

NETLIST INC
Form 8-K
February 11, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **February 11, 2014**

NETLIST, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-33170
(Commission
File Number)

95-4812784
(I.R.S. Employer
Identification Number)

175 Technology Drive, Suite 150

Irvine, California 92618

(Address of principal executive offices, including zip code)

(949) 435-0025

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(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events.

On February 11, 2014, Netlist, Inc. (the Company) completed its previously announced registered firm commitment underwritten public offering (the Offering) of shares of the Company's common stock, par value \$0.001 per share (Common Stock). In the Offering, the Company issued and sold to Craig-Hallum Capital Group LLC (the Underwriter) 8,680,775 shares of Common Stock pursuant to an underwriting agreement (the Underwriting Agreement), dated as of February 6, 2014, by and between the Company and the Underwriter, at a price of \$1.2115 per share, including 1,132,275 shares resulting from the Underwriter's exercise in full of its option to purchase additional shares of Common Stock to cover over-allotments. The price per share to the public in the offering was \$1.30 per share. The Company estimates net proceeds from the Offering to be approximately \$10.2 million, after deducting underwriting discounts and commissions and estimated offering expenses.

As previously reported, on August 15, 2013, the Company received a notice from the Nasdaq Stock Market LLC (NASDAQ), indicating that the Company no longer complies with the requirements of NASDAQ Marketplace Rule 5450(b)(1)(A) for continued listing on the NASDAQ Global Market. Such rule requires that the Company maintain minimum stockholders' equity of \$10 million (the Stockholders' Equity Rule). As reported in the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2013, the Company's stockholders' equity was approximately \$8.5 million. As explained in the notice, the Company was required to provide a plan to regain compliance with NASDAQ Global Market listing requirements by September 30, 2013.

Following the Company's submission to NASDAQ, NASDAQ granted the Company an extension to December 31, 2013 to regain compliance with the Stockholders' Equity Rule, which NASDAQ subsequently extended to February 11, 2014. Such subsequent extension was contingent in part on consummation of an offering on or prior to February 11, 2014 resulting in an increase in the Company's stockholders' equity to above the \$10 million required to demonstrate compliance with the Stockholders' Equity Rule.

As of the date of this Current Report, the Company believes it has regained compliance with the Stockholders' Equity Rule based upon the completion of the Offering. NASDAQ will continue to monitor the Company's ongoing compliance with the Stockholders' Equity Rule and, if at the time of the Company's next periodic report the Company does not evidence compliance, the Company may be subject to delisting from the NASDAQ Global Market. In such event, the Company would evaluate various actions to pursue, including a request to transfer to the NASDAQ Capital Market.

On February 11, 2014, the Company issued a press release announcing the completion of the Offering. A copy of the press release is filed as Exhibit 99.1 to this report and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Netlist, Inc., dated February 11, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NETLIST, INC.

Dated: February 11, 2014

By: /s/ Gail M. Sasaki
Gail M. Sasaki
Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of Netlist, Inc., dated February 11, 2014

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\$	6,796,641
\$	18,044,675

Note 6 - Long-Term Debt

- (1) The term loans with GMACC in the original amount of \$4,000,000 and \$6,000,000 are collateralized by first liens and security interests on the real estate at the Clarks Ferry, PA and Frystown, PA locations, respectively, as well as these locations' equipment, personal property, inventory, cash proceeds, receivables and general intangibles. Monthly principal and interest payments are \$40,868 and \$61,303, respectively. These notes bear interest at 9% and mature in July 2014. In accordance with loan covenants, the Company must meet a minimum cash flow covenant, as defined, on a quarterly basis. The Company was in violation of this covenant for the quarter ended March 31, 2006. As a result, the Company has classified all of this debt as current at March 31, 2006. As of March 31, 2006 there were no indications of adverse treatment to these violations since payments have continued to be made on time.
- (2) The term loan with Bay View Bank in the original amount of \$7,800,000 is collateralized by a first lien and security interests on the real estate at the Milton, PA location, as well as this location's equipment, personal property, inventory, cash proceeds, receivables and general intangibles. In accordance with this loan, the Company must meet a minimum cash flow covenant, as defined, on a quarterly basis. At September 30, 2003 and for the fiscal year then ended, the Company was in violation of this covenant. The institution, however, has consented on March 19 and April 27, 2004 to waive acceleration related to this covenant for the fiscal year ended September 30, 2003 through October 1, 2004. On March 19, 2004, the Company entered into an agreement with Bay View Bank which, in addition to waiving the financial covenant discussed above, also modified the loan's repayment terms. This agreement required the Company to make a \$1,400,000 accelerated principal payment with the remaining principal being repaid in modified monthly payments with interest through June 2014. The agreement modified the interest rate to the higher of 4% above LIBOR or 6%, with the interest rate adjustment being made quarterly. The modified monthly payment, including interest at 6%, is approximately \$60,000. At this time, Bay View Bank assigned their interest in this loan to Capital Crossing Bank. Loan closing costs and fees related to this loan modification totaled \$309,000. Loan closing costs are included in deferred financing costs, net of amortization. The Company was in violation of the minimum cash flow covenant for the quarter ended March 31, 2006. As a result, the Company has classified all of this debt as current at March 31, 2006. As of March 31, 2006 there were no indications of adverse treatment to these violations since payments have continued to be made on time.

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- (3) The loan to Fundex Capital Corporation for \$2,100,000 is collateralized by a second mortgage on the Milton, PA location. It is also guaranteed by Sharon Chelednik. Proceeds of \$1,400,000 were used to fund the accelerated principal payment that was paid to Bay View Bank, as noted previously. The remaining proceeds of \$700,000 were used to pay loan closing costs of \$224,094 and the remaining \$475,906 was loaned to AAI, the nominee of the Company. Loan closing costs are included in deferred financing costs, net of amortization. Repayment terms are interest only, payable monthly at the Wall Street Journal prime rate plus 8.5%, with a minimum rate of 12.5% and a maximum rate as defined by the United States Small Business Administration. The principal balance, originally due on October 1, 2005, has been extended until July 1, 2006.
- (4) The \$750,000 promissory note with PMJ Capital Corporation for renovations on the Doswell, VA Motel was satisfied as part of the Avatar loan refinancing on April 19, 2005 and the mortgage on AAP property was discharged as collateral.
- (5) On December 15, 2004, Timothy Harrington, Chief Executive Officer of Able Energy, Inc. ("Able"), sold an aggregate of 1,007,300 shares of Able's common stock to the Company. The purchase price for the sale was \$7,500,000, of which \$2,750,000 was paid in cash and the Company issued promissory notes in the aggregate principal amount of \$4,750,000 to Mr. Harrington. For the first 12 months, only interest at 8.5% is payable to Mr. Harrington. Thereafter, principal and interest shall be payable on a monthly basis based upon a twenty-year amortization with a balloon payment due December 2009. In the event the Company and Able were to enter into any transaction pursuant to which the promissory notes become an obligation of Able and Able enters into a material financing transaction, the notes will become immediately due and payable. The promissory notes are collateralized by a pledge of 1,000,000 shares of the Able's common stock owned by the Company (the "Pledge").
- (6) The Company obtained financing of \$6,450,000 from Avatar Income Fund I, LLC and \$2,050,000 from Avatar Funding Group, LLC ("Avatar") on April 14, 2005, which are collateralized by a first, second or third mortgage on certain real estate owned by the Company and are guaranteed by an officer of the Company. This financing was used to pay the \$6,000,000 AAI PMJ loan obligation and a \$750,000 PMJ obligation of the Company. At closing, the Company paid total closing fees of \$527,385 and any legal and inspection fees required for this refinancing. Repayment terms for these loans are interest only, payable monthly at the Wall Street Journal prime rate plus 7%, with a minimum rate of 11%, starting June 1, 2005. Unpaid principal and accrued interest is due on November 1, 2005, the maturity date. The Company has the option to extend these loans for an additional six months, providing there have been no defaults and the Company pays Avatar a 2% extension fee prior to the maturity date. This option was exercised and the maturity date of the Avatar Notes has been extended to May 1, 2006 and a further extension was granted through November 1, 2006 in relation to the pay down of this note and the pay off of the other Avatar note in April 2006. A 2% extension fee was charged for this extension. The notes were originally due November 2005, and the extension was not finalized until December 2005. As a result the Company incurred late fees on each of the notes in the amount of \$645,000 and \$205,000 respectively. Upon execution of the extension the lenders mutually agreed to waive late fees in the amount of \$516,000 and \$164,000, respectively. If the Company defaults on the notes the waived fees will be immediately due and payable to the lender.

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(7) In June 2005, the Company obtained financing in the amount of \$5,000,000 from Lilac Ventures Master Fund Ltd (Lilac) for working capital of the Company and for purposes of acquiring from CT Realty LLC, all of the issued and outstanding stock of Yosemite Development Corp. and 100% of the Membership\Unit interests in Mountainside Development, LLC. The loan is evidenced by secured debentures, which shall be repaid within two years from the date of issuance, subject to the occurrence of an event of default, with interest payable at the rate per annum equal to LIBOR plus 4%, payable on a quarterly basis beginning October 1, 2005. The loan is collateralized by real estate owned by the Company in Pennsylvania and New Hampshire. In the event that Able Energy does not complete the acquisition of certain of the Company's assets as disclosed in Note 12, prior to the expiration of the twelve month anniversary of the loan, the Company shall be considered in default of the loan. The expiration date has been extended through August 28, 2006. The mandatory prepayment amount due upon this event of default would be the greater of 125% of the principal amount or an amount as defined in the secured debenture agreement. Pursuant to the Additional Investment Right between the Company and Lilac, Lilac may loan the Company up to an additional \$5,000,000 on the same terms and conditions as the initial \$5,000,000 loan, except for the conversion price of the debentures.

If the acquisition of certain of the Company's assets by Able Energy is consummated, this loan may be assumed by Able Energy and be converted into Able Energy Stock per the original term sheet.

(8) On July 27, 2005, Able made a loan in the amount of \$1,730,000 to the Company and the Company executed and delivered a promissory note for the full amount of the loan in favor of Able. Under the terms of the promissory note, the outstanding principal of the loan bears interest at the rate of 3.5% per annum. All payments of principal and accrued interest are due by March 30, 2006. The promissory note is collateralized by a lien on 1,000,000 shares of Able common stock owned by the Company, on which there exists a prior lien held by Timothy Harrington, and by certain real estate of the Company. Subsequently, the Company increased the interest rate from 3.5% to 6.5% and pledged the Breezewood lease as additional collateral in consideration for extending the payment of principle and interest through July 9, 2006.

(9) On January 12, 2005, the Company entered into an agreement to factor accounts receivable with Crown Financial, LLC ("Crown"). In accordance with the agreement, the Company received a \$2,000,000 initial advance from Crown. On the 15th and 30th of each month, the Company has agreed to pay Crown a fee equal to 2.5% of outstanding advances from the preceding period with a lump sum payable October 2005. Subsequent to September 30, 2005, the terms were extended through March 2006. The note is also guaranteed by an Officer of the Company and two individuals.

On December 20, 2005, the Company entered into an additional agreement with Crown, whereby an additional advance in the amount of \$500,000 was made available under the accounts receivable factoring arrangement previously disclosed above. Upon receiving the additional advance, the term was extended through March 30, 2006. Loan proceeds of \$250,000 were used for working capital purposes, and the remaining \$250,000 was advanced to an affiliated entity. On March 20 2006 the balance of this note was designated to be paid off through the proceeds attached to the Comdata complete program beginning April 17, 2006 through June 26, 2006 in weekly payments. On weeks where the proceeds are not sufficient the Company will fund the difference.

(10) The company purchased various vehicles and a computerized retail system for five of its locations. The installment notes have monthly payment amounts ranging from \$368 - \$1,680 including interest from 6.9% - 10.2% thru August 2010. The loans are collateralized by their related vehicles and equipment.

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- (11) On May 26, 2005, the Company acquired the real estate of certain properties in New Hampshire from CT Realty in the amount of \$6,700,000. This acquisition was funded through the partial proceeds of the loan from Lilac as presented in the above Note 8 in the amount of \$3,200,000. The remaining amount of \$3,500,000 is a note payable to CT Realty at 8% per year with interest only until maturity in May 2010. This note was netted with receivables owed to the Company by CT Realty bringing the amount of the note to \$3,039,402.
- (12) On January 9, 2006 a contract of sale was executed, whereby Nova Ten Realty Corp, a wholly owned subsidiary of the Company, agreed to purchase all the real estate and assets of a truck stop location for which the company was previously providing management services for the sum of \$3,600,000. The purchase price was paid as follows: \$2,100,000 to Sovereign Bank to satisfy the outstanding mortgage on the property, and a \$1,500,000 Note and second mortgage payable to the Seller. At closing, \$2,500,000 was borrowed by the Company and Nova Ten Realty (as co-makers) from Bridge Funding, Inc., who has taken a first mortgage lien on the property now owned by Nova Ten Realty. Proceeds of the loan were used to satisfy the Sovereign Bank Loan of \$2,100,000 and the balance was used to cover interest reserve, closing costs and a loan to a related party. Repayment terms for this loan are interest only, payable monthly at the Wall Street Journal prime rate plus 8.75%, with a minimum rate of 16% per annum for twelve months. Unpaid principal and accrued interest after twelve months is due in full on February 1, 2007.
- (13) On January 9, 2006, the Company obtained financing of \$3,500,000 from Columbian Bank & Trust Company ("Columbian"), collateralized by a mortgage position in certain real estate owned by the Company. A portion of the financing was used to pay \$500,000 of the principal due under a loan with Avatar Funding Group and \$500,000 of a loan with Avatar Income Fund, such obligations previously disclosed in Note 10-Long Term Debt. The remaining proceeds of the loan were used as follows: \$1,600,000 for working capital, \$450,128 in loan closing, legal and title fees, \$201,250 held in escrow for an interest reserve and the balance of \$248,622 was loaned to a related party. Repayment terms for this loan are interest only, payable monthly at the Wall Street Journal Prime rate plus 4.50%. There is no prepayment penalty on the loan, provided a minimum interest of \$201,250 has been accrued and paid as of the date the loan is paid off. Unpaid principal and accrued interest is due in full on July 9, 2006. The Company has an option to extend this loan for an additional six months, provided the Company pays Columbian an extension fee of 2% of the outstanding balance, plus an amount of interest reserve equal to two months interest at the rate then in effect.
- (14) On February 1, 2006, the Company obtained financing of \$6,500,000 from Columbian Bank & Trust Company ("Columbian"), collateralized by a mortgage position in certain real estate owned by the Company and Keystone Capital, Inc. A portion of the financing was used to pay \$750,000 of the principal due under a loan with Avatar Funding Group and \$750,000 of a loan with Avatar Income Fund. The remaining proceeds of the loan were used as follows: \$1,257,127 to satisfy outstanding mortgages on properties previously owned by Keystone Shortway 76, Inc, \$2,500,000 for working capital, \$390,000 in loan closing fees, \$59,550 for legal and title fees in connection with the closing, \$186,875 held in escrow for an interest reserve and the balance of \$606,448 was loaned to a related party. Repayment terms for this loan are interest only, payable monthly at a fixed rate of 11.50%. There is no prepayment penalty on the loan, provided a minimum interest of \$186,875 has been accrued and paid as of the date the loan is paid off. Unpaid principal and accrued interest is due in full on August 1, 2006.

On February 7, 2006, upon satisfying the outstanding mortgage notes on properties owned by Keystone Shortway 76, Inc. ("KS76"), exchanging the other note receivable due to the Company, and issuing a note payable of \$300,000 to a secured creditor, Keystone Capital, Inc., a wholly owned subsidiary of the Company completed the acquisition of the assets of KS76. The note payable was originally due on June 1, 2006, and is non-interest bearing. This note has been extended through August 31, 2006.

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(15) On December 23, 2005, the Company entered in to an agreement with Entrepreneurial Growth Capital (“EG Capital”) to borrow funds based on the future stream of cash flow from certain credit card transactions. The amount of the initial advance was \$900,000, with a Note being signed for the repayment of \$945,000 over the life of the loan. As part of the agreement, credit card receivables due from MasterCard and Visa sales are remitted directly to EG Capital, who retains 15% of the proceeds for application to the Note. EG Capital forwards the remaining 85% of the proceeds of receipts to the Company on a daily basis. It is anticipated, based on historical transaction amounts, that this obligation will be satisfied during 2006. A loan fee in the amount of \$25,000 was paid to a consultant who assisted in obtaining this financing.

(16) On January 20, 2006, the Company obtained financing in the amount of \$2,500,000 from Lilac Ventures Master Fund Ltd (Lilac) for the purpose of acquiring all of the assets and assuming some of the liabilities of St Johns Realty Corporation. The loan is evidenced by secured debentures, which is to be repaid within two years from the date of issuance, subject to the occurrence of an event of default, with interest payable at the rate per annum equal to LIBOR plus 4%, payable on a quarterly basis beginning April 1, 2006. The loan is collateralized by real estate in New Hampshire owned by St Johns Realty and the Companies equity interest in St Johns Realty. In the event that Able Energy does not complete the acquisition of the Company as disclosed in this footnote, prior to the expiration of the twelve month anniversary of the loan, the Company shall be considered in default of the loan. Pursuant to the Additional Investment Right between the Company and Lilac, Lilac may loan the Company up to an additional \$2,500,000 on the same terms and conditions as the initial \$2,500,000 loan, except for the conversion price of the debentures. The conversion of this debt is to be in the equity of Able Energy upon completion of the acquisition of the Company by Able Energy, Inc.

The St Johns acquisition was accounted for as a purchase pursuant to Statement of Financial Accounting Standards (“SFAS”) No. 141, “Business Combinations”. As such, the cost to acquire the Company was allocated to assets and liabilities of the Company based upon their fair value of the consideration given at the time of the acquisition. The allocation is as follows:

Current assets	\$ 83,666.94
Land	664,514.36
Property and Equipment	1,467,632.26
Total Assets acquired	2,215,813.56
Current liabilities assumed	(825,300.01)
Net assets acquired	1,390,513.54

Based on management’s analysis of intangible assets in accordance with SFAS No. 141, experience in the industry and appraisals, management has deemed there is no value to intangible assets such as trade marks, trade names and other intangibles related to this transaction.

(17) Yosemite development has provided short term financing to St. Johns Ski Resort and is due within one year. This amount was assumed as part of the St Johns Acquisition in January 2006. There is no interest until January 2007.

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Note 7 - Significant Estimates

At March 31, 2006 the Company has two locations where environmental investigations and certain remediation procedures are ongoing. Both of these locations have been approved for coverage under the Pennsylvania Underground Storage Tank Indemnification Fund, which reimburses certain remediation costs. Additionally, the Company has had a specific environmental matter identified at another location and the Company is pursuing corrective action procedures.

The nature and full extent of future clean up and remediation costs have been estimated but not yet fully determined. The Company's accrued liability, which represents its portion of estimated remediation costs, was \$170,000 at March 31, 2006 and 2005. Due to the uncertainty of the total future remediation costs, the ultimate total cost could change in the coming year, as additional information becomes available.

Note 8 - Commitments

The Company renewed its fuel supply agreement on January 12, 2005, which obligates it to purchase a significant portion of its diesel fuel from Transmontaigne Product Services, Inc. (TPSI) through January 31, 2006. On December 14, 2005, the Company extended this agreement through January 31, 2007. The agreement provides for pricing based on the net Oil Price Information Service ("OPIS") and the lowest daily prices.

The Company entered into franchise agreements with Petro Stopping Centers, L.P. (Petro) for its Breezewood, PA and Milton, PA locations during 1998. In accordance with these agreements, royalties are due to Petro based upon sales at varying percentages.

Note 9 - Contingencies

The Company is currently, and from time-to-time, subject to claims and suits arising in the ordinary course of its business. In certain such actions, plaintiffs request punitive or other damages of nonmonetary relief, which may not be covered by insurance. The Company accrues for potential liabilities involved in these matters as they become known and can be reasonably estimated. In the Company's opinion, the various asserted claims and litigation in which the Company is currently involved are not reasonably likely to have a material adverse effect on the Company's operations or financial position. However, no assurance can be given as to the ultimate outcome with respect to such claims and litigation. The resolution of such claims and litigation could be material to the Company's operating results.

Note 10 - Investment in Able Energy, Inc.

In December 2004, the Company purchased 1,007,300 shares of Able Energy, Inc. ("Able") common stock. The purchase price for the stock was \$7,500,000 of which \$2,750,000 was paid in cash and the Company issued promissory notes in the aggregate amount of \$4,750,000. The cash payment was financed through the assistance of one of the Company's fuel suppliers, which extended its credit line to the Company. In exchange for the credit line extension, the Company provided the fuel supplier the right until June 1, 2006 to convert between \$3,000,000 and \$6,000,000 of the Company's payable to the supplier into common stock of the Company at a conversion price of \$3 per share. In the event that a business combination between the Company and Able Energy, Inc., is completed and the debt of the Company is assumed by the new combined entity, the fuel supplier will then have the right to convert the aforementioned amounts in to common stock of the new combined entity by June 1, 2006. This conversion right has been extended to approximately September 1, 2006.

The investment in Able Energy, Inc. is accounted for on the equity method. At the time of the initial investment, the difference between the cost of the investment and the underlying equity in the net assets of Able Energy, Inc. amounted to approximately \$6,200,000. The Company's management has attributed approximately \$5,100,000 of this difference to intangibles which are not amortized. The remaining difference of approximately \$1,100,000 has been attributed to property and equipment and is being amortized based upon lives of assets ranging from 10 to 40 years.

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The equity loss for the six month period ended March 31, 2006 was \$1,263,318 based on the financial statements of Able Energy, Inc. as found in their Form 10-Q filings.

The trading price per share for Able Energy, Inc. as of March 31, 2006 was \$7.86. The information below is summarized from the annual 10-Q filings of Able Energy, Inc. for their six months ended March 31, 2006.

	3/31/2006
Assets	
Current assets	\$ 9,035,220
Property and equipment, net	4,528,837
Other assets	1,959,114
Total Assets	\$ 15,523,171
Liabilities and Shareholders' Equity	
Current liabilities	\$ 6,761,965
Deferred income and taxes	-
Long-term debt, less current maturities	3,927,360
Shareholders' Equity	4,833,846
Total Liabilities and Equity	\$ 15,523,171
Statement of Operations	
Net sales	\$ 48,605,541
Gross profit	\$ 4,480,967
Operating expenses	\$ 5,353,053
Loss from operations	\$ (872,086)
Other expenses	\$ (2,549,437)
Net loss	\$ (3,421,523)

The Company's proportionate share of Able Energy, Inc. unaudited loss as reported in the Form 10-Q financial statements for the quarters ended December 31, 2005 and March 31, 2006 were \$742,079 and 521,239 respectively.

Note 11 - Variable Interest Entities

In December 2003, the FASB issued revised Interpretation No. 46, "Consolidation of Variable Interest Entities." Interpretation No. 46 requires nonpublic companies with a variable interest in a variable interest entity to apply this guidance as of the beginning of the period beginning after December 15, 2004 for existing interests and immediately for new interests. The Company has evaluated the related part entities that could be effected by FIN 46(r) and has concluded that there are no variable interest entities that require consolidation as of March 31, 2006.

Note 12 Subsequent Events

Agreement with Comdata

On March 21, 2006, the Company began the final implementation phase to out source a significant amount of its billing and collection of accounts receivable to the Comdata Corporation("Comdata"). Effective April 1, 2006, Comdata will assumed certain receivables transacted on and after the effective date of the agreement. Comdata will not be responsible for the collection of the associated outstanding receivables of the Company prior to the effective date. The Company will be paid for these receivables at a discounted amount to their face value in accordance with the agreement on a weekly basis. Comdata reserves the right to maintain recourse with the Company on certain receivables as mutually agreed to prior to the effective date of this program. In conjunction with this program the remainder of the \$1,750,000 owed to Crown will be paid to Crown Financial along with fees of \$119,093.

Management's Plans to Restructure Truck Stop Operations

At March 31, 2006, the Company has current liabilities in excess of current assets of \$49,744,200.49. The Company also has a large amount of loans and notes receivable from related parties. As described below, the Company has entered into an Asset Purchase Agreement with Able Energy, Inc. for the sale of the Company's assets relating to its truck stop operations. In addition, Able Energy, Inc. has filed a Form 8k announcing it is in the process of raising \$65 million by the sale of secured notes. Able Energy, Inc. intends to utilize approximately \$50 million of the funds to acquire all of the real estate relating to the truck plaza business from the Company. Thereafter, the Company will remain on the truck plazas as an operating tenant paying lease payments to Able Energy, Inc. which will be substantially less than the present debt burden the Company is paying to its lenders. After the Asset Purchase Agreement is closed, Able Energy, Inc. intends to form a new wholly-owned subsidiary which entity will own and operate the truck plazas including the real estate. These actions are expected to lessen the Company's working capital deficit.

The Company and Able Energy, Inc. entered into an Asset Purchase Agreement dated June 16, 2005. The agreement is subject to the stockholders of Able Energy, Inc. approving the issuance of restricted common stock as required under the agreement. The Company's management believes that the stockholders of Able Energy, Inc. will approve this transaction on or before September 15, 2006.

Per the Agreement, the Company will sell to Able Energy, Inc. its assets relating to its truck stop operations, which includes travel stores, restaurants, diesel and gas fueling, and lube facilities and motels for 11,666,667 shares of restricted common stock of Able Energy, Inc.

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Based upon Able Energy, Inc.'s acquisition of the Company's real estate, the following loans of the Company will be paid as described below:

	Balance at March 31, 2006	
	Current	Long-Term
GMAC		
Commercial	\$ 7,126,166	\$ 0
Avatar Income		
Fund	5,200,000	0
Capital Crossing		
Bank	4,318,220	0
Fundex	2,100,000	0
Bridge Funding	2,500,000	0
Columbian Bank		
& Trust Company	10,000,000	0

During the period from closing of the acquisition of the Company's real estate to the date that the Company sells its assets relating to its truck stop operations, the Company will lease the truck stop real estate from Able Energy, Inc. for rent equal to Able Energy, Inc.'s related debt service on its financing.

After the completion of the sale of the Company's truck stop business as described above, the Company's operations will consist of the development of certain real estate projects located in New Hampshire and South Carolina. In addition to owning the stock in Able Energy, Inc., the Company will also continue to hold the related parties loans and notes receivable.

Soco Property Sold

In April 2006, the property held for sale formerly operated as our SOCO facility was sold for \$2,500,000. Proceeds of this transaction went to payoff the remaining \$800,000 of the Avatar Income Fund, \$500,000 in to escrow for Petro Franchise remodel at Frystown location, \$300,000 to pay down former Shareholders' Notes, \$716,640 for working capital and the remaining \$183,360 for related closing costs.

EG Capital Borrowing

On May 1, 2006 the Company borrowed an additional \$1,200,000 from EG Capital including fees of \$85,000. Similar to previous borrowings this will be repaid with 15% of credit card proceeds as received through EG Capital. The Company expects to repay this on or before September 30, 2006.

Agreement with CCI Group, Inc.

On July 7, 2006, the Company entered into a Share Exchange Agreement with CCI Group, Inc. (CCIG), which provides that upon closing of that agreement, the Company will exchange approximately 450,000 shares of All American non-voting preferred stock (a new class of shares created subsequent to September 30, 2005, which shares are convertible automatically on a one-for-one basis into approximately 450,000 shares of the Able Energy shares that the Company owns), subject to certain adjustments in the Share Exchange Agreement, for seventy percent (70%) of the outstanding stock of CCIG. The stock of CCIG is publicly traded on the NASDAQ OTC Bulletin Board.

Loan from Able Energy

On July 5, 2006, the Company obtained a loan from Able Energy for \$905,000. The loan will be used by the Company to pay the expenses and obligations of CCIG (See Agreement with CCI Group, Inc. above). In consideration for the loan, the Company has granted Able Energy an Option, exercisable in Able Energy's sole discretion, to acquire eighty percent (80%) of the CCIG stock the Company acquires from CCIG pursuant to the Share Exchange Agreement mentioned above. The exercise price for such shares of CCIG stock will be the issuance by Able Energy to the Company of shares of Able Energy common stock in an amount equal to eighty percent (80%) of the shares of Able Energy common stock owned by the Company that it is required to deliver to CCIG pursuant to the Share Exchange Agreement. In addition, in the event that Able Energy exercises the Option, eighty percent (80%) of the outstanding principal amount of the Company note will be cancelled and shall be deemed fully paid and satisfied. The remaining principal balance of the Company note and all outstanding and accrued interest on the loan shall be due and payable one year from the exercise of the Option. The Option must be exercised in whole and not in part and the Option expires on July 5, 2008. In the event that Able Energy does not exercise the Option, the note shall be due in two years, on July 6, 2008, unless Able Energy has issued a declaration of intent not to exercise the Option in which case the Company note shall be due one year from such declaration.

Note 13 - Fair Value of Financial Instruments

Management uses its best judgment in estimating the fair value of the Company's financial instruments, however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective year ends, and have not been reevaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year end.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments at March 31, 2006:

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Cash and Cash Equivalents, Accounts Receivable and Accounts Payable

The carrying amounts approximate fair value because of the short maturity of these instruments.

