in September 2000 and includes 48 monthly payments and matures September 2004. The Note is collateralized by the ford Truck purchased.

Note Balance	$ 15,923

Note payable to GMAC Finance at an interest rate of 5.00% with monthly payments of $602.43, including interest. The Note originated in October 2000 and includes 48 monthly payments and matures October 2004. The Note is collateralized by the GMAC truck purchased.

Note Balance	$ 15,254

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 6 LONG-TERM DEBT (CONT'D)

The Company has four lease/purchase agreements with New Concepts Leasing, Inc. The leases commenced October, November, December 2001 and January 2002. The lease for a 1997 Chevy 3500 Box Truck on October 8, 2001 is for 36 months at $546 per month, including interest at 7.350%. The three other leases are for 60 months each with total monthly payments of $4,886, including interest at the effective rate of 8.69%. The last note will mature December 2006. The notes are secured by the equipment purchased.

Note Balance	$246,794

Able Oil Company has two notes payable to GMAC dated October 5, 2001. The Company purchased two 2001 Chevrolet vans. The notes are payable in 48 monthly installments each at $542.09 per month with interest at 0.90%. The notes are secured by the vans. The final payment on each is due October 27, 2005.

Note Balance	$ 42,116

The Company has a note payable to Interchange Capital Company, LLC dated February 27, 2002, in the amount of $86,711 on the purchase of a 2002 Kenworth 7300 Oil Truck. The note has 60 monthly payments of $1,821, including interest at approximately 5.50% per annum. The note is secured by the equipment purchased.

Note Balance	$ 80,947

The Company has a note payable to Marlin Leasing dated October 3, 2001, in the amount of $50,032 on the purchase of a telephone system for the Call Center. The note has 60 monthly payments of $1,129, including interest at approximately 12.63% per annum, plus sales tax.

The initial payment of $2,258 paid the first and last payment. The Note will mature in November 2006 with a $1 purchase option payment due December 2006. The Note is secured by the equipment purchased.

Note Balance	$ 45,785

The Company has a note payable to Canon Financial Services, Inc. dated February 13, 2002, in the amount of $11,500 on the purchase of a scanner. The note has 30 monthly payments of $407, including interest at approximately 4.70% per annum, plus sales tax. The initial payment of $814 paid the first and last payment. The Note will mature in August 2004 with an end of term purchase option at 10% of maximum Fair Market Value due September 2004. The Note is secured by the equipment purchased.

Note Balance	$ 10,043

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 6 LONG-TERM DEBT (CONT'D)

The Company has a note payable/Master Lease Agreement to Graybar Financial Services, LLC dated January 18, 2002, in the amount of $14,388 on the purchase of a Cisco 1721 Voice Equipment. The note has 60 monthly payments of $313, including interest at approximately 10.96% per annum, plus sales tax. The initial payment of $625 paid the first and last payment. The Note will mature in July 2007 with a $1 purchase option payment due at the end of the lease. The Note is secured by the equipment purchased.

Note Balance	$ 13,653

Maturities on the Notes Payable subsequent to June 30, 2002 are as follows:

FOR THE 12 MONTHS ENDING JUNE 30,	PRINCIPAL AMOUNT
2003	$ 584,384
2004	343,843
2005	889,818
2006	158,452
2007	89,382
Balance	41,185
TOTAL	$2,107,064

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

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:

	2002			
	AMOUNT	PERCENT OF PRETAX INCOME	AMOUNT	P
Statutory Federal Income Tax (Benefits)	$(5,608)	(15.0%)	$(11,605)	
Increase resulting from State Income Tax, net of Federal Tax Benefit	(2,429)	(7.6%)	(5,030)	
Income Taxes (Benefits)	$(8,037)	(22.6%)	$(16,635)	
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:

	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., et al, open years are December 31, 1999, 2000 and

June 30, 2001 and 2002. The Company has a net operating loss carryforward of approximately $2,730,000. The net operating loss expires between June 30, 2019 and 2021.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

NOTE 7 INCOME TAXES (CONT'D)

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. 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, 2002 are as follows:

Net Operating Loss Carryforward - Tax Effect	$ 928,200
Valuation Allowance	(928,200)
Net Deferred Tax based upon Net Operating Loss Carryforward	$ - 0 -

NOTE 8 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 $30,270 (2002) and $27,665 (2001).

