ABLE ENERGY INC
Form 10-Q
May 16, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number: 001-15035

ABLE ENERGY, INC.
(An 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 GREEN POND ROAD ROCKAWAY, NJ	07866
(Address of principal executive offices)	(Zip code)

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

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check X 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 [ ]

Check whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

As of May 12, 2005, 2,449,520 shares, $.001 Par value per share, of Able Energy, Inc. were issued and outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	MARCH 31, 2005 UNAUDITED	
CURRENT ASSETS:		
Cash	$ 263,130	$
Accounts Receivable (Less Allowance for Doubtful Accounts of $132,992 and $192,222 as of March 31, 2005 and June 30, 2004, respectively)	3,877,335	
Inventory	903,148	
Notes Receivable - Current Portion	55,346	
Other Receivable - Non-Compete - Current Portion	225,000	
Miscellaneous Receivables	56,095	
Prepaid Expenses	569,950	
Deferred Costs - Insurance Claims	207,999	
Prepaid Expense - Income Taxes	--	
Deferred Income Tax	42,223	
Other Receivable (Note 13)	67,340	
TOTAL CURRENT ASSETS	6,267,566	

PROPERTY AND EQUIPMENT:		
Land	479,346	
Buildings	946,046	
Trucks	3,562,186	
Fuel Tanks	800,025	
Machinery and Equipment	994,755	
Leasehold Improvements	702,142	
Cylinders	295,476	
Office Furniture and Equipment	205,319	
Website Development Costs	2,377,270	
	10,362,565	
Less: Accumulated Depreciation and Amortization	5,686,700	
NET PROPERTY AND EQUIPMENT	4,675,865	
OTHER ASSETS:		
Deferred Income Taxes	33,391	
Deposits	50,418	
Other Receivable - Non-Compete - Less Current Portion	450,000	
Notes Receivable - Less Current Portion	653,414	
Customer List, Less Accumulated Amortization of ($188,122) March 31, 2005 and June 30, 2004	422,728	
Covenant Not to Compete, Less Accumulated Amortization of $100,000 and $96,667 at March 31,2005 and June 30, 2004, respectively	--	
Development Costs - Franchising	11,489	
Deferred Closing Costs - Financing	97,920	
TOTAL OTHER ASSETS	1,719,360	
TOTAL ASSETS	$ 12,662,791	$

See Accompanying Notes

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS(CONT'D)

LIABILITIES & STOCKHOLDERS' EQUITY

	MARCH 31, 2005 (UNAUDITED)	JUNE 30, 2004 (AUDITED)
CURRENT LIABILITIES:		
Accounts Payable	$ 2,214,552	$ 1,703,005
Note Payable - Bank	699,236	699,236

Note Payable - Other	275,000	--
Current Portion of Long-Term Debt	413,951	371,838
Accrued Expenses	295,904	318,154
Accrued Taxes	79,348	31,582
Employee Income Tax Withheld	146,624	--
Deferred Income	--	2,333
Customer Pre-Purchase Payments	795,937	1,495,906
Customer Credit Balances	228,729	698,899
TOTAL CURRENT LIABILITIES	5,149,281	5,320,953
DEFERRED INCOME	79,679	79,679
DEFERRED INCOME TAXES	102,256	91,176
LONG TERM DEBT: less current portion	3,647,962	3,553,836
TOTAL LIABILITIES	8,979,178	9,045,644
STOCKHOLDERS' EQUITY:		
Preferred Stock		
Authorized 10,000,000 Shares Par Value $.001 per share Issued - None		
Common Stock		
Authorized 10,000,000 Par Value $.001 per share Issued and Outstanding Shares 2,449,520 (March 31) and 2,013,250 (June 30)	2,450	2,014
Paid in Surplus	6,245,907	5,711,224
Retained Earnings (Deficit)	(2,564,744)	(2,315,187)
TOTAL STOCKHOLDERS' EQUITY	3,683,613	3,398,051
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,662,791	$ 12,443,695

See Accompanying Notes

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(UNAUDITED)

	THREE MONTHS MARCH 31,		NINE MONTHS
	2005	2004	2005
NET SALES	$ 23,668,771	$ 16,645,044	$ 50,878,714
COST OF SALES	20,923,233	13,807,152	45,730,958

GROSS PROFIT	2,745,538	2,837,892	5,147,756
EXPENSES			
Selling, General and Administrative Expenses	1,651,567	1,781,421	4,132,146
Depreciation and Amortization Expense	286,845	293,592	890,775
TOTAL EXPENSES	1,938,412	2,075,013	5,022,921
INCOME (LOSS) FROM OPERATIONS	807,126	762,879	124,835
OTHER INCOME (EXPENSES):			
Gain on Sale of Subsidiary		2,668,490	
Interest and Other Income	53,719	25,386	188,205
Interest Expense	(97,240)	(118,312)	(264,118
Gain (Loss) on Sale of Assets	7,500		(23,508
Other (Expense) Income (Notes 10 and 22)	(110,237)		(110,237
Legal and Professional Fees relating to Other (Expense) Income	(65,907)	(69,700)	(129,254
TOTAL OTHER INCOME (EXPENSES)	(212,165)	2,505,864	(338,912
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	594,961	3,268,743	(214,077
PROVISION (REDUCTION) FOR INCOME TAXES	25,500	143,440	35,480
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	$ 569,461	$ 3,125,303	$ (249,557
DISCONTINUED OPERATIONS	--	344,319	--
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	--	344,319	--
NET INCOME (LOSS)	$ 569,461	$ (249,557)	$ 3,469,622
BASIC EARNINGS INCOME (LOSS) PER COMMON SHARE			
INCOME FROM CONTINUING OPERATIONS	$ .28	$ 1.55	$ (.12
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	$ --	$ .17	$ --
DILUTED EARNINGS (LOSS) PER COMMON SHARE			
INCOME FROM CONTINUING OPERATIONS	$ .28	$ 1.53	$ (.12
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	$ --	$ .17	$ --
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - USED IN BASIC	2,030,281	2,013,250	2,030,281
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - USED IN DILUTED	2,052,481	2,040,588	2,030,281