Loans and Notes Receivable

The fair value is estimated based upon current rates offered by the Company for instruments of the same remaining maturities. The Company has estimated that the fair values of these instruments approximate carrying amounts.

Variable Long-Term Debt

The carrying amounts approximate fair value because the interest rate is adjusted based upon market rates.

Fixed Long-Term Debt

The fair value is estimated based upon current rates offered to the Company for instruments of the same remaining maturities and upon the Company's intention to pay off certain loans as part of its plans to restructure the truck stop operations. The Company has estimated that the fair values of these instruments approximate carrying amounts.

Note 14 - Tax Disclosures

Net deferred tax liabilities consist of the following components as of March 31, 2006:

Deferred tax assets:	
Accruals	\$ 213,800
Allowance for doubtful accounts	74,600
Federal and state loss carryforward	2,496,000
Equity method investment losses	741,900
Other	
Allowance for uncollectible notes receivable, related parties	2,000,000
Other	31,800
Total deferred tax assets	5,558,100
Valuation allowance	(2,785,000)
Net deferred tax asset	2,773,100
Deferred tax liability:	
Property and equipment	6,069,600
Total deferred tax liabilities	6,069,600
Net deferred tax liabilities	(\$3,296,500)

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The components giving rise to the net deferred tax liabilities described above have been included in the accompanying balance sheet as of March 31, 2006 as follows:

Current assets	\$ 213,900
Noncurrent liabilities	(3,510,400)
	\$ (3,296,500)

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income. The net change in the valuation allowance for the six-month period ended March 31, 2006 was an increase of \$379,000.

At March 31, 2006, the Company has federal and state net operating loss carryforwards of approximately \$5,562,000 and \$8,229,000, respectively, which expire at various times through 2015.

The provision for income tax benefits consisted of the following at March 31, 2006:

<u>Federal</u>	
Current	\$ -
Deferred	(1,605,500)
	(1,605,500)
State, deferred	(119,000)
	\$ (1,724,500)

The income tax provision for six month period ended March 31, 2006 differs from that which would result from applying federal statutory tax rates to income before income taxes because a valuation allowance has been provided to reduce deferred tax assets to the amount that is more likely than not to be realized. It has not the companies practice to calculate the tax effects on an interim basis and no interim calculation was performed for the interim period ended March 31, 2005. As such the Company has presented an estimated tax effect for that period equal to approximately 50% of change in tax effect from September 30, 2004 and September 30, 2005 for this presentation.

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All American Plazas, Inc.
and Subsidiaries

Consolidated Financial Report

September 30, 2005

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September 30, 2005 and 2004

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**Independent Auditor's Report
on the Consolidated Financial Statements**

To the Stockholders
All American Plazas, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of All American Plazas, Inc. and subsidiaries (the Company) as of September 30, 2005, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of All American Plazas, Inc. and subsidiaries as of September 30, 2004 were audited by other auditors whose report, which had various dates through July 5, 2006, expressed an unqualified opinion on those statements and included an explanatory paragraph regarding various restatements of previously issued financial statements.

We conducted our audit 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of All American Plazas, Inc. and subsidiaries as of September 30, 2005, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the financial statements, the Company's management expects to complete the sale of the Company's assets relating to this truck stop operation in 2006. This represents a significant portion of the Company's total assets and operations.

As discussed in Note 20 to the financial statements, the Company has updated its previously issued September 30, 2005 audited financial statements, opinion dated various dates through May 17, 2006, to restate Note 18 - Subsequent Events for additional subsequent events related to an agreement with CCI Group, Inc. and a loan received from Able Energy.

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The summarized financial statement information included in Note 16 was derived from the financial statements of Able Energy, Inc. for the year ended June 30, 2005, which were audited by other auditors.

/s/ Beard Miller Company LLP

Beard Miller Company LLP

Reading, Pennsylvania

November 23, 2005, except for Note 4 dated April 1, 2006,

Note 5 dated January 31, 2006, Note 11 dated January 1, 2006,

Note 13 dated December 14, 2005, Note 18 dated December 20

and 23, 2005, January 9 and 20, February 1, and March 21, 2006

and Note 20 dated May 17, 2006, June 7, 2006 and July 5, 2006

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All American Plazas, Inc. and Subsidiaries
Consolidated Balance Sheets
September 30, 2005 and 2004

	2005	2004 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,795,868	\$ 1,792,588
Accounts receivable, less allowance for doubtful accounts of \$127,825 and \$70,474	2,927,586	2,089,947
Inventories	3,217,441	2,707,849
Prepaid expenses	486,077	590,065
Deposit on stock purchase of Able Energy, Inc.	0	200,000
Deferred income taxes	193,100	169,100
Other current assets, net of amortization	95,154	378,021
Total Current Assets	9,715,226	7,927,570
Property and Equipment		
Land	22,118,543	15,982,734
Land improvements	2,255,494	2,226,690
Building and improvements	9,264,509	8,459,445
Equipment	1,312,871	1,084,789
Furniture and fixtures	140,048	140,048
Vehicles	233,079	47,745
Leasehold improvements	1,191,289	1,191,289
Construction in progress	169,721	172,433
Assets held for sale	564,190	0
	37,249,744	29,305,173
Accumulated depreciation and amortization	(3,225,594)	(1,657,862)
Total Property and Equipment, Net	34,024,150	27,647,311
Restricted Cash	75,000	75,000
Other Assets, Net of Amortization	500,572	552,203
Loans and Notes Receivable		

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Related parties, less allowance for doubtful accounts of \$5,000,000 and \$-0-	9,635,504	3,890,663
Other notes receivable	1,367,867	235,016
	11,003,371	4,125,679
Investment in Able Energy, Inc	6,927,754	0
Total Assets	\$ 62,246,073	\$ 40,327,763

See notes to consolidated financial statements.

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	2005	2004 (Restated)
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of long-term debt	\$ 30,622,329	\$ 1,670,497
Accounts payable	11,975,387	5,997,750
Accrued expenses	1,456,228	1,103,505
Income tax liability	246,455	246,455
Total Current Liabilities	44,300,399	9,018,207
Deferred Compensation	93,363	57,842
Long-Term Debt, less Current Maturities	7,893,725	14,005,637
Deferred Income Taxes	5,214,100	5,995,100
Total Liabilities	57,501,587	29,076,786
Stockholders' Equity		
Class A voting, common stock, \$100 par value; authorized 100,000 shares; issued and outstanding 25,485 shares	2,548,516	2,548,516
Class B non-voting, common stock, \$100 par value; authorized 100,000 shares; issued and outstanding 632 shares	63,200	63,200
Paid-in capital	8,585,556	8,585,556
Retained earnings (deficit)	(6,452,786)	53,705
Total Stockholders' Equity	4,744,486	11,250,977
Total Liabilities and Stockholders' Equity	\$ 62,246,073	\$ 40,327,763

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All American Plazas, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended September 30, 2005 and 2004

	2005	2004 (Restated)
Net Sales	\$ 149,625,495	\$ 131,017,165
Cost of Sales	(131,053,067)	(112,445,455)
Gross Profit	18,572,428	18,571,710
Other Operating Income (Expenses)		
Operating expenses	(16,853,868)	(17,310,393)
General and administrative expenses	(2,703,846)	(2,200,111)
Other operating income	1,342,736	1,448,467
Total Other Operating Income (Expenses)	(18,214,978)	(18,062,037)
Income from Operations	357,450	509,673
Other Income (Expenses)		
Interest expense	(3,069,781)	(1,394,332)
Other income	199,893	223,104
Interest income	510,896	215,258
Rental income	261,497	257,331
Loss on equity investment in Able Energy, Inc	(572,246)	0
Net gain (loss) on disposal of assets	800	(37,683)
Total Other Income (Expenses)	(2,668,941)	(736,322)
Loss before Income Tax Benefits	(2,311,491)	(226,649)
Income Tax Benefits	805,000	280,354
Net Income (Loss)	(\$1,506,491)	\$ 53,705

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All American Plazas, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
Years Ended September 30, 2005 and 2004 (Restated)

	Class A Voting Common Stock	Class B Non-Voting Common Stock	Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
Balance - September 30, 2003	\$ 2,548,516	\$ 63,200	\$ 2,493,331	(\$209,292)	\$ 4,895,755
Change in ownership (Note 4)		0	6,092,225	209,292	6,301,517
Balance - October 1, 2003	2,548,516	63,200	8,585,556	0	11,197,272
Net income		0	0	53,705	53,705
Balance - September 30, 2004	2,548,516	63,200	8,585,556	53,705	11,250,977
Net loss		0	0	(1,506,491)	(1,506,491)
Change in allowance for uncollectible note receivable, related party		0	0	(5,000,000)	(5,000,000)
Balance - September 30, 2005	\$ 2,548,516	\$ 63,200	\$ 8,585,556	(\$6,452,786)	\$ 4,744,486

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All American Plazas, Inc. and Subsidiaries**Consolidated Statements of Cash Flows
Years Ended September 30, 2005 and 2004**

	2005	2004 (Restated)
Cash Flows from Operating Activities		
Net income (loss)	(\$1,506,491)	\$ 53,705
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,105,489	1,825,940
Provision for doubtful accounts	118,650	39,083
Net (gain) loss on disposal of assets	(800)	37,683
Deferred income tax benefit	(805,000)	(111,000)
Equity in net loss of Able Energy, Inc.	572,246	0
(Increase) decrease in assets:		
Accounts receivable	(956,289)	(328,558)
Inventory	(509,592)	(34,483)
Prepaid expenses and other assets	(99,257)	(50,791)
Increase (decrease) in liabilities:		
Accounts payable	5,977,637	2,425,485
Accrued expense and deferred compensation	388,244	(275,740)
Income tax liability	0	246,455
Net Cash Provided by Operating Activities	5,284,837	3,827,779
Cash Flows from Investing Activities		
Reduction to restricted cash	0	200,000
Deposit on stock purchase of Able Energy, Inc.	200,000	(200,000)
Purchase of equity investment in Able Energy, Inc.	(2,750,000)	0
Net payments to related parties for loans and notes receivable	(11,877,692)	(4,125,679)
Purchases of property and equipment	(7,943,785)	(607,934)
Net Cash Used in Investing Activities	(22,371,477)	(4,733,613)
Cash Flows from Financing Activities		
Proceeds from loans and notes payable	20,863,681	2,850,000
Principal payments of loans and notes payable	(2,773,761)	(2,219,682)
Net Cash Provided by Financing Activities	18,089,920	630,318
Net Increase (Decrease) in Cash and Cash Equivalents	1,003,280	(275,516)
Cash and Cash Equivalents - Beginning	1,792,588	2,068,104

Cash and Cash Equivalents - Ending	\$ 2,795,868	\$ 1,792,588
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All American Plazas, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
 Years Ended September 30, 2005 and 2004

	2005	2004 (Restated)
Supplementary Cash Flows Information		
Interest paid	\$ 2,840,003	\$ 1,394,332
Income taxes paid (refunded)	\$ 0	(\$776,778)
Supplementary Schedule of Noncash Investing and Financing Activities		
Term loan payable issued in exchange for common stock of Able Energy, Inc.	\$ 4,750,000	\$ 0

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All American Plazas, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2005 and 2004

Note 1 - Nature of Business

All American Plazas, Inc. (the "Company") operates five full service travel plazas engaged in the retail sale of liquid fuels, truck service, sale of general merchandise, restaurant operations and lodging. The Company also operates three convenience stores and self-service fuel facilities. The Company offers standardized and consistent products and services to accommodate the varied needs of professional truck drivers and other motorists. Generally, these include separate gas and diesel fueling islands, truck maintenance and repair services, certified truck weighing scales, restaurants and travel and convenience stores offering an array of merchandise to cater to professional truck drivers and other motorists. The Company operates its facilities in Pennsylvania and Virginia. A significant portion of the Company's sales and receivables are with companies in the trucking industry. The Company has aggregated its services into one reportable operating segment based on the distribution of products and services under one common site facility.

Note 2 - Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, AAP Delaware, Inc., AAP Management, Inc, Harrisburg Gables Properties, Inc., Frystown Gables Properties, Inc., Carlyle Gables Properties, Inc., Carlyle Soco Properties, Inc., Doswell Properties, Inc., All American Realty and Construction, Inc. and All American Plazas of Strattanville, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Trade receivables are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, agings of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 2 - Significant Accounting Policies (Continued)****Inventories**

Store groceries and merchandise inventory are stated at the lower of cost (determined on retail less markup basis) or market and all other inventories are stated at the lower of cost (determined on an average cost or first-in, first-out basis) or market. Inventories consist of liquid fuels, groceries, general merchandise and truck repair parts and tires.

Franchises

The franchise fees are amortized on a straight-line basis over 5 to 20 years, the terms of the related agreements. Franchise fees totaling \$10,000 and \$28,000 were incurred and added to other assets during the years ending September 30, 2005 and 2004. During 2004, fully amortized franchise fees no longer in service totaling \$84,000 were removed. Franchise fees totaling \$122,500 and \$112,500 are included in current and long-term other assets, net of accumulated amortization of \$54,094 and \$48,516, at September 30, 2005 and 2004, respectively.

Deferred Financing Costs

Deferred financing costs represent loan closing costs incurred by the Company to obtain financing. These costs are being amortized on a straight-line basis over the term of the corresponding loan. The Company incurred costs totaling \$193,241 and \$784,390 for the years ended September 30, 2005 and 2004, respectively. Deferred financing costs totaling \$1,319,626 and \$1,126,384 are included in other assets, net of accumulated amortization of \$792,306 and \$260,144, at September 30, 2005 and 2004, respectively.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Land improvements	7 - 20
Buildings and improvements	7 - 40
Equipment	3 - 5
Furniture and fixtures	5 - 7
Vehicles	3
Leasehold improvements	7 - 15

Property and equipment includes the cost of additions and those improvements which increase the capacity or lengthen the useful lives of the assets. Repairs and maintenance costs are expensed as incurred. Property retired or sold is removed from the assets and accumulated depreciation accounts and the resulting gain or loss is reflected in income.

Depreciation and amortization amounted to \$1,567,732 and \$1,657,862 in 2005 and 2004, respectively. Property and equipment are pledged as collateral for certain long-term obligations.

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All American Plazas, Inc. and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2005 and 2004

Note 2 - Significant Accounting Policies (Continued)

Advertising Costs

The Company expenses all advertising costs as incurred. There are no capitalized advertising costs included in the balance sheets at September 30, 2005 and 2004. Total advertising expenses included in the statements of operations for the years ended September 30, 2005 and 2004 was \$381,777 and \$347,896, respectively.

Revenue Recognition

Sales of the Company's full service travel plazas, convenience stores and self service fuel facilities are recognized at the time of sale or service.

Motor Fuel Taxes

The Company is charged motor fuel taxes by its fuel suppliers and these suppliers remit these taxes to governmental agencies. The Company then collects these taxes from consumers. These taxes were \$29,575,783 and \$29,348,030 for the years ended September 30, 2005 and 2004, respectively, and are included in net sales and cost of sales in the accompanying consolidated statements of operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash balances in excess of the \$100,000 limit insured by the U.S. Federal Deposit Insurance Corporation and trade accounts receivable.

The Company purchased fuel of \$117,176,701 and \$92,264,658 for the years ended September 30, 2005 and 2004, respectively, from three vendors. Trade accounts payable at September 30, 2005 and 2004 included \$10,712,855 and \$4,656,422, respectively, to these vendors.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 3 - Inventories**

The composition of inventories at September 30, 2005 and 2004 is as follows:

	2005	2004
Store, restaurant and other merchandise	\$ 1,008,737	\$ 1,041,553
Liquid fuels	1,344,922	808,376
Garage tire, tubes, parts and other	893,782	887,920
Reserve for obsolescence	(30,000)	(30,000)
	\$ 3,217,441	\$ 2,707,849

Note 4 - Change in Ownership (Restated, see Note 20 for Explanation)

During 2004, the Company's stockholders sold their ownership interest in the Company to All American Industries Corp. ("AAI") the nominee for Sharon Chelednik ("Owner"). AAI agreed to purchase 100% of the issued and outstanding stock of All American Plazas, Inc. (AAP). In executing and delivering the stock purchase agreement, AAI acted solely as the agent and nominee of the Owner. The new owners have no relationship to the former owners.

The sellers sold, assigned and transferred their entire ownership interest in the Company to AAI on October 3, 2003. The purchase price was \$11,197,272. \$4,000,000 was paid at closing, and AAI provided a note to the sellers for \$7,197,272 for the balance. This promissory note is collateralized by, among other things, a second mortgage on certain real estate owned by the Company and is guaranteed by AAI and the Company. No interest is to be paid until the six-month anniversary of the note. This note bears interest at 8%. A payment for \$3,000,000 should have been made to the prior owners on September 30, 2004. Starting October 2004, AAI was to make the first of eighty-three equal monthly payments of principal and interest with respect to the remaining balance of the note based upon a 15-year amortization schedule. This note was amended to provide interest only payments to the prior owners on the outstanding principal balance of the promissory note on the first day of each month until April 1, 2006, when AAI was required to make a payment of \$3,000,000 to the prior owners. AAI, however, did not make this payment on April 1, 2006. AAI is then required to make the first of eighty-three equal monthly payments of principal and interest with respect to the remaining balance of the note based upon a 15-year amortization schedule.

In addition, related to this transaction, AAI obtained \$6,000,000 in additional financing from PMJ Capital Corporation ("PMJ") on October 3, 2003, which was collateralized by a first mortgage on the real estate described above. This loan was personally guaranteed by the president of AAI. Repayment terms were interest only, payable monthly at 16% or \$80,000 for twelve months. The principal balance was due on October 2, 2004, but was not paid on this date. AAI continued to make interest payments in accordance with the PMJ loan agreements. The mortgage and any outstanding liabilities were satisfied as of April 19, 2005 and the mortgages on AAP property were discharged as collateral.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 4 - Change in Ownership (Restated, see Note 20 for Explanation) (Continued)**

The Owner has the right at any time and without consent of the Nominee to assign all rights, title and interests to any successor they may choose and the Nominee shall continue to act on behalf of such successor in interest as it is required to under the terms of the nominee agreement. In addition, upon the request of the Owner, the Nominee shall immediately convey the stock of the Company to the Owner or the Owner's designee, without consideration, at which time the nominee agreement would terminate.

AAI was also owned by Sharon Chelednik. On December 27, 2004, Sharon Chelednik assigned her ownership interest in AAI to the Chelednik Family Trust.

The sellers of the Company are entitled to any amount released from the environmental escrow related to the sale to Petro Stopping Center, Inc. of property in Carlisle, PA, previously owned by AAP. The escrow balance at closing approximated \$537,000 and was not included as part of the purchase of the Company.

This acquisition was accounted for as a purchase pursuant to Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." As such, the cost to acquire the Company was allocated to assets and liabilities of the Company based upon their fair value of the consideration given at the date of acquisition.

The following table summarizes the Company's purchase price allocation related to the acquisition of the Company based upon the estimated fair value of the assets acquired and liabilities assumed on the acquisition date.

Current assets	\$ 7,643,606
Land	15,979,927
Property and equipment	12,754,688
Other assets	810,912
Total Assets Acquired	37,189,133
Current liabilities	(5,803,808)
Long-term debt	(14,251,360)
Deferred income taxes	(5,936,693)
Total Liabilities Assumed	(25,991,861)
Net Assets Acquired	\$ 11,197,272

Based on management's analysis of intangible assets in accordance with SFAS No. 141, experience in the industry and appraisals, management has deemed there is no value to intangible assets such as trademarks, trade names, customer lists and other intangible assets.

Additional paid-in capital of \$8,585,556 represents the excess of the purchase price over the stock acquired by the Owner.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 5 - Employee Stock Ownership Plan**

Effective October 1, 1991, the Company established an employee stock ownership plan ("ESOP") covering a majority of its full-time employees. Under the Plan, the Company is permitted to make annual contributions to a trust for the benefit of eligible employees in the form of either cash or common shares of the Company.

The ESOP sold its ownership interest in the Company as part of the change in ownership disclosed in Note 4 and received cash distributions of \$273,338 at closing and a note of \$721,876, which is part of the \$7,197,272 note provided by AAI.

Through financing of \$1,730,000 from Able Energy, Inc., disclosed in Note 9, the Company repaid the \$721,876 note due to the ESOP shareholders in August, 2005. The Company plans to terminate the ESOP and the ESOP Trustee will distribute the funds to the participants. Application to terminate the ESOP was filed with the Internal Revenue Service on January 31, 2006.

Note 6 - Income Taxes

Net deferred tax liabilities consist of the following components as of September 30, 2005 and 2004:

	2005	2004 (Restated, see Note 20)
Deferred tax assets:		
Accruals	\$ 213,800	\$ 156,800
Allowance for doubtful accounts	51,900	28,900
Federal and state loss carryforward	894,000	305,000
Equity method investment	231,000	0
Allowance for uncollectible note receivable, related parties	2,000,000	0
Other	33,900	30,900
Total Deferred Tax Assets	3,424,600	521,600
Valuation allowance	2,406,000	(305,000)
Net Deferred Tax Asset	1,018,600	216,600
Deferred tax liabilities:		
Property and equipment	6,039,600	6,042,600
Net Deferred Tax Liabilities	(\$5,021,000)	(\$5,826,000)

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 6 - Income Taxes (Continued)**

The components giving rise to the net deferred tax liabilities described above have been included in the accompanying balance sheets as of September 30, 2005 and 2004 as follows:

	2005	2004 (Restated, see Note 20)
Current assets	\$ 193,100	\$ 169,100
Noncurrent liabilities	(5,214,100)	(5,995,100)
	(\$5,021,000)	(\$5,826,000)

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income. The net change in the valuation allowance for the years ended September 30, 2005 and 2004 was an increase of \$2,101,000 and \$54,000, respectively.

At September 30, 2005, the Company has federal and state net operating loss carryforwards of approximately \$1,600,000 and \$4,200,000, respectively, which expire at various times through 2024.

The provision for income tax benefits consisted of the following at September 30, 2005 and 2004:

	2005	2004 (Restated, see Note 20)
Federal:		
Current	\$ 0	(\$169,354)
Deferred	(730,000)	(84,000)
	(730,000)	(253,354)
State, deferred	(75,000)	(27,000)
	(\$805,000)	(\$280,354)

The income tax provision for 2004 differs from that which would result from applying federal statutory tax rates to income before income taxes because a valuation allowance has been provided to reduce deferred tax assets to the amount that is more likely than not to be realized.

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All American Plazas, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
September 30, 2005 and 2004**

Note 7 - Assets Held for Sale

The Company is attempting to sell the property previously occupied by its SOCO Travel Plaza. In the opinion of the Company's management, this property has a net realizable value which exceeds its carrying value. In December 2005, the Company entered a definitive agreement for the sale of this property for an amount that substantially exceeds the carrying value. Pursuant to the terms of the sales agreement, this sale is expected to consummate in April 2006. The carrying value for this property is \$564,190 for 2005.

Note 8 - Bank Line of Credit and Commercial Letter of Credit

On May 27, 2004, the Company and AAI entered into a co-borrowing agreement to obtain financing with The Greenwich Bank & Trust Company for a \$1,000,000 commercial line of credit and to obtain a \$200,000 commercial letter of credit. Loan closing costs related to the line of credit were \$92,995, and are fully amortized at September 30, 2005.

The commercial line of credit was obtained for working capital needs and was to be secured by the collateral assignment of a \$1,000,000 depository account to be established with the bank. The Company never funded the collateral requirement, but management plans to collateralize and draw down on this credit line in the future. The line bears interest at the Wall Street Journal prime rate. The line of credit expires on May 27, 2006. This line is guaranteed by Sharon Chelednik. There were no outstanding balances under the line of credit, or letter of credit, at September 30, 2005 and 2004.

In addition, the Company has a letter of credit for \$75,000 outstanding with a municipality to ensure continued performance of the Company's sewage treatment facility. This letter is collateralized by a certificate of deposit with M & T Bank, which is reflected as restricted cash as of September 30, 2005 and 2004.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 9 - Long-Term Debt**

Long-term debt payable at September 30, 2005 and 2004 was as follows:

	2005	2004
Term loans to GMAC Commercial ("GMACC" ⁽¹⁾)	\$ 7,427,343	\$ 7,949,623
Term loan, Capital Crossing Bank ⁽²⁾	4,478,551	4,841,172
Interest only loan, Fundex ⁽³⁾	2,100,000	2,100,000
Interest only loan, PMJ ⁽⁴⁾	0	750,000
Term loan, Tim Harrington ⁽⁵⁾	4,750,000	0
Interest only loan, Avatar Income Fund ⁽⁶⁾	6,450,000	0
Interest only loan, Avatar Funding Group ⁽⁶⁾	2,050,000	0
Term loan, Lilac ⁽⁷⁾	5,000,000	0
Interest only loan, Able Energy ⁽⁸⁾	1,730,000	0
Interest only loan, Crown Financial ⁽⁹⁾	1,250,000	0
Note Payable CT Realty ⁽¹¹⁾	3,039,402	0
Other ⁽¹⁰⁾	240,758	35,339
	38,516,054	15,676,134
Current portion	(30,622,329)	(1,670,497)
	\$ 7,893,725	\$ 14,005,637

(1) The term loans with GMACC in the original amount of \$4,000,000 and \$6,000,000 are collateralized by first liens and security interests on the real estate at the Clarks Ferry, PA and Frystown, PA locations, respectively, as well as these locations' equipment, personal property, inventory, cash proceeds, receivables and general intangibles. Monthly principal and interest payments are \$40,868 and \$61,303, respectively. These notes bear interest at 9% and mature in July 2014. In accordance with loan covenants, the Company must meet a minimum cash flow covenant, as defined, on a quarterly basis. The Company was in violation of this covenant for the year ended September 30, 2005. As a result, the Company has classified all of this debt as current at September 30, 2005.

(2) The term loan with Bay View Bank in the original amount of \$7,800,000 is collateralized by a first lien and security interests on the real estate at the Milton, PA location, as well as this location's equipment, personal property, inventory, cash proceeds, receivables and general intangibles. In accordance with this loan, the Company must meet a minimum cash flow covenant, as defined, on a quarterly basis. At September 30, 2003 and for the fiscal year then ended, the Company was in violation of this covenant. The institution, however, has consented on March 19 and April 27, 2004 to waive acceleration related to this covenant for the fiscal year ended September 30, 2003 through October 1, 2004. On March 19, 2004, the Company entered into an agreement with Bay View Bank which, in addition to waiving the financial covenant discussed above, also modified the loan's repayment terms. This agreement required the Company to make a \$1,400,000 accelerated principal payment with the remaining principal being repaid in modified monthly payments with interest through June 2014. The agreement modified the interest rate to the higher of 4% above LIBOR or 6%, with the interest rate adjustment

being made quarterly. The modified monthly payment, including interest at 6%, is approximately \$60,000. At this time, Bay View Bank assigned their interest in this loan to Capital Crossing Bank. Loan closing costs and fees related to this loan modification totaled \$309,000. Loan closing costs are included in deferred financing costs, net of amortization. The Company was in violation of the minimum cash flow covenant for the year ended September 30, 2005. As a result, the Company has classified all of this debt as current at September 30, 2005.

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All American Plazas, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
September 30, 2005 and 2004**

Note 9 - Long-Term Debt (Continued)

- (3) The loan to Fundex Capital Corporation for \$2,100,000 is collateralized by a second mortgage on the Milton, PA location. It is also guaranteed by Sharon Chelednik. Proceeds of \$1,400,000 were used to fund the accelerated principal payment that was paid to Bay View Bank, as noted previously. The remaining proceeds of \$700,000 were used to pay loan closing costs of \$224,094 and the remaining \$475,906 was loaned to AAI, the nominee of the Company. Loan closing costs are included in deferred financing costs, net of amortization. Repayment terms are interest only, payable monthly at the Wall Street Journal prime rate plus 8.5%, with a minimum rate of 12.5% and a maximum rate as defined by the United States Small Business Administration. The principal balance, originally due on October 1, 2005, has been extended until April 1, 2006.
- (4) The \$750,000 promissory note with PMJ Capital Corporation for renovations on the Doswell, VA Motel was satisfied as part of the Avatar loan refinancing on April 19, 2005 and the mortgage on AAP property was discharged as collateral.
- (5) On December 15, 2004, Timothy Harrington, Chief Executive Officer of Able Energy, Inc. ("Able"), sold an aggregate of 1,007,300 shares of Able's common stock to the Company. The purchase price for the sale was \$7,500,000, of which \$2,750,000 was paid in cash and the Company issued promissory notes in the aggregate principal amount of \$4,750,000 to Mr. Harrington. For the first 12 months, only interest at 8.5% is payable to Mr. Harrington. Thereafter, principal and interest shall be payable on a monthly basis based upon a twenty-year amortization with a balloon payment due December 2009. In the event the Company and Able were to enter into any transaction pursuant to which the promissory notes become an obligation of Able and Able enters into a material financing transaction, the notes will become immediately due and payable. The promissory notes are collateralized by a pledge of 1,000,000 shares of the Able's common stock owned by the Company (the "Pledge").
- (6) The Company obtained financing of \$6,450,000 from Avatar Income Fund I, LLC and \$2,050,000 from Avatar Funding Group, LLC ("Avatar") on April 14, 2005, which are collateralized by a first, second or third mortgage on certain real estate owned by the Company and are guaranteed by an officer of the Company. This financing was used to pay the \$6,000,000 AAI PMJ loan obligation included in Note 4 and the \$750,000 PMJ obligation of the Company included in Note 9. At closing, the Company paid total closing fees of \$527,385 and any legal and inspection fees required for this refinancing. Repayment terms for these loans are interest only, payable monthly at the Wall Street Journal prime rate plus 7%, with a minimum rate of 11%, starting June 1, 2005. Unpaid principal and accrued interest is due on November 1, 2005, the maturity date. The Company has the option to extend these loans for an additional six months, providing there have been no defaults and the Company pays Avatar a 2% extension fee prior to the maturity date. This option was exercised and the maturity date of the Avatar Notes has been extended to May 1, 2006. The notes were originally due November 2005, and the extension was not finalized until December 2005. As a result the Company incurred late fees on each of the notes in the amount of \$645,000 and \$205,000 respectively. Upon execution of the extension the lenders mutually agreed to waive late fees in the amount of \$516,000 and \$164,000, respectively. If the Company defaults on the notes the waived fees will be immediately due and payable to the lender.