NOTE 9 NOTE RECEIVABLE - SUBSIDIARY

The Company has a Note Receivable from PriceEnergy.Com, Inc. for advances made in the development of the Website, 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. Interest, in the amount of $108,000 has been accrued for the year ended June 30, 2002. Unpaid accrued interest due through June 30, 2002 is $180,000. The Note, accrued interest and interest expense have been eliminated in the consolidated financial statements (See Notes 1 and 13). Able Oil Company has an accounts receivable for sale of heating oil from PriceEnergy.Com, Inc. of $1,336,646 which has been eliminated in consolidation against the accounts payable on PriceEnergy.Com, Inc.

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.

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 6/30/02
Conectiv Energy	10/1/02 - 3/31/03	252,000	252,000
Conectiv Energy	11/1/02 - 3/31/03	210,000	210,000
Mieco, Inc.	11/1/02 - 2/28/03	1,050,000	1,050,000

The agreement with Mieco, Inc. contains the following terms:

2. The oil has been delivered and is in storage at the Company's facility in Rockaway, New Jersey. Mieco, Inc. has filed a UCC for the product stored at the terminal.

3. The purchase price FOB delivered basis buyer's terminal shall be set when buyer (the Company) notifies Mieco that it will purchase in minimum 1,000 barrel increments. The delivery month NYMEX heating oil contract prior to its expiration will be used. The price plus the differential of USD $.0125 per gallon shall be the established price for this contract for all barrels delivered in accordance with the schedule set forth in the agreement.

Able Propane, LLC is under contract with Keystone-Propane Service, Inc. to purchase propane gas for the period October 1, 2002 through March 31, 2003. The total is 210,000 gallons at $ .53 per gallon, total cost $111,300.

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 require a release from the Estate (the Seller) and a release and indemnification from the Company. The defendants will provide 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.

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONT'D)

This has been amended by an agreement dated November 5, 2001. The entire settlement, net of attorney fees, will be placed in an attorney's escrow account for payment of all investigation and remediation costs.

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.

Price Energy.Com, Inc., a subsidiary, has commenced suit against ThinkSpark Corporation on Consulting Services Agreement, dated June 2, 2000. ThinkSpark was to provide services of professional quality performed by knowledgeable staff familiar with the operation of the software and its application and conforming to generally accepted data processing practices. ThinkSpark agreed that it could develop, deliver and install the system to be operational by mid-August 2000. ThinkSpark ceased work in mid-October 2000 and the project was not completed. Price Energy hired another firm which is completing the project. ThinkSpark admits the original estimate for the project was $266,000.

Price Energy paid ThinkSpark $82,539 and is paying the new firm $75,600 which will complete the work.

ThinkSpark has filed a counterclaim seeking payment of $283,100.62, which is the total amount of bills rendered. There is a liability of $107,861 in accounts payable on the financial statements. This amount represents the original estimate of $266,000, less payments, to ThinkSpark and the new firm hired to complete the project. 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 at June 30, 2002 was $25,000 and was paid in July 2002.

The Company in the normal course of business has been involved in several suits. Two suits have been settled out of court at agreeable terms, according to management. No suits are currently in litigation, except as noted above.

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.

NOTE 11 OPERATING LEASE (CONT'D)

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 monthly rent, including Common Area Charges, as of October 2000 is $9,084 per month. The lease does not contain any option for renewal. The rent expense was $119,443 for the year ended June 30, 2002. The estimated future rents are as follows:

YEAR ENDED JUNE 30,	
2003	$110,000
2004-2005	230,000
Total	$340,000

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

Able Oil Melbourne	$500.00, per month,	Total rent expense years ended June 30, 2002 and 2001, $6,000
Able Energy New York	$500.00, per month,	Total rent expense years ended June 30, 2002 and 2001, $6,000

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.

NOTE 12 FRANCHISING (CONT'D)

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 June 30, 2002, and the advertising deposit has been credited to advertising expense.

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 $55,000, on May 10, 2002 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 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 9).