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See Accompanying Notes

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

NINE MONTHS ENDED MARCH 31, 2005

(UNAUDITED)

	Common Stock $.001 Par Value				
	Shares	Amount	Additional Paid-in Surplus	Retained Earnings	S
Balance - July 1, 2004	2,013,250	$ 2,014	$ 5,711,224	$(2,315,187)	$
Additional Shares Issued	436,270	436	534,683		
Net Loss				(249,557)	
Balance - March 31, 2005	2,449,520	$ 2,450	$ 6,245,907	$(2,564,744)	$

See Accompanying Notes

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW

(UNAUDITED)

	NINE MONTHS ENDED MAR UNAUDITED 2005	
CASH FLOWS FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS		
Net Income (Loss)	$ (249,557)	$ 1
(Loss) from Discontinued Operations		
Income (Loss) - Continuing Operations	(249,557)	1
Adjustments to Reconcile Net Income (Loss) to Net Cash used by Operating Activities:		
Depreciation and Amortization	890,775	
Consulting Fee	3,247	
Gain on Disposal of Equipment	35,722	
Gain on Sale of Subsidiary	--	(2
Gain on Sale of Subsidiary - Non-Cash	--	1
(Increase) Decrease in:		
Accounts Receivable	(1,440,781)	
Inventory	(343,823)	
Prepaid Expenses	(191,544)	
Insurance Claim Receivable	--	
Deferred Costs Insurance Claims	216,548	
Deposits	86,597	
Deferred Income Tax - Asset	26,463	
Miscellaneous Receivable	51,116	
Increase (Decrease) in:		
Accounts Payable	511,547	
Accrued Expenses	25,516	
Employee Income Tax Withheld	146,624	
Customer Advance Payments	(699,969)	
Customer Credit Balance	(470,170)	
Deferred Income Taxes	11,080	
Deferred Income	(2,333)	
Escrow Deposits	--	
Income Taxes Payable	--	
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(1,392,942)	1
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(903,069)	(1
Web Site Development Costs	(46,476)	
Cash Received on Sale of Property	229,814	
Disposition of Equipment	4,876	(1
Payment on Notes Receivable - Sale of Equipment	18,386	
Cash Received Sale of Equipment & Inventory-Subsidiary	225,000	3
Other Receivables	20,211	
Receivable - Officer	8,493	
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	$ (442,765)	$

See Accompanying Notes

ABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

(UNAUDITED)

	NINE MONTHS ENDED MARCH 31, UNAUDITED 2005	2004
CASH FLOW FROM FINANCING ACTIVITIES		
Notes Payable - Bank	$ --	$ 700,000
(Decrease) in Notes Payable - Bank	--	(1,270,000)
(Decrease) Increase in Notes Payable - Other	500,000	(1,385,000)
Decrease in Long-Term Debt	(278,454)	(3,289,892)
Increase in Long-Term Debt	328,843	5,117,315
Note Payable - Officer	--	--
Note Payable - Other Payment	(225,000)	--
Sale of Common Stock	463,600	(321,630)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	788,989	(449,207)
DISCONTINUED OPERATIONS:		
Net Cash (Used) Provided by Discontinued Operations	--	(304,427)
NET CASH (USED) PROVIDED BY DISCONTINUED OPERATIONS	--	(304,427)
NET (DECREASE) INCREASE IN CASH		
Cash - Beginning of Year	(1,046,718)	766,527
Cash - End of Year	1,309,848	400,033
	$ 263,130	$ 1,166,560
The Company had Interest Cash Expenditures of:		
The Company had Tax Cash Expenditures of:	$ 246,176	$ 578,123
	$ 16,649	$ 59,638

See Accompanying Notes

ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2004 AND MARCH 31, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION
The consolidated financial statements include the accounts of Able Energy, Inc. and its subsidiaries. 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 E-Commerce Operating System 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 8 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 nine months ended March 31, 2005 is $509,563 (See Notes 8 and 13).

The consolidated interim financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report for the year ended June 30, 2004. The Company follows the same accounting policies in preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

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 Energy New York, Inc. also installs propane tanks which it owns and sells propane for heating and cooking, along with other residential and commercial uses in the Warrensburg, New York area.

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 HVAC products and services and 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.

ALLOWANCE FOR DOUBTFUL ACCOUNTS
The Company provides a specific allowance for accounts in excess of $3,000 due over 90 days. A general allowance of 10% is provided for the balances under $3,000 due over 90 days.

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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 from continuing operations for the nine months ended March 31, 2005 and 2004 amounted to $527,169 and $477,912, respectively.

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

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

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

E-COMMERCE OPERATING SYSTEM DEVELOPMENT COSTS
Costs of $2,377,270 incurred in the developmental stage and thereafter 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 nine months ended March 31, 2005 and 2004 amounted to $353,380 and $345,380, respectively.

INTANGIBLE ASSETS
Intangibles are stated at cost and amortized as follows: Customer Lists of $571,000 related to the Connell's Fuel Oil Company acquisition on October 28, 1996, by Able Oil Company are being amortized over a straight-line period of 15 years. The current period amortization also includes a customer list

of $39,850 and Covenant Not To Compete of $100,000 relating to the acquisition from B & B Fuels on August 27, 1999, is being amortized over a straight-line period of 10 and 5 years, respectively. The amortization for the nine months ended March 31, 2005 and 2004 are $3,333 and $15,000, respectively.

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

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 $326,042. 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 $246,463 and $508,510 for the nine months ended March 31, 2005 and 2004, respectively.

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

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

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

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

GOODWILL AND INTANGIBLE ASSETS

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

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. Based upon an assessment of the customer lists, there has been no impairment. As of June 30, 2001, the Company has net unamortized customer lists of $422,728.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2003, the FASB issued FASB Interpretation ("FIN") No. 46-R, "Consolidation of Variable Interest Entities". FIN No. 46-R, which modifies certain provisions and effective dates of FIN No. 46, sets forth criteria to be used in determining whether an investment in a variable interest entity should be consolidated, and is based on the general premise that companies that control another entity through interests other than voting interests should consolidate the controlled entity. The provisions of FIN No. 46 became effective for the Company during the third quarter of Fiscal 2004. The adoption of this new standard did not have any impact on the Company's financial position, results of operations or cash flows.