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All American Plazas, Inc. and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2005 and 2004

Note 9 - Long-Term Debt (Continued)

(7) In June 2005, the Company obtained financing in the amount of \$5,000,000 from Lilac Ventures Master Fund Ltd (Lilac) for working capital of the Company and for purposes of acquiring from CT Realty LLC, all of the issued and outstanding stock of Yosemite Development Corp. and 100% of the Membership\Unit interests in Mountainside Development, LLC. The loan is evidenced by secured debentures, which shall be repaid within two years from the date of issuance, subject to the occurrence of an event of default, with interest payable at the rate per annum equal to LIBOR plus 4%, payable on a quarterly basis beginning October 1, 2005. The loan is collateralized by real estate owned by the Company in Pennsylvania and New Hampshire. In the event that Able Energy does not complete the acquisition of certain of the Company's assets as disclosed in Note 18, prior to the expiration of the twelve month anniversary of the loan, the Company shall be considered in default of the loan. The mandatory prepayment amount due upon this event of default would be the greater of 125% of the principal amount or an amount as defined in the secured debenture agreement. Pursuant to the Additional Investment Right between the Company and Lilac, Lilac may loan the Company up to an additional \$5,000,000 on the same terms and conditions as the initial \$5,000,000 loan, except for the conversion price of the debentures.

If the acquisition of certain of the Company's assets by Able Energy is consummated, this loan may be assumed by Able Energy.

(8) On July 27, 2005, Able made a loan in the amount of \$1,730,000 to the Company and the Company executed and delivered a promissory note for the full amount of the loan in favor of Able. Under the terms of the promissory note, the outstanding principal of the loan bears interest at the rate of 3.5% per annum. All payments of principal and accrued interest are due by March 30, 2006. The promissory note is collateralized by a lien on 1,000,000 shares of Able common stock owned by the Company, on which there exists a prior lien held by Timothy Harrington, and by certain real estate of the Company. Subsequently, the Company increased the interest rate from 3.5% to 6.5% and pledged the Breezewood lease as additional collateral.

(9) On January 12, 2005, the Company entered into an agreement to factor accounts receivable with Crown Financial, LLC ("Crown"). In accordance with the agreement, the Company received a \$2,000,000 initial advance from Crown. On the 15th and 30th of each month, the Company has agreed to pay Crown a fee equal to 2.5% of outstanding advances from the preceding period with a lump sum payable October 2005. Subsequent to September 30, 2005, the terms were extended through March 2006. The note is also guaranteed by an Officer of the Company and two individuals.

Crown requires the Company to maintain a coverage ratio of 125%, defined as the sum of the amount of eligible accounts plus the amount of cash on deposit to the amount of outstanding advance. If the Company falls below this ratio, Crown may require the Company to repurchase accounts or make payments to Crown to reduce the amount of outstanding advance so the coverage ratio increases to 125%.

(10) The company purchased various vehicles and a computerized retail system for two of its locations during this fiscal year. The installment notes have monthly payment amounts ranging from \$368 - \$1,680 including interest from 6.9% - 10.2% thru August 2010. The loans are collateralized by their related vehicles and equipment.

On September 18, 2001, the Company entered into a promissory note for \$89,600 to purchase 448 shares of Series B - non-voting stock from a former employee. Principal and interest payments are payable annually over five years at an interest rate of 7.75%.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 9 - Long-Term Debt (Continued)**

(11) On May 26, 2005, the Company acquired the real estate of certain properties in New Hampshire from CT Realty in the amount of \$6,700,000. This acquisition was funded through the partial proceeds of the loan from Lilac as presented in the above note 7 in the amount of \$3,200,000. The remaining amount of \$3,500,000 is a note payable to CT Realty at 8% per year with interest only until maturity in May 2010. This note was netted with receivables owed to the Company by CT Realty bringing the amount of the note to \$3,039,402.

Maturities of the long-term debt are as follows:

Years Ending September 30,	
2006	\$30,622,329
2007	157,520
2008	171,366
2009	186,038
2010	3,216,644
Thereafter	4,162,157
	\$38,516,054

Note 10 - Management Services and Other Notes Receivable

The Company provides management services to Keystone Shortway 76, Inc. ("KS76") and the two truck stops owned by KS76 in accordance with the management agreement dated April 7, 2004.

The Company provides services to the truck stops in connection with the management and administration of all aspects of the business of the truck stops in the state of Pennsylvania on a triple net basis and have an option, but not obligation to purchase the assets and/or stock of the truck stops at the end of the term of the agreement, which is April 7, 2006.

At September 30, 2005 and 2004, the Company has an amount receivable from KS76 totaling \$821,967 and \$235,016, which is included in notes receivable other. If the Company chooses to exercise its option to purchase these truck stops, any amounts due from KS76 will be applied against this purchase price. If the Company does not exercise its purchase option, KS76 shall execute a promissory note for amounts outstanding to be paid over a twenty-four month period at an interest rate of 5.5%.

The Company has a promissory note from Alleco Stone, Inc in the amount of \$545,900. This note is due and payable on July 31, 2006 and is non-interest bearing.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 11 - Operating Leases**

The Company leases its Petro truck stop in Breezewood, PA. This location has two lease agreements: one for the facilities and the second for a parking lot. The facilities lease expired on December 31, 2005 and was subsequently renewed for a five-year term on January 1, 2006. Monthly rent for the facilities is \$35,000 under the renewal. The parking lot lease has a five-year term from March 1, 2004 through February 28, 2009 with five-year renewal options through 2028. Monthly rent expense for the parking lot is \$8,155.

The following is a schedule of future minimum lease payments required under non-cancelable lease agreements; these payments do not include renewal options that are available with each of the leases:

Years Ending September 30,	
2006	\$ 504,360
2007	517,860
2008	517,860
2009	460,775
2010	420,000
	\$ 2,420,855

The total rental expense included in the statement of operations under lease obligations for the year ended September 30, 2005 and 2004 was \$468,660 and \$594,648, respectively. Rental expense includes both amounts paid under non-cancelable lease arrangements and month-to-month arrangements.

Note 12 - Significant Estimates

At September 30, 2005 and 2004, the Company has two locations where environmental investigations and certain remediation procedures are ongoing. Both of these locations have been approved for coverage under the Pennsylvania Underground Storage Tank Indemnification Fund, which reimburses certain remediation costs. Additionally during 2005, the Company has had a specific environmental matter identified at another location and the Company is pursuing corrective action procedures.

The nature and full extent of future clean up and remediation costs have been estimated but not yet fully determined. The Company's accrued liability, which represents its portion of estimated remediation costs, was \$170,000 and \$50,000 at September 30, 2005 and 2004, respectively. Due to the uncertainty of the total future remediation costs, the ultimate total cost could change in the coming year, as additional information becomes available.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 13 - Commitments**

The Company renewed its fuel supply agreement on January 12, 2005, which obligates it to purchase a significant portion of its diesel fuel from Transmontaigne Product Services, Inc. (TPSI) through January 31, 2006. On December 14, 2005, the Company extended this agreement through January 31, 2007. The agreement provides for pricing based on the net Oil Price Information Service ("OPIS") and the lowest daily prices.

The Company entered into franchise agreements with Petro Stopping Centers, L.P. (Petro) for its Breezewood, PA and Milton, PA locations during 1998. In accordance with these agreements, royalties are due to Petro based upon sales at varying percentages. For the years ended September 30, 2005 and 2004, the royalty expenses totaled approximately \$504,000 and \$515,000, respectively.

Note 14 - Related Party Transactions

The Company's owner also controls other companies whose operations are similar to those of the Company. The owner is in a position to, and in the future may, influence the net income of the Company.

The Company has Promissory notes for amounts due from AAI and other related parties owned by AAI or with common ownership to AAI. These transactions consist of net payments paid on behalf of the related party by the Company and for allocations of management services provided to these related parties. These notes bear interest at 12% per annum and the entire principal and interest on the note is due twelve months from the date of the note, however, the related party has a right to extend the payment of the note for two additional one year terms by notifying the Company in writing of such extension. The related parties exercised the option for two additional one-year periods on August 30, 2004.

Balances due to the Company from related parties at September 30, 2005 and 2004 were as follows:

	2005	2004
All American Industries, Corp. ⁽¹⁾	\$ 12,455,273	\$ 2,433,247
Energy Management & Supply Corp. ⁽²⁾	983,010	250,763
Carney Properties & Energy Corporation ⁽²⁾	765,551	881,325
Yosemite Development Corp. ⁽²⁾	0	135,862
St. John's at Kent LLC ⁽²⁾	419,524	185,808

(1) Nominee for the Owner of the Company and related through common ownership.

(2) Related through common ownership.

Interest income related to these notes for the year ended September 30, 2005 and 2004, was \$510,896 and \$208,510. In addition to the above notes, \$12,146 and \$3,658 of other miscellaneous related party receivables were due to the Company at September 30, 2005 and 2004.

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All American Plazas, Inc. and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2005 and 2004

Note 14 - Related Party Transactions (Continued)

The Company's management expects All American Industries, Corp. to have access to funds ultimately received by the Chelednik Family Trust from the Able Energy, Inc. transactions described in Note 18, Management's Plans to Restructure the Truck Stop Operations. The Company's management plans to pursue the collection of this amount, however, it has provided an allowance against the total balance of \$5,000,000 at September 30, 2005. Under generally accepted accounting principles, this allowance for related party debt generally is viewed in essence as a capital transaction. Accordingly, this change in allowance is reported in the 2005 financial statements as a decrease in retained earnings.

Mr. Gregory Frost, Esquire, represented the Company, AAI and other affiliated companies, as general legal counsel. In addition, Mr. Gregory Frost served as a director of the Company until his resignation on March 31, 2005 and owns approximately 15.5% of the Company. Legal expense and reimbursement included in the consolidated statement of operations for the years ended September 30, 2005 and 2004 was \$28,956 and \$173,820, respectively. After his resignation as a Company director, Mr. Frost became General Counsel of Able Energy, Inc. In October 2005, Mr. Frost accepted the Chief Executive Officer and Chairman of the Board positions with Able Energy, Inc.

Note 15 - Contingencies

The Company is currently, and from time-to-time, subject to claims and suits arising in the ordinary course of its business. In certain such actions, plaintiffs request punitive or other damages of nonmonetary relief, which may not be covered by insurance. The Company accrues for potential liabilities involved in these matters as they become known and can be reasonably estimated. In the Company's opinion, the various asserted claims and litigation in which the Company is currently involved are not reasonably likely to have a material adverse effect on the Company's operations or financial position. However, no assurance can be given as to the ultimate outcome with respect to such claims and litigation. The resolution of such claims and litigation could be material to the Company's operating results.

Note 16 - Investment in Able Energy, Inc. (Restated, see Note 20 for Explanation)

In December 2004, the Company purchased 1,007,300 shares of Able Energy, Inc. ("Able") common stock. The purchase price for the stock was \$7,500,000 of which \$2,750,000 was paid in cash and the Company issued promissory notes in the aggregate amount of \$4,750,000. The cash payment was financed through the assistance of one of the Company's fuel suppliers, which extended its credit line to the Company. In exchange for the credit line extension, the Company provided the fuel supplier the right until June 1, 2006 to convert between \$3,000,000 and \$6,000,000 of the Company's payable to the supplier into common stock of the Company at a conversion price of \$3 per share. In the event that a business combination between the Company and Able Energy, Inc. is completed and the debt of the Company is assumed by the new combined entity, the fuel supplier will then have the right to convert the aforementioned amounts into common stock of the new combined entity by June 1, 2006.

All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 16 - Investment in Able Energy, Inc. (Restated, see Note 20 for Explanation) (Continued)**

The investment in Able Energy, Inc. is accounted for on the equity method. At the time of the initial investment, the difference between the cost of the investment and the underlying equity in the net assets of Able Energy, Inc. amounted to approximately \$6,200,000. The Company's management has attributed approximately \$5,100,000 of this difference to intangibles which are not amortized. The remaining difference of approximately \$1,100,000 has been attributed to property and equipment and is being amortized based upon lives of assets ranging from 10 to 40 years.

The equity loss for the year ended September 30, 2005 was \$523,766, based on the financial statements of Able Energy, Inc. for the six months ended June 30, 2005. In addition to this loss, the Company has recognized an additional loss of \$48,480 relating to the amortization of the difference in the investment cost and the underlying equity in Able Energy, Inc.'s net assets.

The trading price per share for Able Energy, Inc. as of September 30, 2005 was \$13.04. The information below is summarized from the annual 10-k filing of Able Energy, Inc. for their year ended June 30, 2005.

	2005
Assets	
Current assets	\$ 6,230,307
Property and equipment, net	4,544,835
Other assets	1,979,418
Total Assets	\$ 12,754,560
Liabilities and Shareholders' Equity	
Current liabilities	\$ 6,550,350
Deferred income and taxes	184,196
Long-term debt, less current maturities	3,961,899
Shareholders' Equity	2,058,115
Total Liabilities and Equity	\$ 12,754,560

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All American Plazas, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2005 and 2004

Note 16 - Investment in Able Energy, Inc. (Restated, see Note 20 for Explanation) (Continued)

	2005
Statement of Operations	
Net sales	\$ 61,964,825
Gross profit	\$ 5,986,870
Operating expenses	\$ 7,129,468
Loss from operations	(\$1,142,598)
Other expenses	(\$964,171)
Net loss	(\$2,110,257)

The Company's proportionate share of Able Energy, Inc. unaudited loss as reported in the financial statements for the quarter ended September 30, 2005 was \$394,583.

Note 17 - Variable Interest Entities

In December 2003, the FASB issued revised Interpretation No. 46, "Consolidation of Variable Interest Entities." Interpretation No. 46 requires nonpublic companies with a variable interest in a variable interest entity to apply this guidance as of the beginning of the period beginning after December 15, 2004 for existing interests and immediately for new interests. The application of the guidance could result in the consolidation of a variable interest entity. The potential variable interest entities would be the related parties identified in Note 14. The Company is currently evaluating whether the Company is the primary beneficiary of such relationships and, if so, the impact of this interpretation on financial position and results of operations.

It is reasonably possible that the Company will consolidate All American Industries Corp. ("AAI") as a variable interest entity when the Interpretation becomes effective. As discussed in Note 4, AAI is the nominee for the owner of AAP. In addition, AAI holds debt which is payable to the former owners of AAP. This debt, which AAP has guaranteed and which is collateralized by certain real estate of AAP, totals approximately \$6,500,000 at September 30, 2005.

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All American Plazas, Inc. and Subsidiaries**Notes to Consolidated Financial Statements
September 30, 2005 and 2004****Note 17 - Variable Interest Entities (Continued)**

During the years ended September 30, 2005 and 2004, AAP made advances to AAI for interest expense related to acquisition debt and for allocation of overhead as follows:

	2005		2004
Interest paid to seller (see Note 4)	\$ 572,000	\$	244,000
Interest paid to PMJ (see Note 4)	580,000		800,000
Corporate overhead	398,000		352,000

In addition, the Company recognized interest income on the related party receivable from AAI for the years ended September 30, 2005 and 2004, totaling approximately \$267,000 and \$113,000, respectively.

Note 18 - Subsequent Events (Restated, See Note 20 for Explanation)**Crown Financial, LLC (“Crown”)**

On December 20, 2005, the Company entered into an agreement with Crown, whereby an additional advance in the amount of \$500,000 was made available under the accounts receivable factoring arrangement previously disclosed in Note 9. Upon receiving the additional advance, the term was extended through March 30, 2006. Loan proceeds of \$250,000 were used for working capital purposes, and the remaining \$250,000 was advanced to an affiliated entity.

Nova Ten Realty Acquisition of Carney Properties and Energy

On January 9, 2006 a contract of sale was executed, whereby Nova Ten Realty Corp, a wholly owned subsidiary of the Company, agreed to purchase all the real estate and assets of a truck stop location for which the company was previously providing management services for the sum of \$3,600,000. The purchase price was paid as follows: \$2,100,000 to Sovereign Bank to satisfy the outstanding mortgage on the property, and a \$1,500,000 Note and second mortgage payable to the Seller. At closing, \$2,500,000 was borrowed by the Company and Nova Ten Realty (as co-makers) from Bridge Funding, Inc., who has taken a first mortgage lien on the property now owned by Nova Ten Realty. Proceeds of the loan were used to satisfy the Sovereign Bank Loan of \$2,100,000 and the balance was used to cover interest reserve, closing costs and a loan to a related party. Repayment terms for this loan are interest only, payable monthly at the Wall Street Journal prime rate plus 8.75%, with a minimum rate of 16% per annum for twelve months. Unpaid principal and accrued interest after twelve months is due in full on February 1, 2007.

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All American Plazas, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
September 30, 2005 and 2004**

Note 18 - Subsequent Events (Restated, See Note 20 for Explanation) (Continued)

Columbian Bank & Trust Company

On January 9, 2006, the Company obtained financing of \$3,500,000 from Columbian Bank & Trust Company ("Columbian"), collateralized by a mortgage position in certain real estate owned by the Company. A portion of the financing was used to pay \$500,000 of the principal due under a loan with Avatar Funding Group and \$500,000 of a loan with Avatar Income Fund, such obligations previously disclosed in Note 9-Long Term Debt. The remaining proceeds of the loan were used as follows: \$1,600,000 for working capital, \$450,128 in loan closing, legal and title fees, \$201,250 held in escrow for an interest reserve and the balance of \$248,622 was loaned to a related party. Repayment terms for this loan are interest only, payable monthly at the Wall Street Journal Prime rate plus 4.50%. There is no prepayment penalty on the loan, provided a minimum interest of \$201,250 has been accrued and paid as of the date the loan is paid off. Unpaid principal and accrued interest is due in full on July 9, 2006. The Company has an option to extend this loan for an additional six months, provided the Company pays Columbian an extension fee of 2% of the outstanding balance, plus an amount of interest reserve equal to two months interest at the rate then in effect.

On February 1, 2006, the Company obtained financing of \$6,500,000 from Columbian Bank & Trust Company ("Columbian"), collateralized by a mortgage position in certain real estate owned by the Company and Keystone Capital Group. A portion of the financing was used to pay \$750,000 of the principal due under a loan with Avatar Funding Group and \$750,000 of a loan with Avatar Income Fund, such obligations previously disclosed in Note 9-Long Term Debt. The remaining proceeds of the loan were used as follows: \$1,257,127 to satisfy outstanding mortgages on properties previously owned by Keystone Shortway 76, Inc. (see Note 10-Management Services), \$2,500,000 for working capital, \$390,000 in loan closing fees, \$59,550 for legal and title fees in connection with the closing, \$186,875 held in escrow for an interest reserve and the balance of \$606,448 was loaned to a related party. Repayment terms for this loan are interest only, payable monthly at a fixed rate of 11.50%. There is no prepayment penalty on the loan, provided a minimum interest of \$186,875 has been accrued and paid as of the date the loan is paid off. Unpaid principal and accrued interest is due in full on August 1, 2006.

Acquisition of Assets in Keystone Shortway 76, Inc.

On February 1, 2006, upon satisfying the outstanding mortgage notes on properties owned by Keystone Shortway 76, Inc. ("KS76"), exchanging the other note receivable due to the Company, and issuing a note payable of \$300,000 to a secured creditor, Keystone Capital, Inc., a wholly owned subsidiary of the Company completed the acquisition of the assets of KS76. The note payable is due on June 1, 2006, and is non-interest bearing.

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All American Plazas, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2005 and 2004

Note 18 - Subsequent Events (Restated, See Note 20 for Explanation) (Continued)

Entrepreneurial Growth Capital, LLC (“EG Capital”)

On December 23, 2005, the Company entered in to an agreement with EG Capital to borrow funds based on the future stream of cash flow from certain credit card transactions. The amount of the initial advance was \$900,000, with a Note being signed for the repayment of \$945,000 over the life of the loan. As part of the agreement, credit card receivables due from MasterCard and Visa sales are remitted directly to EG Capital, who retains 15% of the proceeds for application to the Note. EG Capital forwards the remaining 85% of the proceeds of receipts to the Company on a daily basis. It is anticipated, based on historical transaction amounts, that this obligation will be satisfied during 2006. A loan fee in the amount of \$25,000 was paid to a consultant who assisted in obtaining this financing.

Acquisition of St Johns Realty Corporation

On January 20, 2006, the Company obtained financing in the amount of \$2,500,000 from Lilac Ventures Master Fund Ltd (Lilac) for the purpose of acquiring all of the assets of St Johns Realty Corporation. The loan is evidenced by secured debentures, which is to be repaid within two years from the date of issuance, subject to the occurrence of an event of default, with interest payable at the rate per annum equal to LIBOR plus 4%, payable on a quarterly basis beginning April 1, 2006. The loan is collateralized by real estate in New Hampshire owned by St Johns Realty and the Companies equity interest in St Johns Realty. In the event that Able Energy does not complete the acquisition of the Company as disclosed in this footnote, prior to the expiration of the twelve month anniversary of the loan, the Company shall be considered in default of the loan. Pursuant to the Additional Investment Right between the Company and Lilac, Lilac may loan the Company up to an additional \$2,500,000 on the same terms and conditions as the initial \$2,500,000 loan, except for the conversion price of the debentures.

Agreement with Comdata

On March 21, 2006, the Company began the final implementation phase to out source a significant amount of its billing and collection of accounts receivable to the Comdata Corporation (“Comdata”). Comdata will assume the receivables transacted on the effective date of the agreement and moving forward from that date. Comdata will not be responsible for the collection of the associated outstanding receivables of the Company prior to the effective date. The Company will be paid for these receivables at a discounted amount to their face value in accordance with the agreement on a weekly basis. Comdata reserves the right to maintain recourse with the Company on certain receivables as mutually agreed to prior to the effective date of this program.

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All American Plazas, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
September 30, 2005 and 2004**

Note 18 - Subsequent Events (Restated, See Note 20 for Explanation) (Continued)

Agreement with CCI Group, Inc. (Restated, see Note 20 for Explanation)

On June 7, 2006, the Company entered into a Share Exchange Agreement with CCI Group, Inc. (CCIG), which provides that upon closing of that agreement, the Company will exchange approximately 450,000 shares of All American non-voting preferred stock (a new class of shares created subsequent to September 30, 2005, which shares are convertible automatically on a one-for-one basis into approximately 450,000 shares of the Able Energy shares that the Company owns), subject to certain adjustments in the Share Exchange Agreement, for seventy percent (70%) of the outstanding stock of CCIG. The stock of CCIG is publicly traded on the NASDAQ OTC Bulletin Board.

Loan from Able Energy (Restated, see Note 20 for Explanation)

On July 5, 2006, the Company obtained a loan from Able Energy for \$905,000. The loan will be used by the Company to pay the expenses and obligations of CCIG (See Agreement with CCI Group, Inc. above). In consideration for the loan, the Company has granted Able Energy an Option, exercisable in Able Energy's sole discretion, to acquire eighty percent (80%) of the CCIG stock the Company acquires from CCIG pursuant to the Share Exchange Agreement mentioned above. The exercise price for such shares of CCIG stock will be the issuance by Able Energy to the Company of shares of Able Energy common stock in an amount equal to eighty percent (80%) of the shares of Able Energy common stock owned by the Company that it is required to deliver to CCIG pursuant to the Share Exchange Agreement. In addition, in the event that Able Energy exercises the Option, eighty percent (80%) of the outstanding principal amount of the Company note will be cancelled and shall be deemed fully paid and satisfied. The remaining principal balance of the Company note and all outstanding and accrued interest on the loan shall be due and payable one year from the exercise of the Option. The Option must be exercised in whole and not in part and the Option expires on July 5, 2008. In the event that Able Energy does not exercise the Option, the note shall be due in two years, on July 6, 2008, unless Able Energy has issued a declaration of intent not to exercise the Option in which case the Company note shall be due one year from such declaration.

Management's Plans to Restructure Truck Stop Operations

At September 30, 2005, the Company has current liabilities in excess of current assets of \$34,585,173. The Company also has a large amount of loans and notes receivable from related parties. As described below, the Company has entered into an Asset Purchase Agreement with Able Energy, Inc. for the sale of the Company's assets relating to its truck stop operations. In addition, Able Energy, Inc. has filed a Form 8k announcing it is in the process of raising \$65 million by the sale of secured notes. Able Energy, Inc. intends to utilize approximately \$50 million of the funds to acquire all of the real estate relating to the truck plaza business from the Company. Thereafter, the Company will remain on the truck plazas as an operating tenant paying lease payments to Able Energy, Inc. which will be substantially less than the present debt burden the Company is paying to its lenders. After the Asset Purchase Agreement is closed, Able Energy, Inc. intends to form a new wholly-owned subsidiary which entity will own and operate the truck plazas including the real estate. These actions are expected to lessen the Company's working capital deficit (see Note 14 for a discussion relating to the related party loans and notes receivable).

All American Plazas, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2005 and 2004

Note 18 - Subsequent Events (Restated, See Note 20 for Explanation) (Continued)**Management's Plans to Restructure Truck Stop Operations (Continued)**

The Company and Able Energy, Inc. entered into an Asset Purchase Agreement dated June 16, 2005. The agreement is subject to the stockholders of Able Energy, Inc. approving the issuance of restricted common stock as required under the agreement. The Company's management believes that the stockholders of Able Energy, Inc. will approve this transaction on or before June 30, 2006.

Per the Agreement, the Company will sell to Able Energy, Inc. its assets relating to its truck stop operations, which includes travel stores, restaurants, diesel and gas fueling, and lube facilities and motels for 11,666,667 shares of restricted common stock of Able Energy, Inc.

Based upon Able Energy, Inc.'s acquisition of the Company's real estate, the following loans of the Company would be paid as described below:

	Balance at September 30, 2005	
	Current	Long-Term
GMAC Commercial	\$ 7,427,343	\$ 0
Avatar Income Fund	6,450,000	0
Avator Funding Group	2,050,000	0
Capital Crossing Bank	4,478,551	0
Crown Financial	1,250,000	0
Fundex	2,100,000	0

In addition to the above loans, Able Energy, Inc. would also pay off certain loans which the Company obtained subsequent to September 30, 2005. These loans are described elsewhere in this note and were from Crown Financial (an additional \$500,000 loan), Bridge Funding, Inc. (a \$2,500,000 loan), and Columbian Bank & Trust Company (two loans totaling \$10,000,000).

During the period from closing of the acquisition of the Company's real estate to the date that the Company sells its assets relating to its truck stop operations, the Company will lease the truck stop real estate from Able Energy, Inc. for rent equal to Able Energy, Inc.'s related debt service on its financing.

After the completion of the sale of the Company's truck stop business as described above, the Company's operations would consist of the development of certain real estate projects located in New Hampshire and South Carolina. In addition to owning the stock in Able Energy, Inc., the Company would also continue to hold the related parties loans and notes receivable.

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All American Plazas, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
September 30, 2005 and 2004**

Note 19 - Fair Value of Financial Instruments

Management uses its best judgment in estimating the fair value of the Company's financial instruments, however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective year ends, and have not been reevaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year end.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments at September 30, 2005:

Cash and Cash Equivalents, Accounts Receivable and Accounts Payable

The carrying amounts approximate fair value because of the short maturity of these instruments.

Loans and Notes Receivable

The fair value is estimated based upon current rates offered by the Company for instruments of the same remaining maturities. The Company has estimated that the fair values of these instruments approximate carrying amounts.

Variable Long-Term Debt

The carrying amounts approximate fair value because the interest rate is adjusted based upon market rates.

Fixed Long-Term Debt

The fair value is estimated based upon current rates offered to the Company for instruments of the same remaining maturities and upon the Company's intention to pay off certain loans as part of its plans to restructure the truck stop operations. The Company has estimated that the fair values of these instruments approximate carrying amounts.