NOTE 14 EARNINGS PER SHARE

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

	JUNE 30, 2002	JUNE 30, 2001
Weighted Average of Common Shares Outstanding	2,001,332	2,000,000
Dilutive Effect of:		
Employee Stock Options	-	-
Stock Warrants	-	-
Weighted Average Common Shares Outstanding	2,001,332	2,000,000

The dilutive potential common shares that were anti-dilutive at June 30, 2002 amounted to 50,456 Shares.

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2002 AND 2001

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 yea

Exercises	0		
December 1, 2000			
Grants	48,090	$3.25	3 yea
Exercises	1,250		
December 21, 2000			
Grants	60,000	$1.80	5 yea
Exercises	0		
Grants	23,000	$2.25	5 yea
Exercises	0		

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, have been issued 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, have been issued in connection with a $500,000 Note Payable (See Note 5).

The 100,000 warrants to purchase shares of common stock were outstanding during the second quarter of 2002 and were not included in the computation of diluted EPS as the warrants' exercise price was greater than the average market price of the common stock, which was $3.93 for the quarter ended June 30, 2002.

NOTE 17 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, 2002, any amount for accrual of the above is not material and has not been computed.

NOTE 18 STOCK ISSUANCE

During the quarter ended June 30, 2002, 6,000 shares of Common Stock were issued to the directors for services rendered during the year 2000, and charged at the fair market value as Directors Fees. The share price was $3.40 per share for total Directors Fees of $20,400.

NOTE 19 SUBSEQUENT EVENT

On August 2, 2002, 6,000 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 total Directors' Fees of $24,000.

We have been informed by management that Fleet Bank has informed them the bank will not renew the credit facility upon expiration of the Agreement which is November 30, 2002 (see Note 4). Management has informed us they are currently in discussion for a new credit facility.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 9. 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	35	Chief Executive Officer, Chairman of the Bo
Christopher P. Westad	48	President, Chief Financial Officer and Dire
James Purcaro	40	Director
Gregory Sichenzia	40	Director
Patrick O'Neill	42	Director
Edward C. Miller, Jr.	35	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 September1999. 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.

RON J. PONDER, has served as a director to the Company since June 2002. Mr. Ponder has served as Chief Executive Officer of Telecom, Media & Networks, a Cap Gemini Ernst & Young company since 1999. Previously, Mr.

Ponder served as President and CEO of BDSI, a telecommunications and software company, from 1997 until being acquired by Cap Gemini Telecommunications in 1999. Prior to that, Mr. Ponder served as Executive Vice President of Operations and Service Management for AT&T where he was responsible for budgets in excess of $18 billion and an employee base of over 25,000. Before joining AT&T, Mr. Ponder was CIO for Sprint communications and spent 17 years at Federal Express spearheading some of the most critical innovations in the overnight package industry. Mr. Ponder holds a Doctorate in Information Systems and Operations Research from Mississippi State University, and an MBA from Louisiana Polytechnic University.

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 2002, 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 2002.

ITEM 10. 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 2002, 2001, and 2000. Other than as listed below, the Company had no executive officers whose total annual salary and bonus exceeded $100,000 for that fiscal year:

	ANNUAL COMPENSATION				LONG-TERM COMPEN		
					Awards		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award	Securities Underlying Options / SARs (#)	LT Pa
Timothy Harrington, Chief Executive Officer	2002	225,000	19,033	7,284 (1)			
	2001	225,000	14,890	7,284 (1)			
	2000	225,000	-	11,000 (1)	-	-	
Christopher P.	2002	100,000	6,360	5,035 (1)			

Westad, President						
	2001	100,000	5,746	5,035 (1)	-	-
	2000	100,000	-	-	-	-

(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, 2002.

No named executive held unexercised options as at June 30, 2002.

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 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of June 30, 2002, 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 12. 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 13. 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., wherby 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 Mieco, Inc., dated May 11, 1998, for the storage of the Mieco'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*
99.1	Certification of the Chief Executive Officer of Able Energy, Inc. Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification of the Chief Financial Officer of Able Energy, Inc. Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(*) 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 23rd day of September, 2002.

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

/s/ Ron Ponder
Ron Ponder, Director