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

DEBT EXTINGUISHMENTS

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

In December, 2003, the Financial Accounting Standards Board ("FASB") issued a revision to SFAS No. 132, "Employers' Disclosures about Pensions and Other Post retirement Benefits." This revised statement requires additional annual disclosures regarding types of pension plan assets, investment strategy, future plan contributions, expected benefit payments and other items. The statement also requires quarterly disclosure of the components of net periodic benefit cost and plan contributions. This currently has no effect on the Company.

In May 2003, the FASB issued SFAS No,. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement affects the classification, measurement and disclosure requirements of certain freestanding financial instruments including mandatorily redeemable shares. This currently has no effect on the Company's operations.

ASSET RETIREMENT OBLIGATIONS

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

NOTE 2 NOTES RECEIVABLE

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

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of $3,333.34; interest of $2,678.88, and principal of $654.46. No payments have been received in more than 24 months.

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

Management has informed us they are in negotiations with Andrew Schmidt. The amount due will be paid to bring the note current, plus interest, or the Company will foreclose and take the stock of Able Montgomery, Inc. and assume the operations of the Company as a distributor of #2 oil. Andrew Schmidt and the Company are finalizing an agreement on a method of payment. Management has stated that the value of the collateral will cover the amount due.

Maturities of the Note Receivable are as follows:

For the nine months Ended March 31,	Principal Amount
2006	$ 40,878
2007	13,432
2008	14,765
2009	16,230
2010	17,841
Balance	65,555
Total	$168,701

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. Two notes bear interest at the rate of 12% per annum and one Note 9% annum. One note began December 1998, one began February 1999 and one began January 2004. 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 Nine Months Ended March 31,	Principal Amount
2006	$ 14,468

2007	11,985
2008	6,102
2009	6,477
2010	1,026
TOTAL	$ 40,058

NOTE 3 INVENTORIES

ITEMS	MARCH 31, 2005	JUNE 30, 2004
Heating Oil	$540,459	$232,364
Diesel Fuel	29,092	19,998
Kerosene	15,932	4,906
Propane	17,216	13,461
Parts, Supplies and Equipment	300,449	288,596
TOTAL	$903,148	$559,325

NOTE 4 NOTES PAYABLE BANK

1. On September 22, 2003, the Company closed a new loan facility with UPS Capital Business Credit. The facility is a $4,300,000 term loan, payable over fifteen (15) years with interest at the prime rate, plus 1.75%, and a line of credit of $700,000 with interest at prime plus 1.00%. The payments on the term loan, due the first of each month, include principal, interest of $35,900.04, and real estate tax escrow of $2,576.63, totaling $38,476.67. Real estate

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tax escrow of $7,745.03 was paid at closing. September 30, 2003 was the first payment and included nine (9) days of interest plus principal totaling $20,382.02. Any payment received more than five (5) days after the due date is subject to a late charge of 5% of such payment. Upon the occurrence of an event of default, the loan shall bear interest at five percentage points (5%) above the rate otherwise in effect under the loan.

On March 3, 2004, the Company repaid $1,100,000 of the term loan principal balance. The monthly payments of principal and interest were reduced to $26,672.65, commencing with the payment due April 1, 2004 which was paid by the Company in March 2004. All other terms of the loan will remain the same (See Note 20).

The collateral will be as follows for the term loan:

1. A first mortgage on properties located at 344 Route 46, Rockaway, NJ and 38 Diller Avenue, Newton, NJ

2. A first security interest in equipment and fleet vehicles

3. A first security interest in the customer list

TERMS AND COLLATERAL RELATED TO THE REVOLVING LINE OF CREDIT

Interest is payable monthly on the first day of each month, in arrears. This loan shall be paid down annually for a minimum of thirty (30) days at the borrower's discretion, but prior to renewal. The maturity is annually renewing from the closing date. This part of the loan is secured by a first priority lien on accounts receivable and inventory.

The Revolving Line of Credit advances 75% on accounts receivable less than 90 days outstanding, plus 50% of inventory up to a maximum of $700,000. The outstanding balance at March 31, 2005 is $699,236. The eligible accounts receivable were $ 2,032,763 and the collateral of accounts receivable were approximately $ 3,348,100.

The Agreement contains certain financial covenants as enumerated in the Agreement.

The balance of the term loan at March 31, is	$2,974,207
Included in current portion of long-term debt	138,729
Included in long-term debt - less current portion	$2,835,478

NOTE 5 NOTE PAYABLE

The Company has a mortgage note payable to Able Income Fund, LLC with an original balance of $500,000. The note is dated February 22, 2005 and is due May 22, 2005. The note has an interest rate of 14% per annum and is payable with interest only at $5,833.33 per month with the balance and any accrued interest due at May 22, 2005. The note is secured by a mortgage on property in Warrensburg Industrial Park, Warrensburg, New York, owned by Able Energy New York, Inc., a wholly owned subsidiary of the Company. One of the owners of Able Income Fund, LLC is the prior Chief Executive Officer (CEO) of Able Energy, Inc. The balance due at March 31, 2005 is $275,000.

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 March 31, 2005 and June 30, 2004 was $77,448 and $88,242, respectively.