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All American Plazas, Inc. and Subsidiaries

**Notes to Consolidated Financial Statements
September 30, 2005 and 2004**

Note 20 - Restatements

September 30, 2005 Financial Statements:

May 17, 2006:

Subsequent to the issuance of the Company's annual report for the year ended September 30, 2005, the Company determined that it incorrectly described the conversion rights related to the extension of credit with its fuel supplier as described in Note 16. The first paragraph of Note 16 has been amended to more accurately portray the conversion available. This amendment has no effect on the balance sheet or statement of operations for the Company as of and for the year ended September 30, 2005.

Also subsequent to the issuance of the Company's 2005 annual report, the Company received an extension of time from Lilac Ventures Master Fund Ltd. (Lilac) relating to the requirement that Able Energy complete the acquisition of certain of the Company's assets by June 2006 (see Note 9 (7)). Lilac has extended the default provisions relating to Able Energy's completion of the acquisition of certain of All American Plazas, Inc.'s assets until approximately August 28, 2006.

July 5, 2006:

Subsequent to the issuance of the Company's 2005 annual report, the Company also entered into a Share Exchange Agreement with CCI Group, Inc. (CCIG) on June 7, 2006 and a loan agreement with Able Energy on July 5, 2006. Footnote 18 has been updated for the disclosure of these subsequent events, which had no effect on the balance sheet or statement of operations for the Company as of and for the year ended September 30, 2005.

September 30, 2004 Financial Statements:

The Company updated its previously issued September 30, 2004 audited financial statements, opinion February 25, 2005, to restate purchase accounting to reflect temporary differences between tax and financial basis assets related to their deferred tax calculation and to include additional disclosures in accordance with SFAS No. 141. Land value and deferred income taxes were increased by \$5,006,900 to reflect this change. The Company also restated income tax liability and income tax benefits in the amount of \$246,455 to reflect amounts due to the government. Notes 4 and 6 were also revised for these restatements.

In addition, the Company updated its previously issued financial statements to reflect September 30, 2003 equity balances before change in ownership. The Company revised the presentation on the consolidated statement of changes in stockholders' equity to reflect prior owner balances at September 30, 2003. This restatement had no effect on the balance sheet or statement of operations for the Company as of and for the year ended September 30, 2004.

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Independent Auditor's Report on Supplementary Information

To the Stockholders

All American Plazas, Inc. and Subsidiaries

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

The basic consolidated financial statements for the year ended September 30, 2004 were audited by other auditors whose report, which has various dates through July 5, 2006, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding various restatements of previously issued financial statements. Their report as of the same dates on the supplementary information stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Beard Miller Company LLP

Beard Miller Company LLP
Reading, Pennsylvania
November 23, 2005

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All American Plazas, Inc. and Subsidiaries**Consolidated Schedule of Operating Expenses****Years Ended September 30, 2005 and 2004**

	2005	2004
Wages and salaries	\$ 6,611,193	\$ 6,981,379
Custodial labor	189,028	254,518
Benefits and payroll taxes	1,198,360	1,343,737
Employee meals	86,954	67,600
Environmental	316,541	101,649
Equipment rental	68,756	88,203
Rent	468,660	586,512
Utilities	1,272,658	1,242,877
Repairs and maintenance	872,680	839,701
Supplies	909,477	819,314
Refuse and snow removal	217,898	273,332
Uniforms and laundry	103,529	99,077
Depreciation	1,518,280	1,627,466
Real estate taxes	306,259	289,035
Vehicle repairs	129,570	119,903
Advertising	381,777	347,896
Promotional fees	178,594	258,999
Travel and entertainment	1,176	1,364
Dues and subscriptions	43,792	43,689
Telephone	136,255	143,653
Insurance	1,130,465	1,067,291
Franchise fees	570,284	560,143
Miscellaneous taxes	34,180	34,933
Postage	12,177	9,038
Miscellaneous	95,325	109,084
	\$ 16,853,868	\$ 17,310,393

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All American Plazas, Inc. and Subsidiaries**Consolidated Schedule of General and Administrative Expenses
Years Ended September 30, 2005 and 2004**

	2005	2004
Wages and salaries	\$ 846,016	\$ 907,181
Benefits and payroll taxes	186,556	124,260
Officers life insurance	60,324	0
Rent	5,080	8,136
Utilities	4,850	3,787
Repairs and maintenance	31,730	24,483
Equipment rental	4,305	4,637
Vehicle repairs	45,981	44,329
Supplies	35,148	24,614
Depreciation	49,466	30,396
Amortization	537,743	168,078
Real estate taxes	45,991	14,261
Advertising	40,289	56,294
Travel and entertainment	12,576	13,383
Dues and subscriptions	20,776	21,792
Telephone	60,466	78,141
Professional fees	272,245	426,313
Miscellaneous taxes	85,326	54,684
Postage	30,957	26,043
Contributions	9,013	355
Promotional fees	0	16,467
Bad debt expense	118,650	39,083
Collection	44,664	34,989
Exchange loss	0	41,500
Miscellaneous	155,694	36,905
	\$ 2,703,846	\$ 2,200,111

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All American Plazas, Inc. and Subsidiaries

**Consolidated Schedule of Other Operating Income
Years Ended September 30, 2005 and 2004**

	2005	2004
Commission income	\$ 212,217	\$ 227,786
Vending income	299,672	358,840
Scales	644,278	685,783
Showers	186,569	176,058
	\$ 1,342,736	\$ 1,448,467

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Audited Financial Statements

All American Plazas, Inc.

and Subsidiaries

September 30, 2004

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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Maier Markey & Menashi LLP

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Stockholders
All American Plazas, Inc. and Subsidiaries
Bethel, Pennsylvania

We have audited the accompanying consolidated balance sheet of All American Plazas, Inc. and subsidiaries as of September 30, 2004 and the related consolidated statement of operations, changes in stockholders' equity, and cash flows for the year then ended. 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 audit in accordance with generally accepted auditing standards 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of All American Plazas, Inc. and subsidiaries as of September 30, 2004, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

As discussed in Notes 4 and 6 to the financial statements, the Company has updated its previously issued September 30, 2004 audited financial statements, opinion date February 25, 2005, to restate purchase accounting to reflect temporary differences between tax and financial basis assets related to their deferred tax calculation and to include additional disclosures in accordance with SFAS No. 141. In addition, the Company has restated income tax liability and income tax benefits to reflect amounts due to the government. In addition, as discussed in Note 4, the Company has updated its previously issued financial statements to reflect equity balances before change in ownership. The Company has also revised the presentation on the consolidated statement of changes in stockholders' equity to reflect prior owner balances.

/s/ Maier Markey & Menashi LLP

February 25, 2005, except for Notes 4 and 9 dated April 19, 2005, Note 14 dated March 31, 2005 and Note 16 dated April 14, June 1, June 16, July 27 and August 15, 2005 and except for revised Notes 6 and 7 dated November 18, 2005 and Note 4 dated July 5, 2006

222 Bloomingdale Road White Plains, NY 10605 914-644-9200 Fax: 914-644-9300

580 Fifth Avenue New York, NY 10036 212-221-7545 Fax: 212-221-1685

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2004

ASSETS

Current assets:	
Cash	\$ 1,792,588
Accounts receivable, less allowance for doubtful accounts of \$70,474	2,089,947
Inventory	2,707,849
Prepaid expenses	590,065
Deposit on stock purchase of Able Energy, Inc.	200,000
Deferred income taxes	169,100
Other current assets, net of amortization	378,021
 Total current assets	 7,927,570
 Property and equipment, net of accumulated depreciation and amortization	 27,647,311
Restricted cash	75,000
Other assets, net of amortization	552,203
Loans and notes receivable from related parties	4,125,679
	\$ 40,327,763

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	\$ 5,997,750
Accrued expenses	1,103,505
Income tax liability	246,455
Current portion of long-term debt	1,670,497
 Total current liabilities	 9,018,207
 Deferred compensation	 57,842
Long-term debt, less current maturities	14,005,637
Deferred income taxes	5,995,100
 Stockholders' equity:	
Class A voting, common stock, \$100 par value, 100,000 shares authorized, 25,485 shares issued and outstanding	2,548,516
Class B non-voting, common stock, \$100 par value, 100,000 shares authorized, 632 shares issued and outstanding	63,200
Additional paid-in capital	8,585,556
Retained earnings	53,705
 Total stockholders' equity	 11,250,977
	\$ 40,327,763

The accompanying notes are an integral part of these statements.

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**ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

NET SALES, including motor fuel taxes	\$ 131,0175
COST OF SALES, including motor fuel taxes	112,445,455
GROSS PROFIT	18,571,710
OTHER OPERATING INCOME (EXPENSES)	
Operating expenses	(17,310,393)
General and administrative expenses	(2,200,111)
Other operating income	1,448,467
Total other operating income (expenses)	(18,062,037)
OPERATING INCOME	509,673
OTHER INCOME (EXPENSE)	
Interest expense	(1,394,332)
Other income	223,104
Interest income	215,258
Rental income	257,331
Loss on disposal of assets, net of gains	(37,683)
Total other income (expense)	(736,322)
LOSS BEFORE INCOME TAX BENEFITS	(226,649)
INCOME TAX BENEFITS	280,354
NET INCOME	\$ 53,705

The accompanying notes are an integral part of these statements.

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ALL AMERICAN PLAZAS, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Class A Voting Common Stock	Class B Non-Voting Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
Balance, September 30, 2003	\$ 2,548,516	\$ 63,200	\$ 2,493,331	\$ (209,292)	\$ 4,895,755
Change in ownership (Note 4)	-	-	6,092,225	209,292	6,301,517
Balance, October 1, 2003	2,548,516	63,200	8,585,556	-	11,197,272
Net income	-	-	-	53,705	53,705
Balance, September 30, 2004	\$ 2,548,516	\$ 63,200	\$ 8,585,556	\$ 53,705	\$ 11,250,977

The accompanying notes are an integral part of these statements.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

CASH FLOWS FROM

OPERATING ACTIVITIES:

Net income	\$ 53,705
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	1,825,940
Loss on disposal of assets, net of gains	37,683
Deferred income tax benefit	(111,000)
(Increase) decrease in:	
Accounts receivable	(289,475)
Inventory	(34,483)
Prepaid expenses and other assets	(50,791)
Increase (decrease) in:	
Accounts payable	2,425,485
Income tax liability	246,455
Accrued expense and deferred compensation	(275,740)
Net cash provided by operating activities	3,827,779

CASH FLOWS FROM

INVESTING ACTIVITIES:

Reduction to restricted cash	200,000
Deposit on stock purchase of Able Energy, Inc.	(200,000)
Net payments to related parties for loans and notes receivable	(4,125,679)
Purchases of property and equipment	(607,934)
Net cash used by investing activities	(4,733,613)

CASH FLOWS FROM

FINANCING ACTIVITIES:

Proceeds from loans and notes payable	2,850,000
Principal payments of loans and notes payable	(2,219,682)
	630,318

Net cash provided by financing activities		
Net decrease in cash		(275,516)
Cash at beginning of year		2,068,104
Cash at end of year	\$	1,792,588
Supplemental cash flow disclosures:		
Cash paid during the year for:		
Interest	\$	1,394,332
Income taxes (refunded)	\$	(776,778)

The accompanying notes are an integral part of these statements.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Basis of presentation and summary of significant accounting policies

Nature of business

All American Plazas, Inc. ("the Company") operates five full service travel plazas engaged in the retail sale of liquid fuels, truck service, sale of general merchandise, restaurant operations and lodging. The Company also operates three convenience stores and self-service fuel facilities. The Company offers standardized and consistent products and services to accommodate the varied needs of professional truck drivers and other motorists. Generally, these include separate gas and diesel fueling islands, truck maintenance and repair services, certified truck weighing scales, restaurants and travel and convenience stores offering an array of merchandise to cater to professional truck drivers and other motorists. The Company operates its facilities in Pennsylvania and Virginia. A significant portion of the Company's sales and receivables are with companies in the trucking industry. The Company has aggregated its services into one reportable operating segment based on the distribution of products and services under one common site facility.

Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, AAP Delaware, Inc. and AAP Management, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable, less allowance for doubtful accounts

Trade receivables are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on experience, aging of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions and other relevant factors. This evaluation is inherently subjective, as it requires estimates that may be susceptible to significant change.

Inventories

Store groceries and merchandise inventory are stated at the lower of cost (determined on retail less markup basis) or market and all other inventories are stated at the lower of cost (determined on an average cost or first-in, first-out basis) or market. Inventories consist of liquid fuels, groceries and general merchandise.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Basis of presentation and summary of significant accounting policies (continued)

Franchises

The franchise fees are amortized on a straight-line basis over 5 to 20 years, the terms of the related agreements. Franchise fees totaling \$28,000 were incurred and added to other assets during the year. Fully amortized franchise fees no longer in service totaling \$84,000 were removed. Franchise fees totaling \$112,500 are included in current and long-term other assets, net of accumulated amortization of \$48,516 at September 30, 2004.

Deferred financing costs

Deferred financing costs represent loan closing costs incurred by the Company to obtain financing. These costs are being amortized on a straight-line basis over the term the corresponding loan. During the year, the Company incurred costs totaling \$784,390. Deferred financing costs totaling \$1,126,384 are included in other assets, net of accumulated amortization of \$260,144 at September 30, 2004.

Property and equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Land improvements	7-20
Buildings and improvements	7-40
Equipment	3-5
Furniture and fixtures	5-7
Vehicles	3
Leasehold improvements	7-15

Property and equipment includes the cost of additions and those improvements, which increase the capacity or lengthen the useful lives of the assets. Repairs and maintenance costs are expensed as incurred. Property retired or sold is removed from the assets and accumulated depreciation accounts and the resulting gain or loss is reflected in income.

Advertising costs

The Company expenses all advertising costs as incurred. There are no capitalized advertising costs included in the balance sheet at September 30, 2004. Total advertising expenses included in the statement of operations for the year ended September 30, 2004 was \$347,896.

Revenue recognition

Sales of the Company's full service travel plazas, convenience stores and self service fuel facilities are recognized at the time of sale or service.

ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 1 - Basis of presentation and summary of significant accounting policies (continued)

Motor fuel taxes

The Company is charged motor fuel taxes by its fuel suppliers and these suppliers remit these taxes to governmental agencies. The Company then collects these taxes from consumers. These taxes were \$29,348,030 for the year ended September 30, 2004 and are included in net sales and cost of sales in the accompanying consolidated statement of operations.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Concentration of credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk consist principally of cash balances in excess of the \$100,000 limit insured by the U.S. Federal Deposit Insurance Corporation and trade accounts receivable.

During the year, the Company purchased fuel of \$92,264,658 from three vendors. Trade accounts payable at September 30, 2004 included \$4,656,422 to these vendors.

Note 3 - Inventories

The composition of inventory at September 30, 2004 is as follows:

Store, restaurant and other merchandise	\$ 1,041,553
Liquid fuels	808,376
Garage tire, tubes, parts and other	887,920
Reserve for obsolescence	(30,000)
	\$ 2,707,849

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 4 - Change in ownership - restated

The Company's stockholders sold their ownership interest in the Company to All American Industries Corp ("AAI") the nominee for Sharon Chelednik ("Owner"). AAI agreed to purchase 100% of the issued and outstanding stock of AAP. In executing and delivering the stock purchase agreement, AAI acted solely as the agent and nominee of the Owner. The new owners have no relationship to the former owners.

The sellers sold, assigned and transferred their entire ownership interest in the Company to AAI on October 3, 2003. The purchase price was \$11,197,272. \$4,000,000 was paid at closing, and AAI provided a note to the sellers for \$7,197,272 for the balance. This promissory note is collateralized by, among other things, a second mortgage on certain real estate owned by the Company and is guaranteed by AAI and the Company. No interest is to be paid until the six-month anniversary of the note. This note bears interest at 8%. A payment for \$3,000,000 should have been made to the prior owners on September 30, 2004. Starting October 2004 AAI was to make the first of eighty-three equal monthly payments of principal and interest with respect to the remaining balance of the note based upon a 15-year amortization schedule. This note was amended to provide interest only payments to the prior owners on the outstanding principal balance of the promissory note on the first day of each month until December 1, 2005 when AAI will make a payment of \$3,000,000 to the prior owners. AAI will then make the first of eighty-three equal monthly payments of principal and interest with respect to the remaining balance of the note based upon a 15-year amortization schedule.

In addition, related to this transaction, AAI obtained \$6,000,000 in additional financing from PMJ Capital Corporation ("PMJ") on October 3, 2003, which was collateralized by a first mortgage on the real estate described above. This loan was personally guaranteed by the president of AAI. Repayment terms were interest only, payable monthly at 16% or \$80,000 for twelve months. The principal balance was due on October 2, 2004, but was not paid on this date. AAI continued to make interest payments in accordance with the PMJ loan agreements. The mortgage and any outstanding liabilities were satisfied as of April 19, 2005 and the mortgages on AAP property were discharged as collateral.

The Owner has the right at any time and without consent of the Nominee to assign all rights, title and interests to any successor they may choose and the Nominee shall continue to act on behalf of such successor in interest as it is required to under the terms of the nominee agreement. In addition, upon the request of the Owner, the Nominee shall immediately convey the stock of the Company to the Owner or the Owner's designee, without consideration, at which time the nominee agreement would terminate.

AAI was also owned by Sharon Chelednik. On December 27, 2004, Sharon Chelednik assigned her ownership interest in AAI to the Chelednik Family Trust.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 4 - Change in ownership - restated (continued)

The sellers of the Company are entitled to any amount released from escrow related to the sale to Petro Stopping Center, Inc. of property in Carlisle, PA previously owned by AAP. The escrow balance at closing approximated \$537,000 and was not included as part of the purchase of the Company.

This acquisition was accounted for as a purchase pursuant to Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." As such, the cost to acquire the Company was allocated to assets and liabilities of the Company based upon their fair value of the consideration given at the date of acquisition.

The Company has updated its previously issued September 30, 2004 audited financial statements, opinion February 25, 2005, to restate purchase accounting to reflect temporary differences between tax and financial basis assets related to their deferred tax calculation and to include additional disclosures in accordance with SFAS No. 141. Land value and deferred income taxes have been increased by \$5,006,900 to reflect this change. Notes 6 and 7 have also been revised for this restatement.

The following table summarizes the Company's purchase price allocation related to the acquisition of the Company based upon the estimated fair value of the assets acquired and liabilities assumed on the acquisition date.

Current assets	\$ 7,643,606
Land	15,979,927
Property and equipment	12,754,688
Other assets	810,912
Total assets acquired	37,189,133
Current liabilities	(5,803,808)
Long-term debt	(14,251,360)
Deferred income taxes	(5,936,693)
Total liabilities assumed	(25,991,861)
Net assets acquired	\$ 11,197,272

Based on management's analysis of intangible assets in accordance with SFAS No. 141, experience in the industry and appraisals, management has deemed there is no value to intangible assets such as trademarks, trade names, customer lists and other intangible assets.

Additional paid-in capital of \$8,585,556 represents the excess of the purchase price over the stock acquired by the Owner. The consolidated statement of changes in stockholders' equity has been restated to reflect equity balances before change in ownership.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 5 - Employee stock ownership plan

Effective October 1, 1991 the Company established an employee stock ownership plan ("ESOP") covering a majority of its full-time employees. Under the plan, the Company is permitted to make annual contributions to a trust for the benefit of eligible employees in the form of either cash or common shares of the Company.

The ESOP sold its ownership interest in the Company as part of the change in ownership disclosed Note 4 and received a cash distribution of \$273,338 at closing and a note of \$721,876, which is part of the \$7,197,272 note provided by AAI.

Through financing of \$1,730,000 from Able Energy, Inc., disclosed in Note 16, the Company repaid the \$721,876 note due to the ESOP. The Company plans to terminate the ESOP and distribute the funds to the participants.

Note 6 - Income taxes - restated

As discussed in Note 4 the Company has updated its previously issued September 30, 2004 audited financial statements, opinion date February 25, 2005, to restate purchase accounting to reflect temporary differences between tax and financial basis assets related to their deferred tax calculation. In addition, the Company has restated income tax liability and income tax benefits in the amount of \$246,455 to reflect amounts due to the government.

Net deferred tax liabilities consist of the following components as of September 30, 2004:

Deferred tax assets:	
Accruals	\$ 156,800
Allowance for doubtful accounts	28,900
Federal and state loss carryforward	305,000
Other	30,900
Total deferred tax assets	521,600
Valuation allowance	(305,000)
Net deferred tax asset	216,600
Deferred Liability:	
Property and equipment	6,042,600
Total deferred tax liabilities	6,042,600
Net deferred tax liabilities	(\$5,826,000)

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 6 - Income taxes - restated (continued)

The components giving rise to the net deferred tax liabilities described above have been included in the accompanying balance sheet as of September 30, 2004 as follows:

Current assets	\$ 169,100
Noncurrent liabilities	(5,995,100)
	\$ (5,826,000)

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income. The net change in the valuation allowance for the year ended September 30, 2004 was an increase of \$54,000.

At September 30, 2004, the Company has federal and state net operating loss carryforwards of approximately \$125,196 and \$2,792,604, respectively, which expire at various times through 2014.

The provision for income tax benefits consisted of the following at September 30, 2004:

<u>Federal</u>	
Current	\$ (169,354)
Deferred	(84,000)
	(253,354)
State, deferred	(27,000)
	\$ (280,354)

The income tax provision for 2004 differs from that which would result from applying federal statutory tax rates to income before income taxes because a valuation allowance has been provided to reduce deferred tax assets to the amount that is more likely than not to be realized.

Note 7- Property and equipment - restated for land value

Major classifications of property and equipment at September 30, 2004 was as follows:

Land	\$ 15,982,734
Land improvements	2,226,690
Building and improvements	8,459,445
Equipment	1,084,789
Furniture and fixtures	140,048
Vehicles	47,745
Leasehold improvements	1,191,289
Construction in progress	172,433
	29,305,173
Less: Accumulated depreciation and amortization	(1,657,862)
	\$ 27,647,311

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 7- Property and equipment - restated for land value (continued)

Depreciation and amortization amounted to \$1,657,862 in 2004. Property and equipment are pledged to secure certain long-term obligations.

During January 2004, the Company ceased operations at its Carlisle Truck Plaza location. The Company leased space for this location, which expired on July 31, 2004 and chose not to renew this lease. Irremovable assets totaling \$903,033 net of accumulated depreciation of \$851,639 were disposed of by the Company in 2004. This resulted in a loss on disposition of assets of \$51,394.

Note 8 - Bank line of credit and commercial letter of credit

On May 12, 2004, the Company and AAI entered into a co-borrowing agreement to obtain financing with The Greenwich Bank & Trust Company for a \$1,000,000 commercial line of credit and to obtain a \$200,000 commercial letter of credit. Loan closing costs related to the line of credit were \$92,995, which are included in deferred financing costs, net of current year amortization.

The commercial line of credit was obtained for working capital needs and was to be secured by the collateral assignment of a \$1,000,000 depository account to be established with the bank. The Company never funded the collateral requirement, but management plans to collateralize and draw down on this credit line in the future. The line bears interest at the Wall Street Journal prime rate. The line of credit expires on May 27, 2006.

The commercial letter of credit was obtained in the amount of \$200,000 and the beneficiary is TransMontaigne Product Services, Inc. This letter of credit was to be secured by the collateral assignment of a \$200,000 certificate of deposit to be established with the bank. This cash requirement was also never funded, so this letter of credit is inactive.

In addition, the Company has a letter of credit for \$75,000 outstanding with a municipality to ensure continued performance of the Company's sewage treatment facility. This letter is collateralized by a certificate of deposit with M & T Bank, which is reflected as restricted cash as of September 30, 2004.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 9 - Long term debt

Long-term debt payable at September 30, 2004 was as follows:

Term loans, GMAC Commercial ("GMACC") (1)	\$ 7,949,623
Term loan, Capital Crossing Bank (2)	4,841,172
Interest only loan, Fundex (3)	2,100,000
Interest only loan, PMJ (4)	750,000
Other (5)	35,339
	15,676,134
Less: current portion	(1,670,497)
	\$ 14,005,637

- (1) The term loans with GMACC in the original amount of \$4,000,000 and \$6,000,000 are collateralized by first liens and security interests on the real estate at the Clarks Ferry, PA and Frystown, PA locations, respectively, as well as these locations' equipment, personal property, inventory, cash proceeds, receivables and general intangibles. Monthly principal and interest payments are \$40,868 and \$61,303, respectively. These notes bear interest at 9% and mature in July 2014. In accordance with loan covenants, the Company must meet a minimum cash flow covenant, as defined, on a quarterly basis. At September 30, 2004 and for the fiscal year then ended, the Company was in compliance with this covenant.
- (2) The term loan with Bay View Bank in the original amount of \$7,800,000 is collateralized by a first lien and security interests on the real estate at the Milton, PA location, as well as this location's equipment, personal property, inventory, cash proceeds, receivables and general intangibles. In accordance with this loan, the Company must meet a minimum cash flow covenant, as defined, on a quarterly basis. At September 30, 2003 and for the fiscal year then ended, the Company was in violation of this covenant. The institution, however, has consented on March 19 and April 27, 2004 to waive acceleration related to this covenant for the fiscal year ended September 30, 2003 through October 1, 2004. On March 19, 2004, the Company entered into an agreement with Bay View Bank, which, in addition to waiving the financial covenant discussed above, also modified the loan's repayment terms. This agreement required the Company to make a \$1,400,000 accelerated principal payment with the remaining principal being repaid in modified monthly payments with interest through June 2014. The agreement modified the interest rate to the higher of 4% above LIBOR or 6%, with the interest rate adjustment being made quarterly. The modified monthly payment, including interest at 6%, is approximately \$55,000. At this time, Bay View Bank assigned their interest in this loan to Capital Crossing Bank. Loan closing costs and fees related to this loan modification totaled \$309,000. Loan closing costs are included in deferred financing costs, net of current year amortization.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 9 - Long term debt (continued)

- (3) To fund the \$1,400,000 accelerated principal payment to Bay View Bank, the Company obtained a new loan from Fundex Capital Corporation for \$2,100,000. The remaining proceeds of \$700,000 were used to pay loan closing costs of \$224,094 and the remaining \$475,906 was loaned to AAI, the nominee of the Company. In addition, \$52,000 of additional closing costs were paid at closing. Loan closing costs are included in deferred financing costs, net of current year amortization. Repayment terms are interest only, payable monthly at the Wall Street Journal prime rate plus 8.5%, with a minimum rate of 12.5% and a maximum rate as defined by the United States Small Business Administration. The principal balance is due on October 1, 2005. The loan is collateralized by a second mortgage on the Milton, PA location and a related party property located in Plymouth, New Hampshire.
- (4) On June 30, 2004, the Company entered into a \$750,000 promissory note with PMJ Capital Corporation for renovations on the Doswell, VA Motel. The proceeds were used to pay closing costs of \$96,133 and the remaining \$653,867 was loaned to AAI, the nominee of the Company. In addition, \$10,168 of additional closing costs were paid at closing. Loan closing costs are included in deferred financing costs, net of current year amortization. When needed, AAI transfers funds to AAP to cover Doswell, VA Motel renovations. Repayment terms are interest only, payable monthly at 16% or \$10,000 for twelve months. The principal balance is due in July 2005. The loan is collateralized by a second mortgage on the Doswell, VA location. The mortgage and any outstanding liabilities were satisfied as of April 19, 2005 and the mortgage on AAP property was discharged as collateral.
- (5) On September 18, 2001, the Company entered into a promissory note for \$89,600 to purchase 448 shares of series B - Non-Voting Stock from a former employee. Principal and interest payments are payable annually over five years at an interest rate of 7.75%.

Maturities of the long-term portion are as follows:

Years ending September 30,	
2006	\$ 3,093,590
2007	1,055,175
2008	1,141,127
2009	1,234,360
2010	1,335,511
Thereafter	6,145,874
	\$ 14,005,637

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 10 - Management services

The Company provides management services to Strattanville, Inc and the two truck stops owned by Strattanville in accordance with the management agreement dated April 7, 2004.

The Company provides services to the truck stops in connection with the management and administration of all aspects of the business of the truck stops in the state of Pennsylvania on a triple net basis and shall further have an option but not obligation to purchase the assets and/or stock of the truck stops at the end of the term of the agreement, which is one year. On April 7, 2005 the management agreement was extended for an additional six months.

At September 30, 2004, the Company has an amount receivable from Strattanville totaling \$235,016, which is included in loans and notes receivable from related parties. If the Company chooses to exercise its option to purchase these truck stops, any amounts due from Strattenville will be applied against this purchase price. If the Company does not exercise its purchase option, Strattenville shall execute a promissory note for amounts outstanding to be paid over a twenty-four month period at an interest rate of 5.5%.

Note 11- Operating leases

The Company leased two truck stop facilities: Carlisle Texaco, PA and Breezewood, PA Petro. The Carlisle Texaco lease expired July 31, 2004 and the Company did not renew this lease. This truck stop was closed as discussed in Note 7. The Breezewood Petro location has two lease agreements: one for the facilities and the second for a parking lot. The facilities lease expires on December 31, 2005 and has the option to renew. The parking lot lease expired on July 31, 2003. Management rented this parking lot on a monthly basis until they negotiated a lease renewal, for a five-year term from March 1, 2004 through February 28, 2009 with five-year renewal options through 2028. Monthly rent expense for the parking lot is \$8,155.

The following is a schedule of future minimum lease payments required under non-cancelable lease agreements; these payments do not include renewal options that are available with each of the leases:

Years ending September 30:	
2005	\$ 463,860
2006	189,360
2007	97,860
2008	97,860
2009	40,775
	\$ 889,715

The total rental expense included in the statement of operations under lease obligations for the year ended September 30, 2004 was \$594,648. Rental expense includes both amounts paid under non-cancelable lease arrangements and month-to-month lease arrangements.

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ALL AMERICAN PLAZES, INC. AND SUNSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 12 - Significant estimates

At September 30, 2004, the Company has two locations where environment investigations and certain remediation procedures are ongoing. Both of these locations have been approved for coverage under the Pennsylvania Underground Storage Tank Indemnification Fund, which reimburses certain remediation costs.

The nature and full extent of future clean up and remediation costs have been estimated but not yet fully determined. The Company's accrued liability, which represents its portion of estimated remediation costs, was \$50,000 at September 30, 2004. Due to the uncertainty of the total future remediation costs, the ultimate total cost could change in the coming year, as additional information becomes available.

Note 13 - Commitments

The Company has a fuel supply agreement, which obligates it to purchase a significant portion of its diesel fuel from Petroleum Products Corporation (Petroleum) through June 14, 2005 which, the company chose not to renew. The contract does not call for any fixed or minimum quantities. The agreement provides for pricing based on the average daily prices of the four lowest posted prices of major suppliers.

The company entered into a fuel supply agreement on January 12, 2004, which was subsequently amended September 21, 2004, which obligates it to purchase a significant portion of its diesel fuel from Transmontaigne Product Services Inc. (TPSI) through December 31, 2005. The contract does not call for any fixed or minimum quantities. The agreement provides for pricing based on the net Oil Price Information Service ("OPIS") and the lowest daily prices.

The Company entered into franchise agreements with Petro Stopping Centers, L.P. (Petro) for its Breezewood, PA and Milton, PA locations during 1998. In accordance with these agreements, royalties are due to Petro based upon sales at varying percentages. For the year ended September 30, 2004 the royalty expenses totaled approximately \$515,000.

Note 14 - Related party transactions

The Company's Owner also controls other companies whose operations are similar to those of the Company. The Owner is in a position to, and in the future may, influence the net income of the Company.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 14 - Related party transactions (continued)

Promissory note - line of credit agreements were entered into on November 30, 2003 for amounts due from AAI and other related parties owned by AAI or with common ownership to AAI. These transactions consist of net payments paid on behalf of the related party by the Company and for allocations of management services provided to these related parties. These notes bear interest at 12% per annum and the entire principle and interest on the note shall be due twelve months from the date of the note, however, the related party shall have a right to extend the payment of the note for two additional one year terms by notifying the Company in writing of such extension. The related parties exercised the option for two additional one-year periods on August 30, 2004.

Balances due to the Company from related parties at September 30, 2004 were as follows:

	Receivable	Total Credit Limit
All American Industries, Corp. (1)	\$ 2,433,247	\$ 3,500,000
Energy Management & Supply Corp. (2)	\$ 250,763	\$ 300,000
Carney Property Corporation (2)	\$ 881,325	\$ 1,000,000
Yosemite Development Corp. (2)	\$ 135,862	\$ 250,000
St. John's at Kent LLC (2)	\$ 185,808	\$ 200,000

(1) Nominee for the Owner of the Company and related through common ownership.

(2) Related through common ownership.

Interest income related to these notes for the year ended September 30, 2004 was \$208,510. In addition to the above notes, \$3,658 of other miscellaneous related party receivables were due to the Company at September 30, 2004.

Mr. Gregory Frost, Esq. represented the Company, AAI and other affiliated companies as general legal counsel. In addition, Mr. Gregory Frost served as a director of the Company until his resignation on March 31, 2005. Legal expense and reimbursement included in the consolidated statement of operations for the year ended September 30, 2004 was \$173,820.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Notes 15 - Contingencies

The Company is currently, and is from time-to-time, subject to claims and suits arising in the ordinary course of its business. In certain such actions, plaintiffs request punitive or other damages or nonmonetary relief, which may not be covered by insurance. The Company accrues for potential liabilities involved in these matters as they become known and can be reasonably estimated. In the Company's opinion, the various asserted claims and litigation in which the Company is currently involved are not reasonably likely to have a material adverse effect on the Company's operations or financial position. However, no assurance can be given as to the ultimate outcome with respect to such claims and litigation. The resolution of such claims and litigation could be material to the Company's operating results.

Note 16 - Subsequent events

Able Energy, Inc.

On December 15, 2004, Timothy Harrington, Chief Executive Officer of Able Energy, Inc. ("Able"), sold an aggregate of 1,007,300 shares of Able's common stock to the Company. The purchase price for the sale was \$7,500,000, of which \$2,750,000 was paid in cash and the Company issued promissory notes in the aggregate principal amount of \$4,750,000 to Mr. Harrington. For the first 12 months, only interest is payable to Mr. Harrington. Thereafter, principal and interest shall be payable on a monthly basis. In the event the Company and Able were to enter into any transaction pursuant to which the promissory notes become an obligation of Able and Able enters into a material financing transaction, the notes will become immediately due and payable. \$3,000,000 of the notes are secured by the personal guarantee of a family member of the trust which owns a majority of the stock of AAI (the "Guarantee"), and by a security interest in certain assets of the Company (the "Company Security"). All of the notes are secured by a pledge of the 1,007,300 shares of the Able's common stock (the "Pledge"). Upon the issuance of surety bonds guaranteeing the payment of the \$3,000,000 of notes, the Guarantee and the Company Security will terminate and the Pledge, by its terms, will cover only the \$1,750,000 note, which is not covered by a surety bond. The Company acquired approximately 50.03% of the total outstanding number of shares of common stock of Able and the 1,007,300 shares represent the Company's entire beneficial holdings in the Able. The Company financed the acquisition through its cash flow, with the assistance of its fuel supplier, TransMontaigne Product Services, Inc., that extended its credit line to the Company. The September 30, 2004 balance sheet of the Company includes a deposit on stock purchase of \$200,000 in accordance with the stock purchase agreement.

On June 16, 2005, Able entered into a Stock Purchase Agreement ("Purchase Agreement") with the shareholder of the Company ("Seller") in connection with the acquisition of the Company. The transaction is subject to the mutual approval of the board of directors of Able and the shareholder of the Company.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 16 - Subsequent events (continued)

Able Energy, Inc. (continued)

At the closing, Able will deliver to the Sellers 11,666,667 shares of restricted common stock, par value \$.001 per share, at \$3.00 per share for an aggregate purchase price of \$35,000,000. In addition, at the closing, Able will deliver to certain of the Sellers a number of shares of restricted common stock equal to the number of shares of common stock owned by the Company as of the closing date. The Sellers have caused the Company to enter into a term sheet dated June 6, 2005 with a third party institutional lender to refinance the Company's debt and provide the Company with certain working capital. The term sheet provides that the loan will be in the amount of approximately \$35,000,000, at an interest rate of 30-day LIBOR plus spread (adjustable rate), which is equivalent to the Prime Rate + 1.75%, with a 25-year term and a 25-year amortization schedule. The Company will secure the loan with a first mortgage on all of its properties, including improvements thereto. The financing is subject to customary closing conditions. In the event that the Company completes such financing on or before December 31, 2005, Able has agreed to pay an additional \$10,000,000 to the Sellers, payable in shares of restricted common stock at \$3.00 per share.

On July 27, 2005, Able made a loan in the amount of \$1,730,000 to the Company and the Company executed and delivered a promissory note for the full amount of the loan in favor of Able. Under the terms of the promissory note, the outstanding principal of the loan bears interest at the rate of 3.5% per annum. All payments of principal and accrued interest are payable sixty days after the date of the promissory note, although the Company may extend the repayment for an additional thirty days upon written request. The promissory note is secured by a lien of 1,000,000 shares of Able common stock owned by the Company, on which there exists a prior lien held by Timothy Harrington, as disclosed above.

On August 15, 2005, Able announced that they have entered into an assignment agreement with Truck Stops Direct ("TSD") wherein TSD has assigned to Able all of its rights in an executed letter of intent with GSN Interstate Truck Stop, Inc. ("GSN"). TSD, an affiliate of the Company, has entered into this agreement on behalf of Able. This letter of intent provides that Able would obtain the right to acquire the stock of GSN in exchange for \$2 million dollars in cash and stock. GSN is located in Janesville, Wisconsin and consists of 160 locations. TSD operates a similar business to GSN with 150 independent truck plazas. Under a joint venture agreement, Able intends to convert most, if not all, independent truck plaza locations into additional distribution outlets for their home heating oil business. Closing on this acquisition is expected to occur in October 2005.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 16 - Subsequent events (continued)

Purchase of Yosemite Development Corp. and Mountainside Development, LLC.

Pursuant to the terms of a Securities Purchase Agreement dated June 1, 2005 (the "Agreement") the Company purchased the ownership interest of Yosemite Development Corp. and Mountainside Development, LLC ("Sellers"). The purchase price of \$6,800,000 plus closing costs were financed by \$5,000,000 of Secured Debentures ("Debentures") from Lilac Ventures Master Fund Ltd and others ("Lilac"), notes to the sellers totaling \$800,000 and relief of related party debt.

The Debentures shall be repaid within two years from the date of issuance, subject to the occurrence of an event of default, with interest payable at the rate per annum equal to LIBOR for the applicable interest period, plus 4% payable on a quarterly basis on April 1st, July 1st, October 1st and January 1st, beginning on the first such date after the date of issuance of the Debentures. The loan is secured by real estate property owned by the Company in Pennsylvania and New Hampshire. In addition, in the event that Able does not complete the acquisition of the Company prior to the expiration of the 12-month anniversary of the Agreement, the Company shall be considered in default of the loan. Pursuant to the Additional Investment Right (the "AIR Agreement") between the Company and the Lilac, Lilac may loan the Company up to an additional \$5,000,000 on the same terms and conditions as the initial \$5,000,000 loan, except for the conversion price of the debentures.

If Able consummates the acquisition of the Company, upon such consummation, Able will assume the obligations of the Company under the Agreement, the Debentures and the AIR Agreement through the execution of certain agreements, between Able and Lilac. In addition, financing provided by Lilac and the Sellers of \$5,000,000 and \$800,000, respectively are convertible to shares and warrants of Able if this acquisition occurs.

Crown Financial, LLC

On January 12, 2005, the Company entered into an agreement to factor accounts receivable with Crown Financial, LLC ("Crown"). In accordance with the account purchase agreement, the Company received a \$2,000,000 initial advance from Crown. On the 15th and 30th of each month the Company has agreed to pay Crown a fee equal to 2.5% of outstanding advances from the preceding period. The Company has agreed to pay Crown a minimum fee of \$200,000 for the first 60 days of the agreement. Notwithstanding the foregoing, the Company will pay Crown a fee on January 15, 2005 equal to a per diem rate of .1666% applied to the initial advance for the period from the initial advance to January 15, 2005 in addition to \$10,000 for legal and travel expense associated with the transaction.

Crown requires the Company to keep funds at Horizon Capital Bank in excess of \$750,000 and to maintain a coverage ratio of 125%, defined as the sum of the amount of eligible accounts plus the amount of cash on deposit to the amount of outstanding advance. If the Company falls below this ratio, Crown may require the Company to repurchase accounts or make payments to Crown to reduce the amount of outstanding advance so the coverage ratio increases to 125%.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

Note 16 - Subsequent events (continued)

Avatar Income Fund I, LLC and Avatar Funding Group, LLC

The Company obtained financing of \$6,450,000 from Avatar Income Fund I, LLC and \$2,050,000 from Avatar Funding Group, LLC ("Avatar") on April 14, 2005, which are collateralized by a first, second or third mortgage on certain real estate owned by the Company and are guaranteed by an officer of the Company. This financing was used to pay the \$6,000,000 AAI PMJ loan obligation included in Note 4 and the \$750,000 PMJ obligation of the Company included in Note 9. At closing the Company paid total closing fees of \$527,385 and any legal and inspection fees required for this refinancing. Repayment terms for these loans are interest only, payable monthly at the Wall Street Journal prime rate plus 7%, with a minimum rate of 11%, starting June 1, 2005. Unpaid principal and accrued interest is due on November 1, 2005, the maturity date. The Company has the option to extend these loans for an additional six months, providing there have been no defaults and the Company pays Avatar a 2% extension fee prior to the maturity date.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Stockholders
All American Plazas, Inc. and Subsidiaries
Bethel, Pennsylvania

Our report on our audit of the basic financial statements of All American Plazas, Inc. and subsidiaries for the year ended September 30, 2004 appears on page 2. We conducted our audit in accordance with audit standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Maier Markey & Menashi, LLP

February 25, 2005, except for Notes 4 and 9 dated April 19, 2005, Note 14 dated March 31, 2005 and Note 16 dated April 14, June 1, June 16, July 27 and August 15, 2005 and except for revised Notes 6 and 7 dated November 18, 2005 and Note 4 dated July 5, 2006 White Plains, New York

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Wages and salaries	\$ 6,981,379
Custodial labor	254,518
Benefits and payroll taxes	1,343,737
Employee meals	67,600
Environmental	101,649
Equipment rental	88,203
Rent	586,512
Utilities	1,242,877
Repairs and maintenance	839,701
Supplies	819,314
Refuse and snow removal	273,332
Uniform and laundry	99,077
Depreciation	1,627,466
Real estate taxes	289,035
Vehicle repairs	119,903
Advertising	347,896
Promotional fees	258,999
Travel and entertainment	1,364
Dues and subscriptions	43,689
Telephone	143,653
Insurance	1,067,291
Franchise fees	560,143
Miscellaneous taxes	34,933
Postage	9,038
Miscellaneous	109,084
	\$ 17,310,393

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF GENERAL & ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Wages and salaries	\$ 907,181
Benefits and payroll taxes	124,260
Rent	8,136
Utilities	3,787
Repairs and maintenance	24,483
Equipment rental	4,637
Vehicle repairs	44,329
Supplies	24,614
Depreciation	30,396
Amortization	168,078
Real estate taxes	14,261
Advertising	56,294
Travel and entertainment	13,383
Dues and subscriptions	21,792
Telephone	78,141
Professional fees	426,313
Miscellaneous taxes	54,684
Postage	26,043
Contributions	355
Promotional fees	16,467
Bad debt expense	39,083
Collections	34,989
Exchange loss	41,500
Miscellaneous	36,905

\$ 2,200,111

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**ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF OTHER OPERATING INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Commission income	\$ 227,786
Vending income	358,840
Scales	685,783
Showers	176,058
	\$ 1,448,467

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***ALL AMERICAN PLAZAS, INC.
AND SUBSIDIARIES***

CONSOLIDATED FINANCIAL REPORT
SEPTEMBER 30, 2003

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES

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**INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS**

To the Board of Directors and Stockholders
All American Plazas, Inc. and Subsidiaries
Bethel, Pennsylvania

We have audited the accompanying consolidated balance sheets of All American Plazas, Inc. and subsidiaries (the Company) as of September 30, 2003 and 2002, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended. 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 audits.

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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of All American Plazas, Inc. and subsidiaries as of September 30, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Reading, Pennsylvania
November 26, 2003, except for Note 5 as to which the dates are March 19 and April 27, 2004

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS**

	September 30,	
	2003	2002
CURRENT ASSETS		
ASSETS		
Cash and cash equivalents	\$ 2,068,104	\$ 2,042,944
Trade receivables, less allowance for doubtful accounts 2003 \$123,816; 2002 \$216,356	1,800,472	2,071,342
Inventories	2,673,366	2,543,557
Deferred income taxes	92,100	108,500
Prepaid expenses and other	291,743	385,292
Other receivables	446,746	136,584
Income taxes recoverable	363,175	113,652
Total Current Assets	7,735,706	7,401,871
PROPERTY AND EQUIPMENT		
Land	2,722,515	2,722,515
Land improvements	3,939,724	3,876,004
Buildings and improvements	15,063,819	15,031,406
Equipment	5,749,434	5,599,437
Furniture and fixtures	997,890	995,210
Vehicles	438,864	414,891
Leasehold improvements	2,514,359	2,514,359
	31,426,605	31,153,822
Accumulated depreciation	(15,956,817)	(14,231,354)
	15,469,788	16,922,468
Construction in progress	7,415	60,428
Idle property and equipment	2,265,779	0
Total Property and Equipment, Net	17,742,982	16,982,896
OTHER ASSETS		
Franchises	40,818	45,085
Restricted cash and cash equivalents	811,523	530,977
Deferred financing costs	245,094	267,894
Property and equipment held for sale	0	2,265,779
Other	250,000	31,495
Total Other Assets	1,347,435	3,141,230
Total Assets	\$ 26,826,123	\$ 27,525,997

See notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30,	
	2003	2002
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 874,225	\$ 827,543
Accounts payable	3,572,265	2,967,799
Accrued payroll and related taxes	308,215	271,868
Accrued expenses	1,049,103	737,196
Total Current Liabilities	5,803,808	4,804,406
LONG-TERM DEBT, LESS CURRENT MATURITIES	14,171,591	15,044,437
DEFERRED COMPENSATION	79,769	90,733
DEFERRED INCOME TAXES	1,875,200	1,789,400
Total Liabilities	21,930,368	21,728,976
STOCKHOLDERS' EQUITY		
Class A voting, common stock, \$100 par value; authorized 100,000 shares; issued and outstanding 25,485 shares	2,548,516	2,548,516
Class B non-voting, common stock, \$100 par value; authorized 100,000 shares; issued and outstanding 632 shares	63,200	63,200
Paid-in capital	2,493,331	2,493,331
Retained earnings (deficit)	(209,292)	691,974
Total Stockholders' Equity	4,895,755	5,797,021
Total Liabilities and Stockholders' Equity	\$ 26,826,123	\$ 27,525,997

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

	Years Ended September 30,	
	2003	2002
NET SALES	\$ 124,395,490	\$ 117,869,866
COST OF SALES	104,524,429	97,862,396
Gross Profit	19,871,061	20,007,470
OTHER OPERATING INCOME (EXPENSES)		
Operating expenses	(19,933,629)	(19,580,259)
General and administrative expenses	(2,170,278)	(2,031,014)
Other operating income	1,824,180	2,060,677
Total Other Operating Income (Expenses)	(20,279,727)	(19,550,596)
Income (Loss) from Operations	(408,666)	456,874
OTHER INCOME (EXPENSES)		
Interest expense	(1,440,265)	(1,510,791)
Other income, net including gain on sale of assets 2003 \$-0-; 2002 \$10,220	547,622	517,634
Total Other Income (Expenses)	(892,643)	(993,157)
Loss before Income Tax Benefits	(1,301,309)	(536,283)
PROVISION FOR INCOME TAX BENEFITS	(400,043)	(216,500)
Net Loss	(\$901,266)	(\$319,783)

See notes to consolidated financial statements.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

Years Ended September 30, 2003 and 2002

	Class A Voting Common Stock	Class B Non- Voting Common Stock	Paid-in Capital	Retained Earnings (Deficit)	Total
BALANCE - SEPTEMBER 30, 2001	\$ 2,572,226	\$ 63,200	\$ 2,517,041	\$ 1,011,757	\$ 6,164,224
Net loss	0	0	0	(319,783)	(319,783)
Purchase of 237 shares of Class A voting common stock	(23,710)	0	(23,710)	0	(47,420)
BALANCE - SEPTEMBER 30, 2002	2,548,516	63,200	2,493,331	691,974	5,797,021
Net loss	0	0	0	(901,266)	(901,266)
BALANCE - SEPTEMBER 30, 2003	\$ 2,548,516	\$ 63,200	\$ 2,493,331	(\$209,292)	\$ 4,895,755

See notes to consolidated financial statements.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES

	Years Ended September 30,	
	2003	2002
CONSOLIDATED STATEMENTS OF CASH FLOWS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (901,266)	\$ (319,783)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1,725,466	1,705,756
Amortization	27,067	28,833
Provision for doubtful accounts	106,669	106,153
Deferred income tax provision	102,200	(27,500)
Gain on sale of property and equipment	0	(10,220)
Investment income attributable to escrowed funds	(5,546)	(10,513)
(Increase) decrease in assets:		
Trade receivables	164,201	545,878
Inventories	(129,809)	201,088
Prepaid expenses and other	93,549	(168,719)
Other receivables	(310,162)	(136,584)
Income taxes recoverable	(249,523)	(113,652)
Increase (decrease) in liabilities:		
Accounts payable	604,466	(704,239)
Accrued payroll, related taxes and other expenses	122,290	(263,231)
Income taxes payable	0	(912,353)
Net Cash Provided by (Used in) Operating Activities	1,349,602	(79,086)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(219,773)	(1,902,407)
Proceeds from sales of property and equipment	0	10,220
Proceeds (uses) from other investing activities, net	(3,505)	77,970
Additions to restricted cash and cash equivalents	(275,000)	0
Net Cash Used in Investing Activities	(498,278)	(1,814,217)

See notes to consolidated financial statements.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

	Years Ended September 30,	
	2003	2002
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	\$ (826,164)	\$ (774,025)
Payments on capital lease obligations	0	(9,308)
Purchase of Class A voting common stock	0	(47,420)
Net Cash Used in Financing Activities	(826,164)	(830,753)
Net Increase (Decrease) in Cash and Cash Equivalents	25,160	(2,724,056)
CASH AND CASH EQUIVALENTS - BEGINNING	2,042,944	4,767,000
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,068,104	\$ 2,042,944
SUPPLEMENTARY CASH FLOWS INFORMATION		
Interest paid	\$ 1,447,458	\$ 1,517,161
Income taxes paid (refunded)	(\$249,243)	\$ 829,869
SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Addition to other assets, other which was also included in accrued expenses	\$ 215,000	\$ 0

See notes to consolidated financial statements.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS

The Company operates six full service travel plazas engaged in the retail sale of liquid fuels, truck service, sale of general merchandise, restaurant operations and lodging. The Company also operates three convenience stores and self-service fuel facilities. The Company operates its facilities in Pennsylvania and Virginia. A significant portion of the Company's sales and receivables are with companies in the trucking industry.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash in excess of F.D.I.C. limits and trade accounts receivable.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, AAP Delaware, Inc. and AAP Management, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

Trade Receivables

Trade receivables are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, agings of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

Inventories

Store groceries and merchandise inventory are stated at the lower of cost (determined on a retail less markup basis) or market and all other inventories are stated at the lower of cost (determined on an average cost or first-in, first-out basis) or market. Inventories consist of liquid fuels, groceries and general merchandise.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Property and Equipment**

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Land	7 - 20
improvements	
Buildings and	7 - 40
improvements	
Equipment	3 - 5
Furniture and	5 - 7
fixtures	
Vehicles	3
Leasehold	7 - 15
improvements	

Property and equipment includes the cost of additions and those improvements which increase the capacity or lengthen the useful lives of the assets. Repairs and maintenance costs are expensed as incurred. Property retired or sold is removed from the assets and accumulated depreciation accounts and the resulting gain or loss is reflected in income.

Franchises

The franchise fees are amortized on a straight-line basis over 5 to 20 years, the terms of the related agreements. Accumulated amortization at September 30, 2003 and 2002 is \$127,679 and \$123,513, respectively.

Deferred Financing Costs

The deferred financing costs are amortized on a straight-line basis over a period of 15 years, the term of the related loan. Accumulated amortization at September 30, 2003 and 2002 is \$127,188 and \$104,388, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

The Company expenses all advertising costs as incurred. There are no capitalized advertising costs included in the balance sheets at September 30, 2003 and 2002. Total advertising expenses included in the statements of income for the years ended September 30, 2003 and 2002 was \$365,552 and \$399,345, respectively.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 3 - INVENTORIES**

The composition of inventories at September 30, 2003 and 2002 is as follows:

	2003		2002
Store, restaurant and garage merchandise	\$ 1,617,411	\$	1,566,530
Liquid fuels	562,859		515,619
Tires and tubes	523,096		491,408
Reserve for obsolescence	(30,000)		(30,000)
	\$ 2,673,366	\$	2,543,557

NOTE 4 - IDLE PROPERTY AND EQUIPMENT

At September 30, 2002, the Company classified assets relating to its SOCO Travel Plaza and developed land at its Frystown location as property and equipment held for sale. The Company had removed its SOCO Travel Plaza from operations in a prior year. At September 30, 2002, the Company's management was attempting to sell these properties. Generally accepted accounting principles at that time required the Company to classify these assets as held for sale. The assets' carrying amount was their net book value (original cost less accumulated depreciation) at the time they were removed from service less an adjustment down to market.

For the year ended September 30, 2003, FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" became effective for, among other things, the treatment of assets held for sale. This new generally accepted accounting principle provides for additional requirements to be met in order for assets to be classified as held for sale. The Company did not meet all of these requirements at September 30, 2003 in order to classify the SOCO Travel Plaza and Frystown land assets as held for sale. Therefore, the Company has included these assets on the balance sheet as idle property and equipment. In the opinion of the Company's management, this property and equipment has a net realizable value which approximates or exceeds its carrying value.

See Note 15 for a restrictive covenant related to the SOCO Travel Plaza.

The Company's new owner (see Note 17) has not formalized its plans for the SOCO Travel Plaza location and the Frystown land.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 5 - LONG-TERM DEBT**

Long-term debt consisted of the following as of September 30, 2003 and 2002:

	2003	2002
Term loans to GMAC Commercial (GMACC), due in monthly payments of principal and interest ranging from \$40,868 to \$61,303. The notes bear interest at 9% and mature in July 2014.	\$ 8,424,553	\$ 8,860,181
Term loan to Bay View Bank, due in monthly payments of principal and interest of \$81,426. The note bears interest at 9.365% and matures in June 2014. The terms were modified subsequent to September 30, 2003.	6,569,356	6,905,295
Term loans to Ford Motor Credit due in monthly payments of principal and interest of \$1,840. The notes bear interest ranging from 2.9% to 3.9% and mature in February 2004.	3,845	20,720
Other	48,062	85,784
	15,045,816	15,871,980
Current portion	(874,225)	(827,543)
	\$ 14,171,591	\$ 15,044,437

The term loans with Bay View Bank and GMACC are collateralized by first liens and security interests on the real estate at the Milton, Clarks Ferry and Frystown locations, as well as these locations' equipment, personal property, inventory, cash proceeds, receivables and general intangibles.

In accordance with these loans, the Company must meet a minimum cash flow covenant, as defined, on a quarterly basis. At September 30, 2003 and for the fiscal year then ended, the Company was in violation of this covenant. The institutions, however, have consented on March 19 and April 27, 2004 to waive acceleration related to this covenant for the fiscal year ended September 30, 2003 through October 1, 2004.

On March 19, 2004, the Company entered into an agreement with Bay View Bank which, in addition to waiving financial covenants mentioned above, also modified the loan's repayment terms. This agreement required the Company to make a \$1,400,000 accelerated principal payment with the remaining principal being repaid in modified monthly payments with interest through June 2014. The agreement modified the interest rate to the higher of 4% above LIBOR or 6%, with the interest rate adjustment being made quarterly. The modified monthly payment, including interest at 6%, is approximately \$55,000.

To fund the \$1,400,000 accelerated principal payment to Bay View Bank, the Company obtained a new loan from Fundex Capital Corporation in the amount of \$2,100,000. Repayment terms are interest only, payable monthly at the Wall Street Journal prime rate plus 8.5%, with a minimum rate of 12.5% and a maximum rate as defined by the United States Small Business Administration. The principal balance is due in October 2005. The loan is collateralized by a second mortgage on the Milton location.

ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 5 - LONG-TERM DEBT (CONTINUED)**

Aggregate maturities required on long-term debt as of September 30, 2003 and in future years, including the effects of the subsequent modification to the Bay View Bank loan and the Fundex Capital Corporation loan described above, are due as follows:

2004	\$ 874,225
2005	916,155
2006	2,389,014
2007	1,053,066
2008	1,137,436
Thereafter	8,675,920
	\$ 15,045,816

NOTE 6 - NOTE PAYABLE, LINE OF CREDIT

During 2003, the Company was party to a credit arrangement with a bank under which it was able to borrow up to \$1,250,000 with advances limited to 75% of qualified accounts receivable. The line was available through March 31, 2004 and was subject to renewal at that time. Interest was payable on amounts outstanding at prime plus 1%. In September 2003, the Company terminated the line of credit arrangement with the bank.

As of September 30, 2003, the Company has letters of credit in the amount of \$275,000 outstanding with one municipality and one vendor to ensure continued performance of the Company's sewage treatment facility and petroleum purchases. These letters are collateralized by certificates of deposit, which are reflected as restricted cash and cash equivalents as of September 30, 2003.