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 Continuing Operation is accounted for as follows:

	2005	
	Amount	Percent of Pretax Income
Statutory Federal Income Tax	$24,836	15.0%
State Income Tax	10,644	6.5
Income Taxes	$35,480	21.5%
Income Taxes consists of:		
Current	$ --	
Deferred	35,480	
TOTAL	$35,480	

	2004	
	Amount	Percent
Statutory Federal Income Tax	$ 586,695	34.0%
Federal Income Tax Reduction due to Carry Forward Loss\		
State Income Tax (Note X)	(531,070)	
	135,215	5.9
Income Taxes		
	$ 190,840	39.9%
Income Taxes consist of:		
Current		
Deferred	$ 138,130	
TOTAL	52,710	
	$ 190,840	

(Note X) The State of New Jersey has suspended the use of carryforward losses for the years 2002 and 2003. As such, state income taxes of $45,091 have been shown as a deferred asset and as income taxes payable for the year ended June 30, 2003. New Jersey carryforward is treated separately by each Company. Able Oil Company has a New Jersey Operating Loss of $501,010 which could not be utilized in the year ended June 30, 2003. Under current New Jersey law, the carryforward will be available up to 50% of the Company's income after 2003, the Company's fiscal year ending June 30, 2005, as such, the deferred tax has been reduced by $11,700 using $130,000 of income, 50% of Able Oil Company income.

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:

	March 31, 2005	
	Temporary Difference	Tax Effect
Depreciation and Amortization	$(390,584)	$(102,256)
Allowance for Doubtful Accounts	132,992	38,154
Gain on Sale of Subsidiary	18,766	4,035
New Jersey Net Operating Loss Carryforward, (See Note X, above)	371,010	33,391

	June 30, 2004	
	Temporary Difference	Tax Effect
Depreciation and Amortization	$(339,045)	$ (91,176)
Allowance for Doubtful Accounts	192,222	50,888
Gain on Sale of Subsidiary	18,766	4,035
New Jersey Net Operating Loss Carryforward (See Note X, prior page)	501,010	45,091

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Able Energy, Inc., et al, open years are June 30, 2001, 2002, 2003 and 2004. The Company has a net operating loss carryforward of approximately $2,302,315. The net operating loss expires between June 30, 2019 and 2021. Able Energy, Inc and PriceEnergy.Com, inc. have a New Jersey net operating loss carryforward of approximately $489,374 and $2,217,251, respectively, which can be utilized up to 50% of the income in the year ended June 30, 2005.

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 March 31, 2005 are as follows:

Net Operating Loss Carryforward - Tax Effect	$ 782,787
Valuation Allowance	(782,787)
Net Deferred Tax based upon Net Operating Loss Carryforward	$ - 0 -

NOTE 8 NOTE RECEIVABLE - SUBSIDIARY

The Company has a Note Receivable from PriceEnergy.Com, Inc. for advances made in the development of the business, including hardware and software costs. All of PriceEnergy.Com, Inc.'s assets are pledged as collateral to Able Energy, Inc. The amount of the note is $1,350,000 dated November 1, 2000 with interest at 8% per annum payable quarterly.

The Note has been updated for transactions through March 31, 2005, resulting in a balance of $3,544,389.08 with interest at 8% per annum, to be paid quarterly. Principal payments to begin one year after date of Note, October 1, 2003, and continue monthly thereafter. The Note is the result of the transference of the unpaid accounts receivable which resulted from the sale of heating oil through PriceEnergy.Com, Inc. Able Oil Company has a second position as collateral in all of the assets of PriceEnergy.Com, Inc. to Able Energy, Inc. No interest has been recorded for the year ended June 30, 2004, or for the nine months ended March 31, 2005. Any payments will go to pay principal. The note receivable accrued interest and interest income have been eliminated in consolidation against the amounts on PriceEnergy.Com, Inc.

NOTE 9 PROFIT SHARING PLAN

Effective January 1, 1997, Able Oil Company established a Qualified Profit Sharing Plan under Internal Revenue Code Section 401-K. The Company matches 25% of qualified employee contributions. The expense was $20,461 (2005) and $19,945 (2004), for the nine months ended March 31.

NOTE 10 COMMITMENTS AND CONTINGENCIES

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

COMPANY	PERIOD	TOTAL GALLONS	GALLONS OPEN COMMITMENT AT 03/31/05	OPEN DOLLAR COMMITMENT AT 03/31/05
Petrocom	11/1/04 - 4/30/05	2,478,000	168,000	$ 215,052
Conectiv Energy	10/1/04 - 4/30/05	336,000	84,000	81,879
Total		2,814,000	252,000	$ 296,931

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

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

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

This has been amended by an agreement dated November 5, 2001. The entire settlement, net of attorney fees, was collected and placed in an attorney's escrow account for payment of all investigation and remediation costs. Able Energy Terminal, LLC has incurred costs of $102,956 to March 31, 2005 which are included in Prepaid Expenses and must be presented to the attorney for reimbursement. The New Jersey Department of Environmental Protection (NJDEP) has issue an approval for treated water run-off. The ruling is for a 180 day period which can be renewed for an additional 180 days, per management, during which a valid permit must be obtained. When approval is received and contract invoice wording is sufficient for the attorney, reimbursement can be made upon approval of the attorney and the Estate.

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. The note has been paid in full. As such, any payment by the Estate must be direct payments. Payments will begin when and if costs exceed $397,500. 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.

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

All violation charges with the New Jersey Department of Community Affairs and OSHA have been settled and paid.

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

A lawsuit (known as Hicks vs. Able Energy, Inc.) has been filed against the Company by property owners who allegedly suffered property damages as a result of the March 14, 2003 explosion and fire. The Company's insurance carrier is defending as related to compensatory damages. Legal counsel is defending on the punitive damage claim. A hearing was held on March 11, 2004 on an application on certain matters by the Plaintiffs, which were denied. The Court presently has before it a motion by Plaintiffs for Class Action Certification. Per legal counsel, whether this matter is certified a Class Action will greatly influence the Company's potential exposure. Legal counsel is guardedly optimistic that Class Action will be denied.

After the March 14, 2003, fire and explosion, the town of Newton changed its zoning requirements and made fuel oil and propane distribution prohibited uses. The Company is appealing a denial of a request for building permits to reconstruct damaged and destroyed buildings and sought a Non-Conforming Use Certificate to permit the fuel oil distribution use only. On August 20, 2004, the Superior Court of New Jersey ruled that the Company may continue to use the site as a non-conforming use, but stayed its decision subject to Newton's appellate rights. The decision was upheld in May 2005 by the court upon the appeal of the Town of Newton. The Company is planning to use the property in the manner approved by the decision.