NOTE 7 - ACCRUED EXPENSES

Accrued expenses consisted of the following at September 30, 2003 and 2002:

	2003	2002
Sales tax payable	\$ 109,630	\$ 112,354
Accrued vacation	199,112	233,299
Accrued workmen's compensation	97,480	66,023
Environmental liability	50,000	182,500
Accrued bonuses	220,328	0
Accrued refinancing costs	215,000	0
Other accrued expenses	157,553	143,020
	\$ 1,049,103	\$ 737,196

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 7 - ACCRUED EXPENSES (CONTINUED)**

At September 30, 2003, the Company accrued bonuses which were offered to key employees in order to retain their services while the Company was being sold (see Note 17). The selling shareholders reimbursed the Company for these bonuses subsequent to September 30, 2003. Included in other receivables at September 30, 2003 is \$220,328 relating to this reimbursement.

NOTE 8 - INCOME TAXES

Net deferred tax liabilities consist of the following components as of
September 30, 2003 and

2002:

	2003		2002
Deferred tax assets:			
Accruals	\$ 171,800	\$	243,100
Allowance for doubtful accounts	49,900		87,200
State loss carryforward	251,000		90,000
Other	37,900		27,500
Total Deferred Tax Assets	510,600		447,800
Valuation allowance	(251,000)		(90,000)
Net Deferred Tax Asset	259,600		357,800
Deferred tax liabilities:			
Prepaid expenses	115,200		139,500
Property and equipment	1,927,500		1,899,200
Total Deferred Tax Liabilities	2,042,700		2,038,700
Net Deferred Tax Liabilities	\$ (1,783,100)	\$	(1,680,900)

The components giving rise to the net deferred tax liabilities described above have been included in the accompanying balance sheets as of September 30, 2003 and 2002 as follows:

	2003		2002
Current assets	\$ 92,100	\$	108,500
Noncurrent liabilities	(1,875,200)		(1,789,400)
	\$ (1,783,100)	\$	(1,680,900)

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 8 - INCOME TAXES (CONTINUED)**

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income. The net change in the valuation allowance for the years ended September 30, 2003 and 2002 was an increase of \$161,000 and \$90,000, respectively.

At September 30, 2003, the Company has state net operating loss carryforwards of approximately \$2,636,000 that expire at various times through 2013.

The provision for income tax benefits consisted of the following at September 30, 2003 and 2002:

	2003	2002
Federal:		
Current	\$ (502,243)	\$ (189,000)
Deferred	78,100	(21,200)
	(424,143)	(210,200)
State, deferred	24,100	(6,300)
	\$ (400,043)	\$ (216,500)

The income tax provision for 2003 and 2002 differs from that which would result from applying federal statutory tax rates to income before income taxes because a valuation allowance has been provided to reduce deferred tax assets to the amount that is more likely than not to be realized.

NOTE 9 - EMPLOYEE STOCK OWNERSHIP PLAN

Effective October 1, 1991, the Board of Directors adopted a resolution to establish an Employee Stock Ownership Plan (ESOP) covering a majority of its full-time employees. Under the Plan, the Company is permitted to make annual contributions to a trust for the benefit of eligible employees in the form of either cash or common shares of the Company. The Plan also permits a participant who is entitled to a distribution from the Plan to elect such distribution in the form of the Company's stock. If the participant makes such an election, the Company is required to repurchase such shares at their fair value. Payment can be made in the form of a lump sum payment or in equal annual installments in accordance with the Plan provisions.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - EMPLOYEE STOCK OWNERSHIP PLAN (CONTINUED)

The Company is considering termination of its ESOP; however, no formal plan of termination has been adopted. In the event the Plan is terminated, participants' accounts would become 100% vested and the assets of the Plan would be distributed to the participants. The Company would be required to repurchase all outstanding shares at their fair value. As of September 30, 2003, the ESOP plan held 2,816.16 shares of the Company's Class A voting common stock. Subsequent to September 30, 2003, the ESOP sold these shares (see Note 17).

There were no contributions related to the Plan for the years ended September 30, 2003 and 2002.

NOTE 10 - DEFERRED COMPENSATION PLAN AND PURCHASE OF CLASS B NON-VOTING SHARES

Effective October 1, 1993, the Company adopted a deferred compensation arrangement for certain key employees. Under the Plan, participants receive units, which entitle the holder to deferred compensation measured by the estimated fair value of the Company's common stock. The number of units distributed to each participant is based on annual results of operations. The Company recognizes compensation expense immediately based on the estimated value of the outstanding units. Rights of active participants at the date the Plan was adopted vest immediately and any future participants' rights will vest ratably over a five-year period. Upon participants' termination of employment, payment is due in the form of ten equal annual installments, bearing interest. The liability under the Plan at September 30, 2003 and 2002 was \$90,733 and \$101,697, respectively. During 1998, two of the participating employees ended their employment with the Company and, during 2001, a third participating employee ended his employment. Amounts owed to these individuals are being paid in accordance with the terms of the Plan. Included in accrued expenses at September 30, 2003 and 2002 is \$10,964, and included in deferred compensation is \$79,769 and \$90,733, respectively.

NOTE 11 - OPERATING LEASES

The Company leases two truck stop facilities: Carlisle Texaco and Breezewood Petro. The Carlisle Texaco lease expires July 31, 2004. The Company does not plan on renewing this lease (see Note 17). The Breezewood Petro location has two lease agreements: one for the facilities and the second for a parking lot. The facilities lease expires on December 31, 2005 and has ten and eleven year options which would extend the lease through December 31, 2026. The parking lot lease expired on July 31, 2003. Management is currently negotiating a lease renewal which they expect will have a five year term with five year renewal options through 2028. Management expects the annual rent expense to be approximately \$100,000. No formal agreement has been signed to date. The Company also leases computer equipment.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 11 - OPERATING LEASES (CONTINUED)**

The following is a schedule of future minimum lease payments required under noncancellable lease agreements; these payments do not include renewal options that are available with each of the leases:

Year ending September 30:	
2004	\$ 495,358
2005	366,000
2006	91,500
	\$ 952,858

The total rental expense included in the income statements under lease obligations for the years ended September 30, 2003 and 2002 was \$776,179 and \$762,246, respectively. Rental expense includes both amounts paid under noncancellable lease arrangements and month-to-month lease arrangements.

NOTE 12 - SIGNIFICANT ESTIMATES**Workers' Compensation Insurance**

During the years ended September 30, 1998 through 2003, the Company provided workers' compensation insurance under a premium only insurance policy for which premiums are based upon payroll, claim history and the associated risk factors. The Company recognizes expense in the accompanying statements of income based upon the insurance company's premiums.

During prior years, the Company provided workers' compensation insurance under a deductible/stop loss insurance policy for which premiums were based upon the actual payroll and amounts to settle the claims incurred in a given year. The total premium was subject to a ceiling based upon the aggregate deductible amount plus the cost of the stop loss insurance which covered all claims in excess of a deductible amount. The Company recognizes expense in the accompanying statements of income based upon: the insurance company's basic premiums, actual claims paid, estimated total reserves for open claims and adjustments for changes in estimates related to paid loss or retrospective insurance premiums which are based upon changes in incurred losses of outstanding claims. Actual results could differ from these estimates. During 2003 and 2002, the Company's estimate for liability under these prior year policies was reduced by approximately \$-0- and \$130,000, respectively, as a result of the claims outstanding at year end.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - SIGNIFICANT ESTIMATES (CONTINUED)

Environmental Liability

At September 30, 2003, the Company has two locations where environment investigations and certain remediation procedures are ongoing. In addition, the Company is responsible for certain environmental remediation efforts at its former Carlisle All American location which was sold in October 2000. All three of these locations have been approved for coverage under the Pennsylvania Underground Storage Tank Indemnification Fund, which reimburses certain remediation costs. In addition, the Company has escrowed cash relating to the Carlisle All American location that would be available for future remediation costs for this location (see Note 15).

The nature and full extent of future clean up and remediation costs have been estimated but not yet fully determined. The Company's accrued liability, which represents its portion of estimated remediation costs, was \$50,000 and \$182,500 at September 30, 2003 and 2002, respectively. Due to the uncertainty of the total future remediation costs, the ultimate total cost could change in the coming year, as additional information becomes available.

NOTE 13 - COMMITMENTS

The Company has a fuel supply agreement which obligates it to purchase a significant portion of its diesel fuel from Petroleum Products Corporation (Petroleum) through June 14, 2005. The contract does not call for any fixed or minimum quantities. The agreement provides for pricing based on the average daily prices of the four lowest posted prices of major suppliers.

The Company entered into franchise agreements with Petro Stopping Centers, L.P. (Petro) for its Breezewood and Milton locations during 1998. In accordance with these agreements, royalties are due to Petro based upon base year sales. During the first three years of the agreements, percentages of base year sales are to be excluded from royalties in the amounts of 100%, 35% and 15%, respectively, with 0% excluded in the fourth year and thereafter. For the years ended September 30, 2003 and 2002, these royalty expenses totaled approximately \$400,000 and \$408,000, respectively.

NOTE 14 - CONTINGENCIES

The Company is currently, and is from time-to-time, subject to claims and suits arising in the ordinary course of its business. In certain such actions, plaintiffs request punitive or other damages or non monetary relief, which may not be covered by insurance. The Company accrues for potential liabilities involved in these matters as they become known and can be reasonably estimated. In the Company's opinion, the various asserted claims and litigation in which the Company is currently involved are not reasonably likely to have a material adverse effect on the Company's operations or financial position. However, no assurance can be given as to the ultimate outcome with respect to such claims and litigation. The resolution of such claims and litigation could be material to the Company's operating results.

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - RESTRICTIVE COVENANT AGREEMENT AND ESCROWED CASH

When the Company sold its Carlisle All American location on October 2, 2000, it entered into a Restrictive Covenant Agreement. The terms of this agreement place certain restrictions upon future uses of the Company's Carlisle Gables and SOCO locations should ownership change hands.

In accordance with the requirements of the sale agreement for the Carlisle All American location, \$500,000 of the purchase price was placed into an escrow account. The release of these funds is contingent upon the Company's completion of the environmental Remedial Action Plan (the Plan) for the Carlisle All American location and the Pennsylvania Department of Environmental Protection certifying that no further work is required under the Plan. The Company has included this amount in restricted cash and cash equivalents at September 30, 2003 and 2002.

NOTE 16 - CONCENTRATIONS OF RISK

During the years ended September 30, 2003 and 2002, the Company purchased fuel of \$79,749,427 and \$73,137,436, from three vendors. Trade accounts payable at September 30, 2003 and 2002 included \$2,390,159 and \$1,670,372, respectively, to these vendors.

NOTE 17 - SUBSEQUENT EVENTS

Subsequent to September 30, 2003, the Company's stockholders sold their ownership to an unrelated company. As part of the agreement, the new owner of the Company agreed to distribute to the former owners any amount released from the escrow account relating to the sale of the Company's Carlisle All American location in 2000 (see Note 15). The agreement also required the new owner to issue a promissory note of \$7,191,272 to the Company's former owners. This promissory note is collateralized by, among other things, a second mortgage on certain real estate owned by the Company and by the Company's guaranty.

Also, related to this transaction, the Company obtained \$6,000,000 in additional financing which is collateralized by a first mortgage on the real estate mentioned above.

During January 2004, the Company ceased operations at its Carlisle Truck Plaza location. This location contributed approximately \$6.2 million and \$7.1 million in net sales for the years ended September 30, 2003 and 2002, respectively. The net book value of the assets at this location as of September 30, 2003 was approximately \$83,000. As discussed in Note 11, the lease for this location expires in July 2004. In addition to the rent, the Company will continue to incur certain costs relating to this location through the lease expiration. Eventually the Company expects the closing of Carlisle Truck Plaza to improve its operations as this location was generating operating losses.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders
All American Plazas, Inc. and Subsidiaries
Bethel, Pennsylvania

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Reading, Pennsylvania
November 26, 2003

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**CONSOLIDATED OPERATING EXPENSES**

	Years Ended September 30,	
	2003	2002
Wages and salaries	\$ 8,890,359	\$ 8,984,673
Bonuses	0	1,395
Custodial labor	303,915	307,207
Employee health insurance	764,228	680,071
Employee meals	73,002	72,605
Environmental	(53,085)	88,503
Equipment rentals	94,077	151,324
Rent	676,626	605,300
Utilities	1,252,662	1,187,452
Repairs and maintenance	834,719	831,930
Supplies	869,865	884,799
Refuse and snow removal	321,447	267,168
Uniforms and laundry	180,284	227,519
Depreciation	1,687,439	1,665,831
Real estate taxes	320,622	287,044
Vehicle repairs	107,112	101,500
Advertising	365,124	396,970
Promotional fees	266,091	292,387
Travel and entertainment	3,830	3,004
Dues and subscriptions	40,157	43,429
Telephone	146,783	152,348
Insurance	1,257,345	822,663
Franchise fees	550,023	571,555
Payroll taxes	835,497	838,286
Miscellaneous taxes	47,605	13,462
Postage	9,498	10,557
Professional fees	0	3,211
Miscellaneous	88,404	88,066
	\$ 19,933,629	\$ 19,580,259

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**CONSOLIDATED GENERAL AND ADMINISTRATIVE EXPENSES**

	Years Ended September 30,	
	2003	2002
Wages and salaries	\$ 1,104,607	\$ 1,003,923
Employee meals	13,824	14,778
Employee health insurance	12,265	38,579
Utilities	7,043	5,486
Building repairs	34,245	25,658
Equipment repairs	2,317	3,878
Equipment rentals	5,476	5,622
Vehicle repairs	28,095	33,372
Depreciation	38,027	39,927
Advertising	428	2,375
Travel and entertainment	12,990	12,418
Dues and subscriptions	24,623	15,551
Telephone	74,950	83,880
Office supplies	21,417	28,997
Officers' life insurance	28,000	24,000
Insurance	50,495	23,853
Payroll taxes	93,924	98,921
Postage	28,668	30,899
Miscellaneous taxes	86,521	25,747
Professional fees	252,513	241,890
Contributions	6,013	(3,022)
Amortization	27,067	28,833
Promotional fees	41,383	44,433
Bad debt expense	120,000	120,000
Bad debts recovered	(13,331)	(13,847)
Collection	39,526	54,640
Miscellaneous	29,192	40,223
	\$ 2,170,278	\$ 2,031,014

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ALL AMERICAN PLAZAS, INC. AND SUBSIDIARIES**CONSOLIDATED OTHER OPERATING INCOME AND OTHER INCOME****OTHER OPERATING INCOME**

	Years Ended September 30,	
	2003	2002
Commission income	\$ 382,072	\$ 477,873
Vending income	561,049	650,165
Scales	689,972	746,933
Showers	191,087	185,706
	\$ 1,824,180	\$ 2,060,677
OTHER INCOME		
Other	\$ 230,441	\$ 181,290
Interest income	15,570	43,715
Rents received	301,611	282,409
Gain on sale of assets	0	10,220
	\$ 547,622	\$ 517,634

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2006 (unaudited)	June 30, 2005
ASSETS		
Current Assets:		
Cash	\$ 1,605,404	\$ 1,754,318
Accounts receivable, net of allowance for doubtful accounts of approximately \$472,000 and \$238,000 at March 31, 2006 and June 30, 2005, respectively	3,526,628	2,876,900
Inventories	1,021,456	726,987
Notes receivable - current portion	276,962	282,826
Deferred income taxes	-	64,776
Notes receivable - related parties	1,904,457	-
Prepaid expenses and other current assets	700,313	591,840
Total Current Assets	9,035,220	6,297,647
Property and equipment, net	4,528,837	4,284,147
Deferred income taxes	-	45,091
Security deposits	84,918	54,918
Notes receivable - less current portion	849,182	1,099,435
Intangible assets, net	548,418	683,416
Deferred financing costs, net	164,656	357,246
Prepaid acquisition costs	311,940	-
Total Assets	\$ 15,523,171	\$ 12,821,900
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,939,705	\$ 2,306,626
Line of credit	1,115,741	1,015,468
Notes payable, current portion	74,951	516,610
Capital leases payable, current portion	316,125	321,602
Customer pre-purchase payments	2,086,864	2,457,384
Unearned income	228,579	79,679
Total Current Liabilities	6,761,965	6,697,369
Convertible debentures, net of unamortized discount of \$86,078	46,422	-
Deferred income taxes	-	104,517
Notes payable, less current portion	3,195,688	3,307,103
Capital leases payable, less current portion	685,250	654,796
Total Liabilities	10,689,325	10,763,785
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock; authorized 10,000,000 shares par value \$.001 per share issued - none	-	-
	3,032	2,457

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Common stock \$.001 par value; 10,000,000 shares authorized; 3,031,920 and 2,457,320 shares issued and outstanding at March 31, 2006 and June 30, 2005, respectively

Additional paid-in capital	14,224,220	6,481,102
Accumulated deficit	(9,188,999)	(4,425,444)
Deferred compensation	(204,407)	-
Total Stockholders' Equity	4,833,846	2,058,115
Total Liabilities and Stockholders' Equity	\$ 15,523,171	\$ 12,821,900

See accompanying notes to Condensed Consolidated financial statements.

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2006	2005	2006	2005
Net sales	\$ 26,265,365	\$ 23,668,771	\$ 61,736,954	\$ 50,878,714
Cost of sales	23,810,808	20,923,233	56,332,818	45,730,958
Gross profit	2,454,557	2,745,538	5,404,136	5,147,756
Operating Expenses:				
Selling, general and administrative	2,611,873	1,827,711	6,242,669	4,371,637
Depreciation and amortization	321,192	286,845	974,457	890,775
Total operating expenses	2,933,065	2,114,556	7,217,126	5,262,412
(Loss) income from operations	(478,508)	630,982	(1,812,990)	(114,656)
Other income (expenses):				
Interest and other income	25,497	61,219	113,688	164,697
Interest expense	(139,620)	(97,240)	(525,331)	(264,118)
Note conversion expense	-	-	(125,000)	-
Amortization of discounts on debt	(928,385)	-	(2,413,922)	-
Total other expenses	(1,042,508)	(36,021)	(2,950,565)	(99,421)
(Loss) income before provision for income taxes	(1,521,016)	594,961	(4,763,555)	(214,077)
Provision for income taxes	-	25,500	-	35,480
Net (Loss) Income	\$ (1,521,016)	\$ 569,461	\$ (4,763,555)	\$ (249,557)
Basic per common share:				
Weighted average common shares outstanding	2,939,379	2,030,281	2,700,748	2,030,281
Basic (loss) income per common share	\$ (.52)	\$.28	\$ (1.76)	\$ (.12)
Diluted per common share:				
Weighted average shares outstanding	2,939,379	2,052,481	2,700,748	2,030,281
Diluted (loss) income per common share	\$ (.52)	\$.28	\$ (1.76)	\$ (.12)

See accompanying notes to Condensed Consolidated financial statements.

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For The Nine Months Ended March 31, 2006
(unaudited)

	<i>Common Stock</i>		<i>Additional</i>	<i>Accumulated</i>	<i>Deferred</i>	<i>Total</i>
	<i>Shares</i>	<i>Amount</i>	<i>Paid</i>	<i>Deficit</i>	<i>Compensation</i>	<i>Stockholders'</i>
			<i>-In Capital</i>			<i>Equity</i>
Balance - July 1, 2005	2,457,320	\$ 2,457	\$ 6,481,102	\$(4,425,444)	\$ -	\$ 2,058,115
Discounts on convertible debentures	-	-	2,500,000	-	-	2,500,000
Option and warrant exercises	288,000	288	1,727,712	-	-	1,728,000
Note conversion	57,604	58	624,942	-	-	625,000
Conversion of convertible debentures and related accrued interest	371,856	372	2,416,691	-	-	2,417,063
Shares cancelled in connection with termination of consulting agreement	(142,860)	(143)	(71,286)	-	-	(71,429)
Options granted to board members	-	-	175,593	-	(175,593)	-
Options granted in connection with consulting agreements	-	-	369,466	-	(369,466)	-
Amortization of deferred compensation	-	-	-	-	340,652	340,652
Net loss	-	-	-	(4,763,555)	-	(4,763,555)
	3,031,920	\$ 3,032	\$ 14,224,220	\$(9,188,999)	\$ (204,407)	\$ 4,833,846

Balance -
March 31,
2006

See accompanying notes to Condensed Consolidated financial statements.

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

	For the Nine Months Ended	
	March 31,	
	2006	2005
Cash flow from operating activities:		
Net loss	\$ (4,763,555)	\$ (249,557)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	974,457	890,775
(Gain) loss on disposal of equipment	(5,000)	35,722
Provision for loss on accounts receivable	250,750	-
Note conversion expense	125,000	-
Amortization of discount on convertible debentures	2,413,922	-
Amortization of non-employee deferred stock compensation	340,652	3,247
(Increase) decrease in:		
Accounts receivable	(900,478)	(1,440,781)
Inventories	(294,469)	(343,823)
Prepaid expenses and other current assets	(174,552)	189,180
Increase (decrease) in:		
Accounts payable and accrued expenses	682,642	694,767
Customer pre-purchase payments	(370,520)	(1,170,139)
Unearned revenue	148,900	(2,333)
Net cash used in operating activities	(1,572,251)	(1,392,942)
Cash flow from investing activities:		
Advances to related parties	(1,904,457)	-
Collection of notes receivable	256,117	243,386
Capital expenditures	(431,045)	(903,069)
Proceeds from sale of property and equipment	5,000	229,814
Prepaid acquisition costs	(311,940)	-
Other	(30,000)	(12,896)
Net cash used in investing activities	(2,416,325)	(442,765)
Cash Flow From Financing Activities		
Proceeds from issuance of convertible debentures	2,500,000	-
Deferred financing costs	(217,175)	-
Net borrowings under line of credit	100,273	50,389
Payments on capital leases payable	(218,362)	(225,000)
Proceeds from notes payable	-	500,000
Repayments of notes payable	(53,074)	--
Proceeds from option and warrant exercises	1,728,000	463,600
Net cash provided by financing activities	3,839,662	788,989
Net Decrease In Cash	(148,914)	(1,046,718)
Cash - Beginning of Year	1,754,318	1,309,848

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Cash - End of Period	\$	1,605,404	\$	263,130
Cash paid during the period for interest	\$	406,918	\$	246,176
Cash paid during the period for income taxes	\$	-	\$	16,649

See accompanying notes to Condensed Consolidated financial statements.

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ABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation and Liquidity and Capital Resources

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Able Energy, Inc. and Subsidiaries (the "Company") have been prepared in accordance with United States generally accepted accounting principles applicable for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required by United States generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended March 31, 2006 are not necessarily indicative of the results that may be expected for the year ending June 30, 2006. These Condensed Consolidated financial statements include the accounts of Able Energy, Inc. and its wholly owned subsidiaries (Able Oil Company, Able Oil Melbourne, Inc., Able Energy New York, Inc., Able Energy Terminal LLC and PriceEnergy Franchising L.L.C.) and majority owned (70.6%) subsidiary (PriceEnergy.com, Inc.). These Condensed Consolidated financial statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K filed on September 28, 2005 for the year ended June 30, 2005.

Liquidity and Capital Resources

During the nine months ended March 31, 2006, the Company incurred a net loss of approximately \$4.8 million, used cash in operating activities of approximately \$1.6 million and obtained cash of \$2.5 million from the proceeds of convertible debentures and approximately \$1.7 million in proceeds from option and warrant exercises.

In order to conserve its capital resources, the Company will continue to issue, from time to time, common stock and stock options to compensate employees and non-employees for services rendered. In addition, the Company is focusing on expanding its distribution programs and new customer relationships to increase demand for its products.

Given the Company's March 31, 2006 cash balance of approximately \$1.6 million and forecasted cash requirements, the Company anticipates that its existing capital resources, funds generated from operations and funds expected to be received from note receivable payments from related parties will be sufficient to satisfy its cash requirements through at least March 31, 2007. Should sales be less than forecasted or expenses higher than anticipated, the Company may need to seek alternative sources of funds through the issuance of debt or equity financing or other alternatives including considering reductions in operating expenses.

Note 2 - Summary of Significant Accounting Policies 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.

Reclassifications

Certain reclassifications have been made to prior period's condensed consolidated financial statements in order to conform to the current period presentation.

Note 3 - Earnings (Loss) per Share

Basic net income or loss per share is computed based on the weighted average number of common shares outstanding during the period. Diluted net income or loss per share is computed based on the weighted average number of common shares outstanding during the period plus dilutive securities outstanding such as stock options, warrants or

convertible instruments. Potentially dilutive options and warrants to purchase 154,000 and 5,354,309 shares of the common stock were outstanding for the three and nine months ending March 31, 2006, respectively, and potentially dilutive debentures convertible into 20,385 shares of common stock were also outstanding for the three and nine months ended March 31, 2006 but were not included in the computation of diluted loss per share because the effect of their inclusion would have been anti-dilutive.

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The following table sets forth the components of basic and diluted (loss) earnings per share for the three and nine months ended March 31, 2006 and 2005, respectively:

	Three Months Ended		Nine Months Ended	
	March 31, 2006 (unaudited)	March 31, 2005 (unaudited)	March 31, 2006 (unaudited)	March 31, 2005 (unaudited)
Net (loss) income	\$ (1,521,016)	\$ 569,461	\$ (4,763,555)	\$ (249,577)
Weighted average common shares outstanding - basic	2,939,379	2,030,281	2,700,748	2,030,281
Dilutive effect of stock options and warrants	-	22,200	-	-
Diluted common shares outstanding	2,939,379	2,052,481	2,700,748	2,030,281
(Loss) income per common share:				
Basic	\$ (.52)	\$.28	\$ (1.76)	\$ (.12)
Diluted	\$ (.52)	\$.28	\$ (1.76)	\$ (.12)

Note 4 - Inventories

Inventories consisted of the following at March 31, 2006:

Liquid fuel	\$ 277,514
Parts, supplies and equipment	743,942
Total	\$ 1,021,456

Note 5 - Notes Receivable

On March 1, 2004, the Company entered into two notes receivable totaling \$1.4 million related to the sale of its subsidiary, Able Propane LLC. The notes are secured by substantially all the assets of Able Propane LLC. The outstanding balance bears interest at a rate of 6% per annum. Principal is payable in annual installments with interest being paid in quarterly installments through their maturity date of March 1, 2008. The balance outstanding of these two notes as of March 31, 2006 was \$950,000.

The Company has a note from Able Montgomery, Inc. and Andrew Schmidt (the owner of Able Montgomery, Inc.) related to the sale of Able Montgomery, Inc. and certain assets to Mr. Schmidt. The note was dated June 15, 2000 for \$170,000. The note bears interest at 9.5% per annum and payments commenced October 1, 2000. No payments of principal or interest have been received for more than 36 months. The note is secured by stock of Able Montgomery, Inc. and a personal guarantee of Andrew Schmidt. The Company believes the value of the collateral will cover the amount due if foreclosure is required. The balance outstanding on this note at March 31, 2006 was approximately \$169,000.

The Company has a note receivable related to the sale of oil delivery trucks to an independent driver. This independent driver also delivers oil for the Company. The note bears interest at the rate of 9% per annum. This note was issued in January 2004 and is payable in eight monthly installments each year during the period from September through April, through April 2007, the oil delivery season. The balance on this note at March 31, 2006 was approximately \$7,000.

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Maturities of the notes receivable at March 31, 2006 are as follows:

For the Year Ending March 31,	Principal Amount
2007	\$ 276,962
2008	769,519
2009	44,519
2010	35,144
Total	\$1,126,144

Note 6 - Property and Equipment

Property and equipment was comprised of the following at March 31, 2006:

Land	\$ 479,346
Buildings	1,340,438
Trucks	3,826,414
Fuel tanks	839,064
Machinery and equipment	1,006,502
Leasehold improvements	614,875
Cylinders	375,421
Office furniture and equipment	212,856
	8,694,916
Less: accumulated depreciation and amortization	(4,166,079)
Property and equipment, net	\$ 4,528,837

At March 31, 2006, the equipment under the capital leases had a net book value of approximately \$1,019,000.

Depreciation and amortization expense of property and equipment was \$139,835 and \$164,209 for the three months ended March 31, 2006 and 2005, respectively. Depreciation and amortization expense of property and equipment was \$420,096 and \$521,730 for the nine months ended March 31, 2006 and 2005, respectively

Note 7 - Intangible Assets

Intangible assets were comprised of the following at March 31, 2006:

Website development costs	\$ 2,400,187
Customer list	610,850
Non-compete	100,000
	3,111,037
Less: accumulated amortization	(2,562,619)
Intangible assets, net	\$ 548,418

Amortization expense for intangible assets was \$12,293 and \$120,823 for the three months ended March 31, 2006 and 2005, respectively. Amortization expense for intangible assets was \$144,596 and \$363,607 for the nine months ended March 31, 2006 and 2005, respectively.

Note 8 - Line Of Credit

On May 13, 2005, the Company entered into a \$1,750,000 line-of-credit agreement with Entrepreneur Growth Capital, LLC. The loan is secured by accounts receivable, inventory and certain other assets as defined in the agreement. The line carries interest at Citibank's prime rate, plus 4% per annum (11.25% at March 31, 2006) not to exceed 24% with a minimum interest of \$11,000 per month. The line also requires an annual facility fee of 2% of the total available facility limit and monthly collateral management fees equal to .025%. The outstanding balance fluctuates over time. The balance due as of March 31, 2006 is \$1,115,741 and approximately \$364,000 was available under this credit line.