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

Two lawsuits have been filed by homeowners in Newton, New Jersey who allegedly suffered property damages as a result of the March 14, 2003 explosion and fire. The Company's insurance carrier is defending as related to the property damage claims.

The Company in the normal course of business has been involved in law suits. Current suits are being defended by the insurance carrier and should be covered by insurance and legal counsel is defending on punitive damage claims 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., had an expiration date of July 31, 2004 and has been rewritten. The lease provides for a change of $0.022 per gallon through put, as per a monthly rack meter reading.

Estimated future rents are $0.022 per gallon through put charges per the monthly rack meter readings.

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

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

The lease does not contain any option for renewal. The total rent expense was $108,921 and $110,342 for the nine months ended March 31, 2005 and 2004, respectively. The estimated future rents for Greenpond Road, Rockaway, New Jersey are as follows:

Year Ended June 30,	
2005	$29,397
July 2005	9,799
TOTAL	$39,196

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

Able Oil Melbourne	$500.00, per month Total rent expense, $6,000
Able Energy New York	$500.00, per month Total rent expense, $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.

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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. No new franchise agreements have been signed.

NOTE 13 RELATED PARTY TRANSACTIONS

$67,340 is due from the former major Shareholder/Officer of the Company. This Shareholder had loaned the Company a total of $380,000 as of June 30, 2003, as evidenced by a Demand Note with interest at 6% per annum, which can be paid all or in part at any time without penalty. The Shareholder was repaid $135,000 on March 3, 2004. The balance of the Note was paid in March 2004. Interest expense was paid in the amount of $13,033. In relation to the payment of this Note and other transactions, the Shareholder has a liability to the Company of $75,833, at June 30, 2004 and $67,340 at March 31, 2005.

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

Former Chief Executive Officer	23.5%
President	
	3.6%
Chief Operating Officer	2.3%

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

NOTE 14 EARNINGS PER SHARE

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

	Mar. 31, 2005	Mar. 31, 2004
Weighted Average of Common Shares Outstanding Used in Basic Earnings Per Share	2,030,281	2,013,250
Dilutive Effect of:		
Employee Stock Options	22,111	27,338
Stock Warrants	89	--
Weighted Average Common Shares Outstanding Used in Diluted Earnings Per Share	2,052,481	2,040,588

Weighted average common shares outstanding, assuming dilution, includes the incremental shares that would be issued upon the assumed exercise of stock options, and stock warrants. For the current period, March 31, 2005, - 0 - of the company's stock options and stock warrants were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-diluted, 389,000 (2004). These options and warrants could be dilutive in the future. The numerator for the calculation of both basic and diluted earnings per share is the earnings or loss available for common stockholders. The above table shows the denominator for basic and diluted earnings per share.

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 P
December 21, 2000		
Grants	60,000	$1.
Exercised	60,000	
Grants	24,000	$2.
Exercised	16,000	
October 22, 2002		
Grants	50,000	$3.
Exercised	45,000	
June 30, 2003		
Grants	50,000	$3.
Exercised	35,000	
June 30, 2004		
Grants	50,000	$2.
Exercised	35,000	

During the three months ended March 31, 2005, 203,000 shares of common stock were issued from the exercise of stock options. This resulted in $463,600 received by the Company. This is shown in the Consolidated Statement of Change in Stockholders' Equity.

NOTE 16 STOCK WARRANTS

The Company has issued stock warrants as follows:

180,000 Common Stock Purchase Warrants at an average of approximately $5.50 per share, initial effective date of August 31, 2000 through December 7, 2002, and expiring August 31, 2005 through December 7, 2007, to Andrew Alexander Wise & Company in connection with an investment banking advisory agreement with the Company, dated July 1, 2000. The warrants were converted under a formula into 91,213 shares of common stock. 90,413 shares were issued March 18, 2005 and 800 shares April 6, 2005. These were cash less transactions with no funds to the Company. The issued shares are recorded in the Consolidated Statement of Stockholders' Equity.

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 March 31, 2005, any amount for accrual of the above is not material and has not been computed.

NOTE 18 INSURANCE CLAIM

The Company suffered a loss on March 14, 2003 of a building, trucks, leasehold improvements, product inventory and equipment as well as cost of cleanup and restoration. The Company has filed insurance claims. The insurance adjusters are in the process of finalizing the amounts to be paid to the Company. The estimated costs not reimbursed are $207,999 and is currently shown as deferred costs insurance claims on the balance sheet. Management anticipates the insurance recovery will cover the company costs. A claim for business interruption still has to be filed and a pollution claim is also pending.

The following is a summary of insurance claims filed:

Building (commercial property)	$349,526	
Paid by March 31, 2004	349,526	$ -
Contents	$337,617	-
Paid by June 30, 2004	337,617	-
Vehicles	$302,674	
Paid by June 30, 2004	247,409	55,265
Total		$ 55,265

The above open amounts were submitted as claims but do not represent a settlement with the insurance carriers.

NOTE 19 BUSINESS SEGMENT INFORMATION

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

NOTE 20 SALE OF SUBSIDIARY

On March 1, 2004, the Company sold its subsidiary , Able Propane, LLC. The Sale was a sale of inventory and equipment (the operating assets of the subsidiary). The total price of the sale was $4,400,000. Of that, $3,000,000 was received in cash and was used as a reduction of long-term debt in the amount of $1,284,737. There was also payment of $135,000 of Officer Loan and $325,000 of Legal Fees. The Company had a cash increase of $1,255,268.

The Company received a Note receivable for $500,000, principal balance of this Note payable in full on the fourth anniversary of the closing, March 1, 2008. The Note bears interest at 6% per annum ($30,000 per year), payable quarterly within 45 days of the closing of each fiscal quarter.

The Company also has signed a non-competition agreement and will receive a total payment of $900,000, payable in $225,000 installments due one, two, three and four years from the date of closing. $225,000 was received in March 2005.

NOTE 21 DISCONTINUED OPERATIONS

On March 1, 2004, the Company sold the operating assets of its subsidiary, Able Propane, LLC (see Note 20), and discontinued the sale of propane fuel in the State of New Jersey.

Following the sale, the results of Able Propane, LLC were reported in the Company's Consolidated Statements of Income and Cash Flows, separately, as discontinued operations. In accordance with Generally Accepted Accounting Principals (GAAP), the Consolidated Statement of Financial Position has not been restated. Able Propane, LLC represented the primary vehicle by which the Company engaged in the sale of propane fuel.

Summarized financial information for discontinued operations for the nine months March 31, 2004, as follows:

	2004
TOTAL REVENUES	$1,863,030
Income (Loss) from Discontinued Operations	$(17,506)

Able Propane, LLC is treated as a Partnership for tax purposes and pays no income tax. As such, there is no provision for income taxes. Able Propane, LLC has no assets or liabilities at June 30, 2004. The assets and liabilities after the sale and collection of accounts receivables and payment of accounts payables, which were transferred to the Company were immaterial to the total assets and liabilities of the Company.

NOTE 22 OTHER

In December 2004, the major shareholder and Company Chief Executive Officer (CEO) signed a contract and received a deposit representing the sale of his 50% plus interest in the Company. In the period ended March 31, 2005, this individual has resigned as an Officer (CEO) and from the Board of Directors, where he was Chairman of the Board.

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In March 2005, the Company finalized and entered into a consulting agreement with Summit Ventures, Inc. The agreement is for $71,428.50 payable in common stock valued at $.50 per share, 142,857 restricted common shares which can not be sold for a period of one year. The shares were issued March 23, 2005. The Agreement shall terminate by December 31, 2006. The consulting fee expense will be recorded during the 22 month period of the Agreement.

NOTE 23 STATEMENT OF CASH FLOWS

The following transaction resulted in no cash being received or expended. Issuance of common stock to Summit Ventures, Inc., $71,429 (See Note 22). Exercise of stock warrants (see Note 16).

Purchase of equipment which was financed and no cash was expended. The amount financed was $85,850.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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

REVENUE RECOGNITION

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

RESULTS OF OPERATIONS

THREE AND NINE MONTHS ENDED MARCH 31, 2005, COMPARED TO THE THREE AND NINE MONTHS ENDED MARCH 31, 2004

The Company reported revenues of $50,878,714 for the nine months ended March 31, 2005, which was an increase of $15,968,842 from the prior year's revenues of $34,909,872 for the same period. This increase can be attributed primarily to significantly higher prices for the commodity in the world market for crude and refined oil products resulting in higher wholesale prices being paid by the company for these commodities (primarily #2 home heating oil and diesel fuel) purchased during the period.

Gross profit margin, as a percentage of revenues, for the nine months ended March 31, 2005, decreased by 4.54%. Total dollar amount of gross profit margin increased by $29,416 on higher sales. The decrease in margin percentage was the result of the dramatically rising product costs during the months of July through March. Retail pricing was adjusted appropriately to cover most of the increases in the Company's traditional heating oil segment, Able Oil Co. while increasing volumes moving through the Company's PriceEnergy subsidiary moved gross profit margins down as this subsidiary continues to move higher volumes with its BJ's Heating Oil Advantage program with BJ's wholesale Club.

Selling, General, and Administrative expenses, as a percent of sales, decreased by 5.52% from 13.64% in the nine months ending March 31, 2004 to 8.12% during the same period in 2005. The Company attributes this decrease to lower costs for payroll, vehicle repair and maintenance, credit card processing fees, bad debt expense, and legal fees. Management will continue to aggressively manage expenditures against last year's actual using the new budget process put into place for this current fiscal year and the comprehensive financial reporting software known as Great Plains, which was implemented in July of this year.

The three months ended March 31, 2005 had operating income of $807,126 compared to a prior year operating income of $762,879. Operating income for the nine months ended March 31, 2005 was $124,835 as compared to the Company's same period last year loss of $(488,522) for the nine months ended March 31, 2004. This operating income for the nine months was directly related to operating margins being managed while experiencing volatile market pricing, and a decrease in expenses.

The three months ended March 31, 2005, the end of the heating season, had a profit of $569,461 as compared to a prior year profit of $3,125,303 for the comparative three months (Last year's profit was impacted by the gain on the sale of the propane subsidiary) of $2,668,490 resulting in net income after the sale of $456,813. Net loss for the nine months ended March 31, 2005 was $(249,557) as compared to a profit in the same period last year of $1,366,130. This net loss for the nine months is being compared to a profit of last year, which had a gain on the sale of the propane subsidiary included.

The shares of common stock that were issued and outstanding at the end of March 31, 2005 were 2,449,520. This is an increase of 436,270 which was reported as of the period ending December 31, 2004. This increase is the result of the exercise during the quarter ended March 31, 2005 of certain previously outstanding options and warrants.

OPERATIONAL EFFECTIVENESS

The Company continues to redefine its organizational chart and related position descriptions in order to enhance the Company's personnel utilization and ultimate profitability. The Company believes that it will continue to increase the utilization of existing personnel and equipment, in an effort to reduce expenses as a percent of sales, and increasing profitability, within its current business configuration. This process is monitored and guided via bi-weekly meetings of the Company's executive committee whereby policies are reviewed, results evaluated, and changes made to continue to stay focused on improving the Company's profitability.

Furthermore, the Company has completed implementation of its new fuels management system called "Sunrise" which it originally purchased from Versyss in Providence, Rhode Island (This operating system, which is built on ".NET" (dot-net) technology, is a Microsoft(R) Windows-based application that is easier to build, deploy, and integrate with other networked systems. Sunrise is unique new industry operating software, which allows developers, and systems administrators to more easily build and maintain the system with improvements toward performance, security, and reliability. Sunrise will permit Able Energy to increase corporate profitability, while simultaneously providing exceptional customer service. This new operating system also affords the necessary flexibility to handle multiple payment plans, can maintain the security of confidential account information, has easily customizable fields, and the capability to e-mail invoices and statements to the customer base. This operating system along with the new financial software, Great Plains, will serve to further streamline operations and information processing. In January of 2005, Versyss Commercial Systems, LLC, in Providence, Rhode Island sold their new Sunrise software to Advanced Digital Data, Inc. (ADD Systems) of Flanders, New Jersey. ADD Systems is a leader in the energy software industry and the Company (Able) expects ADD Systems to continue to provide a high level of service in support and on-going development of the Sunrise software.