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Note 9 - Notes Payable

On May 13, 2005, the Company entered into a term loan with Northfield Savings Bank for \$3,250,000. Principal and interest are payable in monthly installments of approximately \$21,400 which commenced July 1, 2005. The initial interest rate is 6.25% per annum on the unpaid principal balance for the first five years, to be reset every fifth anniversary date at 3% over the five year treasury rate, but not lower than the initial rate; at that time the monthly payment will be reset. At the maturity date of June 1, 2030, all remaining amounts are due. The balance outstanding on this note at March 31, 2006 was approximately \$3,209,000.

The note is secured by Company-owned real property located in Rockaway, New Jersey and an assignment of leases and rents at such location. The interest rate on default is 4% per annum above the interest rate then in effect.

On August 27, 1999, the Company entered into a note related to the purchase of equipment and facilities from B & B Fuels Inc. The total principal of the note originally was \$145,000. The note is payable in the monthly amount of principal and interest of \$1,721 with an interest rate of 7.5% per year through August 27, 2009. The note is secured by a mortgage granted by Able Energy New York, Inc. on properties at 2 and 4 Green Terrace and 4 Horicon Avenue, Town of Warrensburg, Warren County, New York. The balance due on this note at March 31, 2006 was approximately \$62,000.

Maturities of the notes payable as of March 31, 2006 are as follows:

For the Year Ending March 31,		Principal Amount
2007	\$	74,951
2008		85,348
2009		80,019
2010		78,845
2011		74,927
Thereafter		2,876,549
Total	\$	3,270,639

Note 10 - Capital Leases Payable

The Company has entered into various capital leases for equipment expiring through December 2010, with aggregate monthly payments of approximately \$33,000. During the nine months ended March 31, 2006, the Company purchased equipment under 3 capital leases of approximately \$243,000.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2006:

For the Year Ending March 31,		Amount
2007	\$	385,755
2008		322,895
2009		276,727
2010		120,741
2011		39,191
Total minimum lease payments		1,145,309

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Less amount representing interest	(143,934)
Present value of net minimum lease payments	1,001,375
Less current maturities	316,125
Long-term maturities	\$ 685,250

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Note 11 - Convertible Debentures

On July 12, 2005, the Company consummated a financing in the amount of \$2.5 million. Under such financing, the Company sold debentures evidenced by a Variable Rate Convertible Debenture (the "Convertible Debentures"). The Convertible Debentures had a term of two years from the date of issuance, amended November 18, 2005 to 25 months, subject to the occurrence of an event of default, with interest payable at the rate per annum equal to LIBOR for the applicable interest period, plus 4% payable on a quarterly basis. The Convertible Debentures may be converted at the option of the holders into shares of the Company's common stock at a conversion price of \$6.50 per share. In addition, the purchasers received five-year warrants to purchase 192,308 shares of common stock at an exercise price of \$7.15 per share. The Company has an optional redemption right (which right shall be mandatory upon the occurrence of an event of default) to repurchase all of the Convertible Debentures for 125% of the face amount of the Convertible Debentures plus all accrued and outstanding interest, as well as a right to repurchase all of the Convertible Debentures in the event of the consummation of a new financing in which the Company sells securities at a purchase price that is below the \$6.50 conversion price. Closing expenses related to this transaction totaled \$315,000, including a \$250,000 broker fee and \$65,000 in various legal expenses.

The Company allocated the proceeds from the issuance of the Convertible Debentures and warrants based on their respective fair values and included \$900,000 in additional paid-in capital related to the warrants. In addition, the conversion feature of the Convertible Debentures is characterized as a "beneficial conversion feature." Pursuant to Emerging Issues Task Force Issue No. 00-27, the Company has determined that the value of the beneficial conversion feature is \$1,600,000. Accordingly, the Company has discounted the balance of the Convertible Debentures as of the date of issuance and included \$1,600,000 in additional paid-in capital. The beneficial conversion feature is amortized from the date of issuance to the stated redemption date of July 12, 2007, of which \$928,385 and \$2,413,922 was amortized to expense during the three and nine months ended March 31, 2006, respectively.

During the three and nine months ended March 31, 2006, debentures totaling \$1,190,000 and \$2,367,500 in principal amount, respectively, plus accrued interest totaling \$3,648 and \$49,563, respectively, were converted into 183,638 and 371,856 shares of the Company's common stock, respectively. The amortization of discounts on debt in connection with the conversions was \$877,091 and \$1,780,755 for the three and nine months ended March 31, 2006, respectively.

The Company also originally granted to the purchasers who acquired the Convertible Debentures an additional investment right, for a period of eighteen months from the date the resale prospectus was declared effective, to purchase units consisting of convertible debentures in the aggregate amount of up to \$15,000,000 (the "Additional Debentures") and common stock purchase warrants equal to 50% of the face amount of such Additional Debentures (the "Additional Warrants"). The rights of the Company and the purchasers relating to the Additional Debentures and Additional Warrants were eliminated as of November 16, 2005, and the purchase agreement was amended to issue the purchasers a series of warrants (the "New Warrants") with an exercise price of \$7.50 per share. In the aggregate, the New Warrants permit the holders to acquire up to 5.25 million shares of the Company's common stock upon proper exercise. Notwithstanding the foregoing, until the required stockholder approvals are obtained, the purchasers have agreed not to convert any Debentures or exercise any Additional Warrants or New Warrants which in the aggregate would involve the issuance of a number of shares that would exceed 19.999% of the total number of shares of the Company's common stock outstanding on the trading day prior to the date of the purchase agreement.

Note 12 - Deferred Compensation

During December 2005, the Company entered into a consulting agreement, which included the issuance of options to purchase 25,000 shares of the Company's common stock at an exercise price of \$8.09, the market price on the date of the agreement (December 15, 2005). The Company recorded these options as deferred compensation at a fair value of \$174,430 using the Black-Scholes option-pricing model. The fair value of these options are being amortized over the 2-year life of the consulting agreement. The related assumptions used to develop the estimates are as follows:

Risk-free 3.8%
interest rate
Expected 92.7%
volatility
Dividend -
yield
Expected 10
life years

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During February 2006, the Company issued options to the outside members of its board of directors to purchase an aggregate of 24,000 shares of the Company's common stock at an exercise price of \$8.32, the market price on the day of grant (February 23, 2006). The Company recorded these options as deferred compensation at a fair value of \$175,593 using the Black-Scholes option-pricing model. The fair value of these options are being amortized over the board members term through June 2006.

Effective during March 2006, in connection with a consulting arrangement, the Company granted options to Timothy Harrington, the former CEO of the Company, to purchase an aggregate of 75,000 shares of the Company's common stock at an exercise price of \$7.13, the market price on the effective date of the grant (March 10, 2006). The Company recorded these options (which were fully vested upon being granted) as compensation expense as of the effective date of the grant at the fair value of \$195,036 using the Black-Scholes option-pricing model. The fair value of these options were expensed as of the effective date of the grant.

The related assumptions used to develop the estimates are as follows:

Risk-free	4.25%
interest rate	
Expected	91.0%
volatility	
Dividend	-
yield	
Expected	1 - 10
life	years

Note 13- Commitments And Contingencies

Purchase Commitments

The Company is obligated to purchase number 2 oil under various contracts with its suppliers, all of which are expected to be fulfilled with no adverse consequences material to the Company's operations or financial condition. As of March 31, 2006, total open commitments under these contracts, through April 2006 are approximately \$751,000.

Employment agreements

On October 12, 2005, the Company entered into a one-year employment agreement with Gregory Frost, the Company's CEO. Pursuant to the agreement, he will be paid an annual salary \$250,000 and will be eligible for an annual bonus and stock option grants which will be separately determined by the Compensation Committee of the Board of Directors. The agreement also allows for a one-year automatic renewal unless notice of non-renewal is given.

On July 1, 2004, the Company entered into a three-year employment agreement with Christopher Westad, the Company's President. Pursuant to the agreement, he will be paid an annual salary \$141,600 and will be eligible for an annual bonus and stock option grants which will be separately determined by the Compensation Committee of the Board of Directors.

On July 1, 2004, the Company entered into a three-year employment agreement with John Vrabel, the President of PriceEnergy.com, Inc. Pursuant to the agreement, he will be paid an annual salary \$141,600 and will be eligible for an annual bonus and stock option grants which will be separately determined by the Compensation Committee of the Board of Directors.

Litigation

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.

Related to its 1999 purchase of the property on Route 46, Rockaway, New Jersey, the Company settled a lawsuit with a former tenant of the property and received a lump sum settlement of \$397,500. This sum was placed in an attorney's escrow account for payment of all environmental remediation costs. Able Energy Terminal, LLC has paid costs of \$102,956 through March 31, 2006, which are included in prepaid expenses and must be presented to the attorney for reimbursement. The environmental remediation is currently in progress on this property with the majority of the remediation is to be completed within this calendar year.

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Following an explosion and fire that occurred at the Company's Facility in Newton, NJ on March 14, 2003, and through the subsequent clean up efforts, the Company 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 previously settled.

The Sussex County, New Jersey, Prosecutor's Office conducted an investigation as a result of the March 14, 2003 explosion and fire. At a hearing on July 27, 2005, the Company entered a guilty plea to one count of negligently damaging property, a fourth degree offense, and paid a \$20,000 fine. The Company's guilty plea cannot be used against it in any civil action. In addition, the Company's President, former CEO and a propane delivery driver entered into a pre-trial intervention agreement, conditioned upon 250 hours of community service over a two-year period.

A lawsuit (known as Hicks vs. Able Energy, Inc.) has been filed against the Company by residents who allegedly suffered property damages as a result of the March 14, 2003 explosion and fire. The Company's insurance carrier is defending the Company as it related to compensatory damages. The Company has retained separate legal counsel to defend the Company against the punitive damage claim. On June 13, 2005, the Court granted a motion certifying a plaintiff class action which is defined as "All Persons and Entities that on and after March 14, 2003, residing within a 1,000 yard radius of Able Oil Company's fuel depot facility and were damaged as a result of the March 14, 2003 explosion". The class certification is limited to economic loss and specifically excludes claims for personal injury from the Class Certification. The Company believes that the Class Claims for compensatory damages is within the available limits of its insurance.

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. 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.

In addition to the class action, seven property owners, who were unable to reach satisfactory settlements with the Company's insurance carrier, have filed lawsuits for alleged property damages suffered as a result of the March 14, 2003 explosion and fire. Also, the Company's insurance carrier is defending the Company as it related to the property damage claims. Punitive damage claims are being defended by the Company's separate counsel. The Company believes that compensatory damage claims are within the available limits of insurance and reserves for losses have been established, as deemed appropriate, by the insurance carrier. There were a total of 227 claims filed against the Company for property damages and 220 claims have been settled by the Company's insurance carrier resulting in the remaining seven lawsuits as described in this paragraph.

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 and legal counsel is defending on punitive damage claims as noted above. The Company believes that the outcome of the above mentioned legal matters will not have a material effect on the Company's condensed consolidated financial statements.

Note 14 - Related Party Transactions

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

F o r m e r 23.5%
C h i e f

Executive
Officer
President 3.6%
Chief Operating
Officer 2.3%

No capital contributions have been made by these officers.

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The Company entered into a consulting agreement with its former Chief Executive Officer ("CEO") on February 16, 2005. The agreement is for two years and provides for annual fees of \$60,000 to be paid in monthly installments. In addition, the former CEO received options, which were fully vested upon grant, to purchase 100,000 shares of the Company's common stock at \$4.00 per share. The options were exercised on July 7, 2005. The former CEO was paid \$15,000 and \$45,000 related to this agreement during the three and nine months ended March 31, 2006, respectively.

On February 22, 2005, the Company borrowed the sum of \$500,000 from Able Income Fund, LLC ("Able Income"). The loan was evidenced by a promissory note (the "Note") issued by the Company to the order of Able Income in the principal amount of \$500,000 bearing interest at the rate of 14% per annum payable interest only in the amount of \$5,833 per month with the principal balance and any accrued unpaid interest due and payable on May 22, 2005. The Note was secured by a mortgage on property located in Warrensburg Industrial Park, Warrensburg, New York, owned by Able Energy New York, Inc. One of the owners of Able Income is Timothy Harrington. The maturity date of the Note was extended to August 22, 2005. Able Income agreed to surrender the Note as of September 30, 2005, in exchange for 57,604 shares of the Company's common stock. The number of shares exchanged was determined by dividing the principal balance of the Note, together with all accrued and unpaid interest thereon as of September 30, 2005, by \$8.68, representing a 20% discount off the average closing price of the Company's stock as listed on the Nasdaq SmallCap Market for the period from October 3, 2005 through October 14, 2005. Note conversion expense of \$125,000 was recorded during the nine months ended March 31, 2006 related to this transaction. Interest expense related to the note payable paid to Able Income during the three and nine months period ended March 31, 2006 was approximately \$0 and \$35,000.

The Company entered into an Asset Purchase Agreement in June 2005 ("Purchase Agreement") with all of the stockholders (the "Sellers") of All American Plazas, Inc. ("All American") to purchase substantially all of the business assets of All American. The transaction is expected to be consummated during the fourth quarter of fiscal 2006, upon receipt of the required approval by our stockholders. All American currently owns approximately 32% of the Company's outstanding shares. The Company's CEO, Chairman and General Counsel, Gregory D. Frost, formerly served as a director and the General Counsel of All American until his resignation on March 31, 2005, and the Company's Vice President Business Development, Frank Nocito, is Vice President of All American. In addition, one of the Company's directors, Stephen Chalk, performs certain paid consulting services in the area of real estate development for All American. At the closing, the Company will deliver to the Sellers 11,666,667 shares of the Company's restricted common stock, par value \$.001 per share, at \$3.00 per share for an aggregate purchase price of \$35,000,000.

All American consummated a financing that, if the acquisition of All American is consummated, will impact the Company. Pursuant to the terms of the Purchase Agreement dated June 1, 2005 (the "Agreement") between All American and certain purchasers, the purchasers loaned All American an aggregate of \$5,000,000, evidenced by Secured Debentures also dated June 1, 2005 (the "Debentures"). It is currently contemplated that if the Able/All American transaction is consummated, the stockholders of All American will escrow a sufficient number of shares to satisfy the conversion of the \$5,000,000 in outstanding Debentures in full. Pursuant to the terms of the Purchase Agreement dated January 20, 2006 (the "Agreement") between All American and certain purchasers, the purchasers loaned All American an aggregate of \$2,500,000, evidenced by Secured Debentures also dated January 20, 2006 (the "Debentures"). It is currently contemplated that if the Able/All American transaction is consummated, the shareholders of All American will escrow a sufficient number of shares to satisfy the exchange of the \$2,500,000 in outstanding Debentures for convertible debentures to purchase our common stock at \$3.00 per share, 50% warrant coverage at \$3.75 exercise price and certain additional pro rata investment rights.

If the Company consummates the acquisition of All American, upon such consummation, the Company will assume the obligations of All American under the Agreement, the Debentures and the Additional Investment Rights

Agreement through the execution of a Securities Assumption, Amendment and Issuance Agreement, Registration Rights Agreement, Common Stock Purchase Warrant Agreement and Variable Rate Secured Convertible Debenture Agreement, each between the Purchasers and the Company.

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On July 27, 2005, as amended and restated on May 11, 2006, the Company made a loan in the amount of \$1,730,000 to All American Plazas, Inc. ("All American"), and All American executed and delivered a promissory note for the full amount of the loan in favor of the Company. Under the terms of the promissory note, the outstanding principal of the loan bears interest at the rate of Libor plus 4% per annum. All payments of principal and accrued interest are payable in full by July 11, 2006. However, All American has the right to extend the repayment of principal and interest for thirty days upon written request. The promissory note is secured by certain real estate of All American and a lien on 1,000,000 shares of the Company's common stock held by All American. These shares have a pre-existing lien held by the Company's former Chief Executive Officer.

In connection with two loans entered into by the Company in May 2005 (see Notes 8 and 9), fees in the amount of \$167,500 were paid to Unison Capital Corporation ("Unison"), a company owned by an officer of the Company. This individual also has a related party interest to All American. Subsequent to the payments being made and based on discussions with Unison it was determined the \$167,500 was an inappropriate payment to a related party and Unison has agreed to reimburse this amount to the Company. On October 3, 2005, The Company entered into a note agreement with Unison whereby Unison will repay the balance plus interest at 6% per year. Interest is due in monthly installments with the principal being due in full on September 29, 2006.

During the three and nine months ended March 31, 2006, the Company paid consulting fees amounting to approximately \$10,000 and \$54,000, respectively, to a company owned by a member of the Company's board of directors. At March 31, 2006, there were no consulting fees payable to this related party.

Note 15 - Product Information

The Company sells several types of products and provides services. Following are sales by product groups and services:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2006	2005	2006	2005
Number 2 heating oil	\$ 19,989,072	\$ 18,196,703	\$ 41,219,943	\$ 33,736,651
Gasoline, Diesel Fuel, Kerosene, Propane and Lubricants	5,517,943	4,714,157	18,150,057	14,591,053
Equipment Sales, Services and Installation	758,350	757,911	2,366,954	2,551,010
Net Sales	\$ 26,265,365	\$ 23,668,771	\$ 61,736,954	\$ 50,878,714

Note 16 - Recently Issued Accounting Pronouncements

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation." Statement 123(R) supersedes Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and amends SFAS No. 95, "Statement of Cash Flows." Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Statement is effective for fiscal years beginning after June 15, 2005.

Statement 123(R) permits public companies to adopt its requirements using one of two methods:

- A. "Modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of Statement 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of Statement 123 for all awards granted to employees prior to the effective date of Statement 123(R) that remain unvested on the effective date.
- B. "Modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate, based on the amounts previously recognized under Statement 123 for purposes of pro forma disclosures, either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

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The Company has adopted Statement 123(R) on July 1, 2005 using the modified prospective method. The impact of this Statement was immaterial to our Condensed Consolidated financial statements.

In June 2005, the FASB published Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 establishes new standards on accounting for changes in accounting principles. Pursuant to the new rules, all such changes must be accounted for by retrospective application to the financial statements of prior periods unless it is impracticable to do so. SFAS 154 completely replaces Accounting Principles Bulletin No. 20 and SFAS 3, though it carries forward the guidance in those pronouncements with respect to accounting for changes in estimates, changes in the reporting entity, and the correction of errors. The requirements in SFAS 154 are effective for accounting changes made in fiscal years beginning after December 15, 2005. The Company will apply these requirements to any accounting changes after the implementation date. The application of this pronouncement is not expected to have an impact on the Company's consolidated financial position, results of operations, or cash flows.

The Emerging Issues Task Force ("EITF") reached a tentative conclusion on EITF No. 05-1, "Accounting for the Conversion of an Instrument That Becomes Convertible upon the Issuer's Exercise of a Call Option" ("EITF No. 05-1") that no gain or loss should be recognized upon the conversion of an instrument that becomes convertible as a result of an issuer's exercise of a call option pursuant to the original terms of the instrument. The consensus for EITF No. 05-1 has not been finalized. The adoption of this pronouncement is not expected to have an impact on our Consolidated financial position, results of operations, or cash flows.

In June 2005, the FASB ratified EITF Issue No. 05-2, "The Meaning of 'Conventional Convertible Debt Instrument' in EITF Issue No. 00-19, 'Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock'" ("EITF No. 05-2"), which addresses when a convertible debt instrument should be considered 'conventional' for the purpose of applying the guidance in EITF No. 00-19. EITF No. 05-2 also retained the exemption under EITF No. 00-19 for conventional convertible debt instruments and indicated that convertible preferred stock having a mandatory redemption date may qualify for the exemption provided under EITF No. 00-19 for conventional convertible debt if the instrument's economic characteristics are more similar to debt than equity. EITF No. 05-2 is effective for new instruments entered into and instruments modified in periods beginning after June 29, 2005. The Company has applied the requirements of EITF No. 05-2 since the required implementation date. The adoption of this pronouncement did not have an impact on the Company's consolidated financial position, results of operations or cash flows.

EITF Issue No. 05-4 "The Effect of a Liquidated Damages Clause on a Freestanding Financial Instrument Subject to EITF Issue No. 00-19, 'Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock'" ("EITF No. 05-4") addresses financial instruments, such as stock purchase warrants, which are accounted for under EITF 00-19 that may be issued at the same time and in contemplation of a registration rights agreement that includes a liquidated damages clause. The consensus of EITF No. 05-4 has not been finalized. In July 2005, the Company entered into a private placement agreement for convertible debentures, a registration rights agreement and warrants in connection with the private placement (see Note 11). Based on the interpretive guidance in EITF Issue No. 05-4, view C, since the registration rights agreement includes provisions for uncapped liquidated damages, the Company determined that the registration rights is a derivative liability. However due to various factors including substantial conversion of these debentures and the registration statement becoming effective in December 2005, the value of the registration rights was deemed to be de minimis and therefore no liability was recorded in the Condensed Consolidated financial statements.

Note 17 - Subsequent Events

On April 4, 2006, 22,000 shares were issued upon the exercise of warrants sold in the July 12, 2005 private placement, as amended on November 16, 2005, for an aggregate exercise price of \$165,000.

On May 5, 2006, 75,000 shares were issued upon the exercise of options for an aggregate exercise price of \$534,750.

On July 5, 2006, Able closed transactions contemplated under Securities Purchase Agreement entered into on June 30, 2006 whereby Able sold a \$1 million convertible term note (the "Note") to Laurus Master Fund, Ltd. ("Laurus"). Able will pay interest on the Note monthly in arrears commencing on August 1, 2006 at a rate equal to the prime rate published in the Wall Street Journal plus two percent (2%) calculated as of the last business day of the calendar month. The Note is secured by guarantees from certain of Able's subsidiaries and partial guarantees from an officer and a director of Able. Also on July 5, 2006, from the proceeds obtained from the Note, Able loaned All American the sum of \$905,000. This loan was evidenced by a promissory note made by All American in favor of the Company in the principal amount of \$905,000 bearing interest at the rate of the prime rate as published in the Wall Street Journal plus two percent (2%). The proceeds of this loan will be used by All American in connection with transactions contemplated under a Share Exchange Agreement with CCI Group, Inc. ("CCIG"), a company listed on the OTC Bulletin Board, whereby shares of CCIG stock will be ultimately convertible into a number of Able's common stock currently owned by All American. All American will also assume certain debt obligations of CCIG and certain of its affiliates. Additional information relating to the transactions described herein is found in the Current Report filed on Form 8-K of Able dated July 7, 2006 with the SEC.

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ABLE ENERGY, INC. AND SUBSIDIARIES

For the Years Ended
June 30, 2005 and 2004

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

Report of Independent Registered Public Accounting Firm

We have audited the accompanying consolidated balance sheets of Able Energy, Inc. and subsidiaries as of June 30, 2005 and 2004 and the related consolidated statements of operations, Stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2005. 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 audits.

We conducted our audits in accordance with the Standards of the Public Company Accounting Oversight Board (United States). 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 audits provide a reasonable basis for our opinion.

In our opinion, 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, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2005 in conformity with accounting principles generally accepted in the United States of America.

Simontacchi & Company, LLP
Rockaway, New Jersey
September 14, 2005

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ABLE ENERGY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30,

<u>Assets</u>	2005	2004
Current Assets:		
Cash		
Accounts Receivable (Less Allowance for Doubtful Accounts of \$238,049 (2005) and \$192,222 (2004))		
Inventory		
Notes Receivable - Current Portion		
Other Receivable - Non-Compete - Current Portion		
Miscellaneous Receivables		
Prepaid Expenses		
Deferred Costs - Insurance Claims	1,754,318	1,309,848
Prepaid Expense - Income Taxes	2,876,900	2,436,554
Deferred Income Tax	726,987	559,325
Other Receivable	57,826	51,851
Total Current Assets	225,000	225,000
	38,596	127,422
Property and Equipment:	485,904	310,142
Land	-	424,547
Buildings	-	2,063
Trucks	64,776	54,923
Fuel Tanks	-	75,833
Machinery and Equipment	6,230,307	5,577,508
Building Improvements	479,346	479,346
Cylinders	946,046	1,000,268
Office Furniture and Equipment	3,594,218	3,217,443
Website Development Costs	824,738	674,765
	999,315	911,177
Less: Accumulated Depreciation and Amortization	790,424	607,484
Net Property and Equipment	295,476	183,773
	205,319	200,640
Other Assets:	2,390,589	2,330,794
Deferred Income Taxes	10,525,471	9,605,690
Deposits	5,980,636	4,819,707
Other Receivable - Non-Compete - Less Current Portion	4,544,835	4,785,983
Notes Receivable - Less Current Portion	45,091	45,091
Customer List, Less Accumulated Amortization of \$188,122	54,918	137,015
Covenant Not to Compete, Less Accumulated Amortization of \$100,000 (2005) and \$96,667 (2004)	450,000	675,000
	649,435	675,295
Development Costs - Franchising	422,728	422,728
Deferred Closing Costs - Financing	-	3,333
	9,191	18,382
Total Other Assets	348,055	103,360
	\$ 1,979,418	\$ 2,080,204
Total Assets	\$ 12,754,560	\$ 12,443,695

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ABLE ENERGY, INC. AND SUBSIDIARIES**Consolidated Balance Sheets (continued)**

June 30,

Liabilities and Stockholders' Equity

	2005	2004
Current Liabilities:		
Accounts Payable	\$ 1,863,841	\$ 1,703,005
Note Payable - Line of Credit	1,015,468	699,236
Note Payable - Other	432,660	-
Current Portion of Long-Term Debt	338,212	371,838
Accrued Expenses	184,097	318,154
Accrued Taxes	112,064	31,582
Employee Income Tax Withheld	146,624	-
Deferred Income	-	2,333
Customer Pre-Purchase Payments	2,226,655	1,495,906
Customer Credit Balances	230,729	698,899
Total Current Liabilities	6,550,350	5,320,953
Deferred Income	79,679	79,679
Deferred Income Taxes	104,517	91,176
Long Term Debt: less current portion	3,961,899	3,553,836
Total Liabilities	10,696,445	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 2,457,320 (2005) and 2,013,250 (2004)	2,457	2,014
Paid in Surplus	6,481,102	5,711,224
Retained Earnings (Deficit)	(4,425,444)	(2,315,187)
Total Stockholders' Equity	2,058,115	3,398,051
Total Liabilities and Stockholders' Equity	\$12,754,560	\$12,443,695

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ABLE ENERGY, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
For the Years Ended June 30,

	2005	2004	2003
Net Sales	\$61,964,825	\$42,882,327	\$43,409,488
Cost of Sales	55,977,955	37,267,469	36,905,395
Gross Profit	5,986,870	5,614,858	6,504,093
Expenses			
Selling, General and Administrative Expenses	5,946,324	6,433,697	5,105,584
Depreciation and Amortization Expense	1,183,144	1,152,906	1,070,046
Total Expenses	7,129,468	7,586,603	6,175,630
Income (Loss) From Operations	(1,142,598)	(1,971,745)	328,463
Other Income (Expenses):			
Interest and Other Income	214,742	149,803	112,543
Interest Expense	(449,776)	(576,578)	(435,992)
Directors' Fees	(183,197)	-	(24,000)
Gain (Loss) on Sale of Assets	(19,249)	-	-
Gain on Insurance Recovery	-	-	215,140
Other Expense (Note 19)	(318,236)	-	-
Legal Fees Relating to Accident (Note 9)	(208,455)	(261,862)	(90,050)
Total Other Income (Expense)	(964,171)	(688,637)	(222,359)
Income (Loss) from Continuing Operations Before Provision for Income Taxes (Credit)	(2,106,769)	(2,660,382)	106,104
Provision for Income Taxes (Credit)	3,488	39,720	52,782
Net Income (Loss) From Continuing Operations	(2,110,257)	(2,700,102)	53,322
Discontinued Operations:			
Income (Loss) from Discontinued Operations	-	(57,630)	148,830
Gain on Sale of Subsidiary Operating Assets	-	2,668,490	-
Income (Loss) from Discontinued Operations	-	2,610,860	148,830
Net Income (Loss)	\$(2,110,257)	\$ (89,242)	\$ 202,152
Basic Earnings (Loss) per Common Share			
Income (Loss) from Continuing Operations	\$ (.99)	\$ (1.34)	\$.03
Income (Loss) from Discontinued Operations	\$ -	\$ 1.30	\$.07

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Diluted Earnings (Loss) per Common Share			
Income (Loss) from Continuing Operations	\$ (.99)	\$ (1.34)	\$.03
Income (Loss) from Discontinued Operations	\$ -	\$ 1.30	\$.07
Weighted Average number of Common Shares Outstanding	2,140,813	2,013,250	2,012,708
Weighted Average Number of Common Shares Outstanding, Assuming Dilution	2,140,813	2,013,250	2,051,700

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ABLE ENERGY, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
For the Years Ended November 30,