Management values the significance of correctly managing all aspects of expense control, and as such, has enlisted the support of an outside consultant to assist in the integration and implementation of its new comprehensive operating budget and related reporting structure which now interfaces with the new Sunrise operating system. The Company believes that these changes will enable management to quickly respond to changing trends in sales and expenses. The Company believes that its new budget structure is effective as the period ending March 31, 2005 shows a year-to-year decrease in SG&A of $629,531 or 13.22%. The combination of the new operating system and the detailed budget and reporting program is now providing all levels of management with real time results not previously available. These results have now been designed to report down to the department level, which is line with the Company's goal of holding each level of management accountable for improved operating and sales results.

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

The Company has taken a dramatic new approach in the provision of HVAC products and services to its customer base. This division of the Company's business has traditionally been viewed as a support vehicle for the full service oil delivery business in order to maintain customer loyalty through the provision of necessary services to maintain the customer's heating or cooling system. This business segment is now charged with being a self-funding independent business unit within Able Oil and as such must be profitable. The service department has now turned a profit nine months ending March 2005 vs. a loss for the same period last year. This is now possible through the Company's focus on individual performance and accountability within this department as well as with the assistance of Flat Rate Pricing methodology. This new system of "Flat Rate Pricing", provides the Company's sales and service personnel with a "package approach" to selling service, and provides the customer with an easy to understand invoice. This policy is consistent with the Company's customer segmentation strategy, permitting different retail prices for different customer segments, based upon their choice of service level desired. This system will interface with the Company's automated dispatch communications program that was introduced last year. Flat rate pricing has now been fully rolled out and has proven so far to be successful in streamlining the service billing process while maintaining clarity for the customer.

WARRENSBURG, NEW YORK OPERATIONAL ENHANCEMENTS

The Company is still in the process of making operational changes to its Warrensburg, New York business, which will permit the consolidation of all daily operations on to one modern facility located in the newly developed Warrensburg Industrial Park. The Company's current propane gas storage operations on its Lake George property have been moved to the new site and the Lake George property has been sold with proceeds of the sale having been allocated to provide funding for the new operations at the industrial park.

When completed, the new fuel depot and sales office will house the local sales and administrative support personnel as well as operations and fuel storage for #2 heating oil, kerosene, propane gas, and diesel fuel. When a new modular office and tank farm is completed on the new property, the Company will terminate its leased office space and fuel operations on Horicon Avenue and have all operations combined in the new location with the ability to grow the business more effectively as well as handle a greater volume of all products. As of December 31, 2004, the Company has completed the installation of, and is now using two new 30,000-gallon propane storage tanks to service its customer base in that area. The project is more than halfway completed. With warmer weather now in place contractors can now continue the process of finishing the installation of the new office space and completion of site work. By the end of the summer of 2005, the installation of #2 heating oil, kerosene, and diesel storage tanks, will complete the project.

RECENTLY IMPLEMENTED TECHNOLOGICAL PROCEDURES

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

The Company has introduced additional customer service technology to its Rockaway call and administrative center during the past year. Able Energy management believes that the improvements to its existing telephone 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. This telephony software known, as Votara will once again provide the customer with the option of placing a fuel order via a voice- activated technology. This will enable customers who simply wish to refill their fuel tank, the opportunity to quickly place an order 24 hours a day without the help of a live customer service representative.

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

PRICEENERGY OPERATING SUBSIDIARY

The company's operating subsidiary, PriceEnergy with its modern order-processing platform, has been in full operation for the past four years. This revolutionary proprietary technology is fully automated and allows for the removal of the inefficiencies associated with traditional heating oil companies within this industry. PriceEnergy generates gallons sales in new business every day, which are delivered by PriceEnergy's dealer network. Gallons sales, this year, have continued to strengthen over the same period last year. In December of 2002, PriceEnergy began sales of Home Heating Oil in the initial BJ's Wholesale Club. Gallons sold through this new venue have been increasing with each week. The Company is excited about this new sales opportunity with its new "Channel Partner", BJ's. The Company believes that this is the first of many prime retail opportunities to utilize the PriceEnergy operating platform to open new markets for the sales of heating oil and diesel fuel. In late December 2004, the Company strengthened the operating margins for this subsidiary with its current channel partner has been working to lower some of the operating costs such as the cost per call with its current call center. The subsidiary has experienced continued losses since its inception. Net loss for the first nine months ending March 31, 2004 was ($310,664). PriceEnergy did, however, have its first quarterly profit for the most recent quarter ending March 31, 2005 of $60,979 before allocation of an inter-company management fee.

MARCH 2003 NEWTON NEW JERSEY INCIDENT

The March 2003 accident, which affected our Newton fuel depot, currently leaves this facility in an "out of service" condition. We are currently working diligently to get this location back in service, at least on a limited basis, before the end of the current fiscal year. The ability to use this location will greatly improve our service level to the Sussex County delivery area of Northwestern New Jersey. The Newton Board of Adjustment originally denied the Company's application to repair and rebuild the facility on the grounds that the zoning laws covering the Newton, New Jersey property had been changed immediately following the accident. The Company appealed the Board's decision in August of 2004, and was granted immediate permission to make some building repairs and restore power to the underground cathodic protection system, which safeguards the underground tanks from corrosion. The Company is currently effectuating these repairs. Recently, in early November 2004, The Town of Newton appealed the court's August 2004 decision to allow Able any use of its property. On May 11, 2005, the Superior Court of New Jersey - Appellate Division, ruled in favor of the Company and upheld the August 2004 decision, which permitted the Company to use its Newton facility as a fuel storage and distribution facility. The Company is now in the process of submitting for site plan approval so that it can place this location back into service.

LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended March 31, 2005, compared to the nine months ended March 31, 2004, the Company's cash position decreased by $903,430 from $1,166,560 to $263,130. In the year ended June 30, 2004, the Company closed a credit facility on September 22, 2003, with UPS Business Capital Credit and obtained a term loan of $4.3 million to consolidate a large portion of its existing debt and has also obtained a working capital line of credit of $700,000. This new debt restructuring will, in future years, save in excess of $200,000 per year in interest payments and eliminate previous administrative efforts in the managing of over two-dozen individual leases and loans. The Company also sold the operating assets of a subsidiary, which yielded cash of $1,255,000 and reduced debt in excess of $1.4 million. The Company also had increased collections of customer advance payments. In the nine months ended March 31, 2005, the Company generated funds from an increase in customer advance payments and from the sale of its common stock in the amount of $463,600 and the sale of property by its New York subsidiary yielding cash of $226,499. The cash will assist the Company with a new facility under construction in Warrensburg, New York and to grow in that marketplace while strengthening its infrastructure.

SEASONALITY

The Company's operations are subject to seasonal fluctuations, with a majority of the Company's business occurring in the late fall and winter months. Approximately 70% of the Company's revenues are earned and received from October through March; most of such revenues are derived from the sale of home heating products, primarily #2 home heating fuel oil. However, the seasonality of the Company's business is offset, in part, by an increase in revenues from the sale of HVAC products and services, diesel and gasoline fuels during the spring and summer months due to the increased use of automobiles and construction apparatus.

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to financial market risk, including changes in interest rates, relates primarily to our loan facility. Borrowings under our loan facility bear interest at floating rates, based upon LIBOR or a base rate plus an applicable margin. As a result, we are subject to fluctuations in interest rates. A 100 basis point increase in LIBOR would increase our annual interest expense by $36,734. As of March 31, 2005, we had borrowed $3,673,443 million under our loan facility, with a current weighted average interest rate of 6.85%. We operate only in the United States, and all sales have been made in U.S. dollars. We do not have any material exposure to changes in foreign currency exchange rates.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that, based on such evaluation, our disclosure controls and procedures were adequate and effective to ensure that material information relating to Able, including our consolidated subsidiaries, was made known to them by others within those entities, particularly during the period in which this Quarterly Report on Form 10-Q was being prepared.

CHANGES IN INTERNAL CONTROLS. There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

An explosion and fire occurred at the Able Energy Facility in Newton, NJ on March 14, 2003. The Sussex County, New Jersey, Prosecutor's Office is conducting and investigation as a result of the March 14, 2003 explosion and fire. No determination has been made with respect to its investigation.

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A lawsuit (known as Karen Hicks vs. Able Energy, Inc.) has been filed against the Company by property owners who allegedly suffered property damages as a result of the March 14, 2003 explosion and fire. The Company's insurance carrier is defending as related to compensatory damages. Legal counsel is defending on the punitive damage claim. A hearing was held on March 11, 2004 on an application on certain matters by the Plaintiffs, which were denied. The Court presently has before it a motion by Plaintiffs for Class Action Certification. Per legal counsel, whether this matter is certified a Class Action will greatly influence the Company's potential exposure. Legal counsel is guardedly optimistic that Class Action will be denied.

After the March 14, 2003, fire and explosion, the town of Newton changed its zoning requirements and made fuel oil and propane distribution prohibited uses. The Company appealed a denial of a request for building permits to reconstruct damaged and destroyed buildings and sought a Non-Conforming Use Certificate to permit the fuel oil distribution use only. On August 20, 2004, the Superior Court of New Jersey ruled that the Company may continue to use the site as a non-conforming use, but stayed its decision subject to Newton's appellate rights. On November 3, 2004, the Town of Newton Zoning Board of Adjustment entered a filing to appeal the August 20, 2004 Final Judgment of Judge B. Theodore Bozonelis of the Superior Court of New Jersey Appellate Division. On May 11, 2005, The Superior Court of the State of New Jersey - Appellate Division, ruled in favor of the Company, and upheld the August 2004 decision, which permitted the Company to use its Newton facility as a fuel storage and distribution facility for #2 home heating oil, diesel fuel, and kerosene.

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

In addition, the following lawsuits were also filed against the Company by property owners who allegedly suffered property damage as a result of the March 14, 2003 explosion and fire: (A) Merriam Gateway v. Able Energy, Inc. which was filed on November 17, 2003 in the Superior Court of New Jersey Law Division, County of Sussex in which the plaintiff seeks unspecified compensatory and punitive damages; (B) Courtright v. Able Energy, Inc. which was filed on April 6, 2003 in the Superior Court of New Jersey Law Division, County of Sussex in which the plaintiff seeks unspecified compensatory and punitive damages; and (C) Marius and Jennifer Scholz v. Able Energy, Inc. which was filed on June 23, 2004 in the Superior Court of New Jersey Law Division, County of Sussex in which the plaintiff seeks unspecified compensatory and punitive damages. (D) June Bergen v. Able Energy, Inc. which was filed on March 3, 2005 in the Superior Court of New Jersey Law Division, County of Sussex in which the plaintiff seeks unspecified personal injury damages. (E) Charles J. Balassone V. Able Energy, Inc., et al. was filed in March of 2005 seeking unspecified personal injury damages. The Company's insurance carrier is defending these claims.

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

The Company is not currently involved in any other legal proceedings 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

31.1 Certification by Chief Executive Officer pursuant to Sarbanes-Oxley Section 302

31.2 Certification by Chief Financial Officer pursuant to Sarbanes-Oxley Section 302

32.1 Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350

32.2 Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350

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.

ABLE ENERGY, INC.
(Registrant)

Date: May 16, 2005	/s/ Christopher P. Westad -------------------------- Christopher P. Westad Interim Chief Executive Officer
Date: May 16, 2005	/s/ Christopher P. Westad -------------------------- Christopher P. Westad President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)