	Shares	Amount	Additional Paid-in Surplus	Retained Earnings	Total Stockholders Equity
Balance - June 30, 2002	2,007,250	\$ 2,008	\$5,687,230	\$(2,428,098)	\$3,261,140
Issuance of Common Stock for Payment of Directors' Fees	6,000	6	23,994	-	24,000
Net Income	-	-	-	202,152	202,152
Balance - June 30, 2003	2,013,250	\$ 2,014	\$5,711,224	\$(2,225,946)	\$3,487,292
Net Loss	-	-	-	(89,241)	(89,241)
Balance - June 30, 2004	2,013,250	\$ 2,014	\$5,711,224	\$(2,315,187)	\$3,398,051
Additional Shares Issued	444,070	443	769,878		770,321
Net Loss	-	-	-	(2,110,257)	(2,110,257)
Balance - June 30, 2005	2,457,320	\$ 2,457	\$6,481,102	\$(4,425,444)	\$2,058,115

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ABLE ENERGY, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended November 30,

	2005	2004	2003
Cash Flows from Operating Activities of Continuing Operations	\$(2,110,257)	\$ (89,242)	\$ 202,152
Net Income (Loss)		(57,630)	148,830
(Loss) Income from Discontinued Operations		(2,668,490)	
Gain on Sale of Subsidiary		1,400,000	
Gain on Sale of Subsidiary - Non-Cash			
Income (Loss) - Continuing Operations	\$(2,110,257)	\$(2,700,102)	\$ 53,322
Adjustments to Reconcile Net Income to Net Cash used by Operating Activities:			
Depreciation and Amortization	1,183,144	1,152,906	1,070,046
Consulting Fee	12,987	-	-
Loss (Gain) on Disposal of Equipment	35,722	-	(215,272)
Directors' Fees	103,200	-	24,000
Stock Based Compensation	117,000	-	-
(Increase) Decrease in:			
Accounts Receivable	(440,346)	225,254	(728,282)
Inventory	(167,662)	230,097	(383,998)
Prepaid Expenses	(117,320)	85,840	(167,143)
Prepaid Income Taxes	2,063	-	670
Deposits	82,097	28,526	(87,000)
Deferred Income Tax - Asset	(9,853)	18,854	(8,074)
Deferred Costs - Insurance Claims	424,547	279,128	(614,816)
Increase (Decrease) in:			
Accounts Payable	160,836	282,094	261,570
Accrued Expenses	(53,575)	(484,246)	19,355
Employee Income Tax Withheld	146,624	-	-
Customer Advance Payments	730,749	559,226	56,569
Customer Credit Balance	(468,170)	282,255	(131,692)
Deferred Income Taxes	13,341	20,866	15,598
Escrow Deposits	-	(5,000)	(23,472)
Deferred Income	(2,333)	2,333	-
Net Cash Used by Operating Activities Continuing Operations	(357,206)	(21,969)	(858,619)
Cash Flow From Investing Activities			
Purchase of Property and Equipment	(1,139,969)	(1,216,540)	(1,102,589)
Web Site Development Costs	(59,795)	(56,219)	(74,064)
Increase in Deposits	-	-	(7,971)
Insurance Claim Receivable	-	349,526	-
Disposition of Equipment	4,876	73,860	118,258
	225,000	-	-

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Cash Received on Sale of Equipment and Inventory -	19,855	8,224	13,359
Subsidiary	229,814	-	-
Payment on Notes Receivable - Sale of Equipment	-	-	655
Cash Received on Sale of Property	75,833	(75,833)	-
Note Receivable - Montgomery	103,826	(56,919)	43,402
Receivable - Officer	(540,560)	(973,901)	(1,008,950)
Miscellaneous Receivables			
Net Cash Used by Investing Activities			
Continuing Operations			

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ABLE ENERGY, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)

For the Years Ended November 30,

	2005	2004	2003
Cash Flow From Financing Activities			
Note Payable - Bank	\$ (699,236)	\$ 700,000	\$ -
(Decrease) Increase in Notes Payable - Bank	-	(1,270,764)	(200,000)
Note Payable - Other	432,660	(1,585,000)	1,085,000
Note Payable - Officer	-	(321,630)	311,320
Note Payable - Line of Credit	1,015,468	-	-
Decrease in Long-Term Debt	(3,236,437)	(3,377,095)	(766,479)
Increase in Long-Term Debt	3,610,874	5,117,315	844,869
Increase in Deferred Financing Cost on Notes Payable	(244,695)	-	-
Sale of Common Stock	463,602	-	-
Net Cash (Used) Provided By Financing Activities			
Continuing Operations	1,342,236	(737,174)	1,274,710
Discontinued Operations:			
Net Cash (Used) Provided by Discontinued Operations	-	1,055,720	734,332
Proceeds from Sale of Equipment and Inventory	-	3,000,000	-
Cost of Sale	-	(1,412,861)	-
Net Cash Provided by Discontinued			
Operations	-	2,642,859	734,332
Net Increase In Cash	444,470	909,815	141,473
Cash - Beginning of Year	1,309,848	400,033	258,560
Cash - End of Year	\$ 1,754,318	\$ 1,309,848	\$ 400,033
The Company had Interest Cash Expenditures of:	\$ 432,849	\$ 665,032	\$ 416,049
The Company had Tax Cash Expenditures of:	\$ 17,249	\$ 59,638	\$ 34,567

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ABLE ENERGY, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 an E-Commerce Operating System for the sale of products through a network of suppliers originally on the East Coast of the United States. The business became active in October 2000 (See Notes 7 and 12).

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, 2005 is \$819.790 (See Notes 7 and 12).

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 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.

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 as follows:

Trucks, Machinery	5
& Equipment and years	
Furniture &	
Fixtures	
Fuel Tanks	10
	years

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Cylinders	-	20
Propane		years
Building		20
Improvements		years
Buildings		30-40
		years
Website		5
Development		years

Depreciation expense for the year ended June 30, 2005, 2004 and 2003 amounted to \$697,780, \$769,742 and \$745,015, respectively. 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.

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, and accelerated special depreciation per the Tax Acts of 2002 and 2003.

At June 30, 2005 and 2004 the equipment under the capital leases had net book values of approximately \$ 768,248 and \$ 622,924, respectively.

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

E-Commerce Operating System Development Costs

Costs of \$2,390,589 incurred in the developmental stage for computer hardware and software have been capitalized in accordance with accounting pronouncement SOP98-1. The costs are included in Property and Equipment and will be amortized on a straight-line basis during the estimated useful life, 5 years. Operations commenced in October 2000. Amortization for the years ended June 30, 2005, 2004 and 2003 amounted to \$472,840, \$461,823 and \$445,842, respectively.

Goodwill and Intangible Assets

Intangibles include customer lists, a covenant not to compete and development costs- franchising. The covenant not to compete and development costs - franchising are being amortized over 5 year periods. Amortization expense related to the covenant not to compete and development costs - franchising for the years ended June 30, 2005, 2004 and 2003 amounted to \$12,524, \$29,191 and \$29,191, respectively.

Customer Lists totaling approximately \$611,000 related to various acquisitions were being amortized over lives of 10-15 years thorough July 2001 at which point, 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 periodically tested for impairment, and adjusted 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.

The Company has reviewed the provisions of this Statement. Based upon an assessment of the customer lists, there has been no impairment. As of June 30, 2001, the Company has net un-amortized customer lists of \$422,728.

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 \$1,300,000. 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 \$338,995, \$651,302 and \$416,712 for the years ended June 30, 2005, 2004 and 2003, respectively.

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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. 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.

Stock Based Compensation

The Company accounts for its stock options issued to employees and outside directors pursuant to Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" and has adopted the disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation", and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123".

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

	2005	2004	2003
Net Income (Loss) From Continuing Operations, as reported	\$ (2,110,257)	\$ (2,700,102)	\$ 53,322
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	858,324	102,224	128,950
Pro forma net loss from continuing operations	\$ (2,968,581)	\$ (2,802,306)	\$ (75,628)
Weighted average common shares outstanding	2,140,813	2,013,250	2,012,708
Dilutive effect of stock options and warrants	2,140,813	2,013,250	2,051,700

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(Loss) earning per share:

Basic from continuing operations, as reported	\$	(.99)	\$	(1.34)	\$.03
Basic from continuing operations, pro forma	\$	(1.39)	\$	(1.39)	\$	(.04)
Diluted from continuing operations, as reported	\$	(.99)	\$	(1.34)	\$.03
Diluted from continuing operations, pro forma	\$	(1.39)	\$	(1.39)	\$	(.04)

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Potentially dilutive options and warrants to purchase 238,000, 349,000 and 389,000 shares of the common stock were outstanding as of June 30, 2005, 2004 and 2003, respectively, but were not included in the computation of diluted loss per share because the effect of their inclusion would have been anti-dilutive.

The estimated weighted average fair values of the options at the date of grant using the Black-Scholes option-pricing model as promulgated by SFAS No. 123 and the related assumptions used to develop the estimates are as follows:

	2005	2004	2003
Weighted Average fair value of options granted during the year	\$4.82	\$2.04	\$1.99
Risk-free interest rate	4.0%	4.0%	4.0%
Expected volatility	185.9%	120.1%	113.7%
Dividend yield	-	-	-
Expected life	5 years	5 years	5 years

See Note 13 for further discussion of the Company's stock options.

The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS 123 and the Emerging Issues Task Force ("EITF") Issue No. 96-18, "Accounting for Equity Instruments that are Issued to other than Employees for Acquiring, or in Conjunction with Selling Goods or Services." Under SFAS 123, the cost is measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measured.

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

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. The compensation cost will be measured based on the fair value of the equity or liability instruments issued. The Statement is effective as of the beginning of the first interim or annual period beginning after June 15, 2005. We will adopt SFAS No. 123(R) on September 1, 2005 using the modified prospective method. We have disclosed the pro forma impact of adopting SFAS No. 123(R) on net income and earnings per share for the year ended June 30, 2005, 2004 and 2003 in Note 1, which includes all share-based payment transactions to date. We do not yet know the impact that any future share-based payment transactions will have on our financial position or results of operations.

Inventory costs

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs." SFAS 151 amends ARB No. 43, "Inventory Pricing", to clarify the accounting for certain costs as period expense. The Statement is effective for fiscal years beginning after June 15, 2005; however, early adoption of this Statement is permitted. There was no impact from the adoption of this statement.

Note 2 Notes Receivable

A. The Company has a Receivable from Able Montgomery, Inc. and Andrew W. Schmidt related to the sale of Able Montgomery, Inc. to Schmidt, and truck financed by Able Energy, Inc. No payments of principal or interest had been received for more than one year. A new note was drawn dated June 15, 2000 for \$170,000, including the prior balance, plus accrued interest. The Note bears interest at 9.5% per annum and payments commence October 1, 2000. The payments will be monthly in varying amount each year with a final payment of \$55,981.07 due September 1, 2010. No payments were received in the year ended December 31, 2000. In February 2001, two (2) payments were received in the amount \$2,691.66, interest only. In September 2001, \$15,124.97 was received covering payments from December 2000 through October 2001, representing interest of \$14,804.13 and principal of \$320.84. Payments were received in November and December 2002, representing December 2001 and January 2002, a total of \$3,333.34; interest of \$2,678.88, and principal of \$654.46. No payments have been received in more than 30 months.

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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.

The Company is in negotiations with Andrew Schmidt. Andrew Schmidt and the Company have reached an agreement whereby the liability will be paid by an additional \$.04 per gallon charge on oil purchased from the Company. The Company believes the value of the collateral will cover the amount due if foreclosure is required.

Maturities of the Note Receivable are as follows:

For the 12 Months Ending June 30,	Principal Amount
2006	\$ 44,118
2007	13,753
2008	15,118
2009	16,619
2010	18,268
Thereafter	60,825
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 12 Months Ending June 30,	Principal Amount
2006	\$ 13,708
2007	11,990
2008	6,147
2009	6,715
Total	\$ 38,560

Note 3 Inventories

Items	June 30, 2005	June 30, 2004
Heating Oil	\$ 335,245	\$ 232,364
Diesel Fuel	34,409	19,998
Kerosene	3,025	4,906
Propane	28,020	13,461
	326,290	288,596

Parts, Supplies and Equipment		
Total	\$ 726,987	\$ 559,325

Note 4 Notes Payable Bank

- A. 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 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.

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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.

1. The collateral will be as follows for the term loan:

- A. A first mortgage on properties located at 344 Route 46, Rockaway, NJ and 38 Diller Avenue, Newton, NJ
- B. A first security interest in equipment and fleet vehicles
- C. 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 will have rates supported by 75% on accounts receivable less than 90 days outstanding, plus 50% on inventory. The outstanding balance at June 30, 2004 was \$700,000.

The loan facility is guaranteed by Able Energy, Inc. Officer's loans and are subordinated to the lender and will remain standstill until all debt due to the lender is paid in full.

The Agreement contains certain financial covenants as enumerated in the Agreement

The balance of the term loan at June 30, 2004 was	\$ 3,064,523
Included in current portion of long-term debt	144,422
Included in long-term debt - less current portion	\$ 2,920,101

The Term Loan and the Line of Credit were paid in full on May 13, 2005 with new financing secured by the Company (see note 4 B and C)

B. On May 13, 2005, the Company entered into a term loan with Northfield Savings Bank for \$3,250,000. Principal and interest shall be due and payable the first of each months, commencing on July 1, 2005, in the amount of \$21,439.25. The initial interest rate is 6.25% per annum on the unpaid principal balance for the first five (5) years, to be redetermined every fifth anniversary date (reset date) at 300 basis points over the five (5) year treasury rate, but not lower than the initial rate; at that time the monthly payment will be redetermined. At the maturity date of June 1, 2030, all amounts owed are due and payable. If payment is not received within ten (10) days after its due date, a late charge of 5% of such delinquent payment will be applied. Prepayments may be paid in whole or part, together with accrued interest on the prepaid amount.

Security for the Note is a Mortgage and Security Agreement on real property in the Borough of Rockaway, County of Morris, New Jersey and an assignment of leases and rents, the property is at 344 Route 46. The property is owned by Able Energy Terminal, LLC, a wholly owned subsidiary. Borrower hereby grants to the bank a continuing security interest in all property of the borrower, now and hereafter in possession of the bank, as security for payment of this note and any other liabilities to the bank. The interest rate on default is 4% per annum above the interest rate then in effect.

Covenants

The Financial Statements and Compliance Certificate, as per the Agreement, will be signed by the borrower's chief financial officer. As of June 30, 2005, the Company is in compliance with the Agreement covenants.

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The Company paid the term loan due of \$3,019,298.52, which included a prepayment penalty of \$70,864 (included in interest expense on the statement of operations), to UPS Capital with proceeds from this loan and also closing costs and legal fees. The net amount to the Company was \$94,993.67.

Management believes that the carrying value of its long-term debt approximates fair value in accordance with SFA 107.

C. On May 13, 2005, the Company and subsidiaries entered into a loan and security agreement with Entrepreneur Growth Capital, LLC, as lender. The loan will be a Line-Of-Credit of \$1,750,000, secured by (1) accounts receivable, 60 days or less in age from invoice date with a maximum of \$1,250,000 (accounts Line of Credit) and inventory, owned by borrower in storage tanks in Rockaway, New Jersey facility and goods held for sale or lease or to be furnished under a contract of service and all present and future raw materials, work in process and finished goods, maximum credit line of \$500,000 (inventory credit line). Loans and advances of 85% of net amount of eligible accounts receivable and 30% of net amount of eligible inventory, not to exceed the Line-of-Credit amount. The balance due by June 30, 2005 is \$1,015,468.

Interest and Fees

Interest payable on loans and advances, related to both accounts receivable and inventory advances are charged at Citibank's Prime rate, plus 4% per annum, but the rate shall never be more than 24% or maximum permitted by law. All interest and fees charged or chargeable to borrower shall be deemed as an additional advance.

Any advance interest shall be charged at 18% per annum, the default rate of interest shall be 24% per annum. The Company shall pay the lender an annual facility fee in an amount equal to two percent (2%) of the Line-of-Credit, \$3,500. The facility fee is payable upon execution of this agreement and upon each annual anniversary date of this agreement until such time this agreement has been terminated in accordance with its terms. Borrower shall pay lender a minimum interest charge in an amount equal to the difference between (a) \$11,000 per month, and (b) the actual amount of interest charged to the borrower on the obligation that month.

Borrower shall pay lender a monthly collateral management fee equal to one quarter of one percent (0.25%) of the Line-of- Credit, \$437.30.

Collateral

All of borrower's (a) accounts receivable, now existing and hereafter created (b) present and future deposit accounts (c) present and future books records, computer programs, etc. (d) presently owned or hereafter acquired inventory (e) present and future general intangibles, including customer lists, trademarks, etc. (f) rights, title and interest in any and all assets, personal property owned by third parties.

Events of default as per Section 8 of the agreement

This agreement shall continue in full force and effect for a term ending on the last business day of the month two (2) years from the date hereof ("the Renewal Date") and shall automatically renew from year-to-year thereafter until terminated pursuant to the terms here of. The lender may terminate this agreement on the Renewal Date or on the anniversary of the Renewal Date in any year by giving the borrower at least thirty (30) days prior written notice, by registered or certified mail, return receipt requested. Borrower may terminate upon the same dates by giving ninety (90) day notice to lender.

The Company Paid the Line of Credit loan to UPS Capital of \$699,235.94, plus interest of \$1,621.83, for a total of \$700,857.77.

Note 5 Notes 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. The due date of the loan has been extended to August 22, 2005. All other terms and conditions remain unchanged. One of the owners of Able Income Fund, LLC is the prior Chief Executive Officer (CEO) of Able Energy, Inc. The balance due at June 30, 2005 is \$432,660.

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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 Horicon Avenue, Town of Warrensburg, Warren County, New York. The balance due on this Note at June 30, 2005 and June 30, 2004 was \$73,713 and \$88,242, respectively.

	Interest Rate at June 30, 2005 and 2004	Maturities	Outstanding Debt at 6/30/2005	Outstanding Debt at 6/30/2004
Notes Payable Collateralized By Trucks and Vans	2.90 - 12.506%	10/20/05-8/10/06	\$ 20,920	\$ 26,904
Capitalize Leases Payable Collateralized by Trucks and Vans Purchased	4.075 - 9.498%	1/7/05-4/5/10	932,102	708,570
Notes Payable Collateralized by Office and Computer Equipment	4.699 - 16.196%	9/1/04-5/27/08	23,376	37,435
			\$ 976,398	\$ 772,909

The above notes are all collateralized by the equipment and/or furniture purchased. The capitalized leases payable are lease/purchase agreements with a small purchase price at the end of the lease. The above notes are represented by Notes Payable to Payees.

Maturities on the Notes Payable subsequent to June 30, 2005 are as follows:

	For the 12 Months Ending June 30,	Principal Amount
2006		\$ 338,212
2007		334,759
2008		309,158
2009		263,909
2010		120,924
thereafter		2,933,149
Total		\$ 4,300,111

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Note 6 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:

	<u>2005</u>	
	Amount	Percent
Statutory Federal Income Tax	\$ 2,442	15.0%
State Income Tax	- 1,046	7.6
Income Taxes	\$ 3,488	22.6%
Income Taxes consist of:		
Current	\$ -	
Deferred	3,488	
Total	\$ 3,488	

Note X - The State of New Jersey has suspended the use of carry forward losses for the years 2002 and 2003. As such, state income taxes of \$45,091 have been shown as a deferred asset and as income taxes payable. New Jersey carry forward is treated separately by the Company. Able Oil Company has a New Jersey Operating Loss of \$501,010 which can not be utilized in the year ended June 30, 2003, the State Income Tax on income in excess of the NOL \$45,258 is shown as state income tax. Under current New Jersey law, the carry forward will be available up to 50% of NOL after 2003, the Company's fiscal year ending June 30, 2005.

The effective tax rate differed from the statutory U.S. Federal Income Tax Rate as follows:

**Fiscal Year Ended June 30,
2005 2004 2003**

U.S. Federal Statutory Rate 15.0 15.0 34.0

	<u>2004</u>		<u>2003</u>	
	Amount	Percent	Amount	Percent
Statutory Federal Income Tax	\$ 27,804	15.0%	\$ 204,432	34.0%
Federal Income Tax Reduction due to Carry forward loss				
State Income Tax			(199,165)	
State Income Tax (Note X)	11,916	7.6	45,258	5.9

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State Income Tax Reduction due to Carryforwardloss			45,091	
	--	-	-(42,834)	-
Income Taxes	\$ 39,720	22.6%	\$ 52,782	39.9%
Income Taxes consist of:				
Current	\$ -		\$ 45,258	
Deferred	39,720		7,524	
Total	\$ 39,720		\$ 52,782	

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

June 30, 2005

	Temporary Difference	Tax Effect
Depreciation and Amortization	\$ (401,097)	\$(104,517)
Allowance for Doubtful Accounts	238,049	60,741
Gain on Sale of Subsidiary	18,766	4,035
New Jersey Net Operating Loss Carry forward	501,010	45,091

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 Carry forward	501,010	45,091

Able Energy, Inc., et al, open years are June 30, 2001, 2002, 2003 and 2004. The Company has a Federal net operating loss carry forward of approximately \$2,682,000. 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 Carry forward of approximately \$489,374 and \$2,217,251, respectively, which can be utilized in the year ending June 30, 2005.

These carry forward losses are available to offset future taxable income, if any. The Company's utilization of this carry forward against future taxable income is subject to the Company having profitable operations or sale of Company assets, which create taxable income. For the year ended June 30, 2005, \$-0- of net income has been utilized against the net operating loss carry forward. At this time, the Company believes that a full valuation allowance should be provided. The component of the deferred tax asset as of June 30, 2005 are as follows:

Net Operating Loss Carry forward - Tax Effect	\$ 911,880
Valuation Allowance	<u>(911,880)</u>
Net Deferred Tax based upon Net Operating Loss Carry forward	\$ <u>-0-</u>

Note 7 Note Receivable - Subsidiary

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

payable quarterly. Principal payments to begin two years after the date of the Note, November 1, 2002. Through June 30, 2005, no principal has been paid. Interest, in the amount of \$54,000 has been accrued for the six months ended December 31, 2002. No interest has been accrued since December 31, 2002 as the note is non-performing. Unpaid accrued interest due through June 30, 2005 is \$234,000. The Note, accrued interest and interest expense have been eliminated in the consolidated financial statements (See Notes 1 and 12).

Able Oil Company has a Note Receivable originally dated September 30, 2002 in the amount of \$1,510,372.73 from PriceEnergy.Com, Inc. The Note has been updated for transactions through June 30, 2005, resulting in a balance of \$3,544,389 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 since December 31, 2002. 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 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 \$ 27,472 and \$26,579 for the year ended June 30, 2005 and 2004, respectively.

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Note 9 Commitments and Contingencies

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

Company	Period	Total Gallons	Gallons Open Commitment at 6/30/04	Open Dollar Commitment at 6/30/04
Petrocom	10/1/05-3/31/06	252,000	252,000	\$ 413,910
Conectiv Energy	11/1/05-2/28/06	168,000	168,000	257,754
Petrocom	10/1/05-4/30/06	294,000	294,000	430,962
Center Oil	10/1/05-4/30/06	588,000	588,000	930,829
Gulf Oil	11/1/05-2/28/06	168,000	168,000	251,454
Total		1,470,000	1,470,000	\$ 2,284,909

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 which was August 31, 1999, 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 June 30, 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 issued 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 of \$650,000 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 an investigation as a result of the March 14, 2003 explosion and fire. At a hearing on July 27, 2005, the President and former CFO pleaded guilty and received community service. The Company will face a fine of up to \$30,000 when sentenced September 21, 2005.

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. On June 13, 2005, the Court granted a motion certifying a plaintiff class action which is defined as "All Persons and Entities that on and after March 14, 2003, residing within a 1,000 yard radius of Able Oil Company's fuel depot facility and were damaged as a result of the March 14, 2003 explosion". The claim is limited to economic loss and claims for personal injury have been specifically excluded from the Class Certification. The insurer has settled approximately 200 claims against the Company. The Company believes that the Class Claims for compensatory damages is within the available limits of its insurance.

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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. As to Punitive Damages, one case is being defended by an outside attorney and one by the insurance carrier. It appears that compensatory damage claims are within the available limits of insurance.

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 and legal counsel is defending on punitive damage claims as noted above.

Note 10 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 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 Center 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 and three (3) months from August 1, 2000 through October 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 its 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 Company and the landlord have agreed to extend the lease for a period of six months to April 30, 2006 based upon the existing terms. The total rent expense was \$117,588 for the year ended June 30, 2005. The estimated future rents are as follows:

July 2005-April 2006 \$98,830

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

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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

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Note 11 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. No new franchise agreements have been signed.

Note 12 Related Party Transactions

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 officers (See Notes 1 and 7).

The Company has entered into a consulting agreement with its former Chief Executive Officer ("CEO") on February 16, 2005 (see note 20). The agreement is for two years and provides for annual fees of \$60,000 to be paid in monthly installments. In addition the former CEO received options to purchase 100,000 shares of the Company's common stock at \$4.00 per share. The options were exercised on July 7, 2005, at which time the closing price was \$16.89. The former CEO was paid \$20,769 related to this agreement during the year ended June 30, 2005

During the year ended June 30, 2005 the Company paid \$20,000 in legal fee to a firm in which one of the members of the Board of Directors is a partner.

All American Plazas, Inc., currently owns approximately 38% of the Company's outstanding shares. In addition, a director and General Counsel of the Company and one of the Company's vice presidents have related interests in All American Plazas, Inc.

The Company entered into a Stock Purchase Agreement on that date ("Purchase Agreement") with all of the shareholders (the "Sellers") of All American Plazas, Inc. ("All American") in connection with our acquisition of All American. The transaction is expected to be consummated in October 2005, upon receipt of the required approval by our stockholders.

At the closing, we will deliver to the Sellers 11,666,667 shares of our restricted common stock, par value \$.001 per share, at \$3.00 per share for an aggregate purchase price of \$35,000,000. In addition, at the closing, we will deliver to certain of the Sellers a number of shares of our restricted common stock equal to the number of shares of our common stock owned by All American as of the closing date.

All American recently consummated a financing that, if the acquisition of All American is consummated, will impact the Company. Pursuant to the terms of the Securities Purchase Agreement dated June 1, 2005 (the "Agreement") among All American and certain purchasers, the purchasers loaned All American an aggregate of \$5,000,000, evidenced by Secured Debentures also dated June 1, 2005 (the "Debentures").

If the Company consummate the acquisition of All American, upon such consummation, we will assume the obligations of All American under the Agreement, the Debentures and the AIR Agreement through the execution of a Securities Assumption, Amendment and Issuance Agreement, Registration Rights Agreement, Common Stock Purchase Warrant Agreement and Variable Rate Secured Convertible Debenture Agreement, each between the Purchasers and us (the "Able Energy Transaction Documents").

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In connection with two loans entered into by the company in May 2005 (see note 4), fees in the amount of \$167,500 were paid to Unison Capital Corporation, a company in which a vice president of Able Energy has a related interest. This individual also has a related party interest to All American Plazas, Inc., the Company's largest shareholder.

Subsequent to the payments being made and based on discussions with Unison Capital Corporation it was determined the \$167,500 was an inappropriate payment to a related party and Unison Capital Corporation has agreed to reimburse this amount to the Company over a twelve month period beginning in October 2005. The charge had been appropriately classified as deferred finance charges in the balance sheet and therefore will have no effect on the Company's statement of operations.

Note 13 Stock Options and Warrants

Stock Options and Warrants

The Able Energy, Inc. 1999 Employee Stock Option Plan for stock options awards up to 700,000 shares of the Company's common stock to be granted to directors, employees and consultants of the Company. The Plan was cancelled and no further grants available upon the ratification of the Able Energy, Inc. 2005 Incentive Stock Plan.

The Able Energy, Inc. 2000 Employee Stock Option Plan for stock options awards up to 350,000 shares of the Company's common stock to be granted to directors, employees and consultants of the Company.

The Able Energy, Inc. 2005 Incentive Stock Plan provides for stock options, stock awards and restricted stock purchase offer awards up to 1,000,000 shares of the Company's common stock to be granted to directors, employees and consultants of the.

There was compensation expense of approximately \$117,000 recorded from stock options under APB 25 for the year ended June 30, 2005. On May 5, 2005, the Company granted 50,000 vested options each to two employees at an exercise price 15% below market vesting immediately.

A summary of the Company's stock option activity, and related information for the years ended June 30, follows:

	Options	Weighted-Average Exercise Price	Number of Exercisable	Weighted-Average Exercise Price
Outstanding June 30, 2002	235,840	\$ 3.15	230,340	\$ 3.11
Granted	50,000	3.16		
Outstanding June 30, 2002	285,840	3.15	283,090	2.48
Granted	50,000	2.55		
Expirations	(47,840)	3.25		
Outstanding June 30, 2002	288,000	3.03	288,000	3.03
Granted	200,000	5.34		
Exercised	(194,000)	2.52		
Expirations	(56,000)	5.00		
Outstanding June 30, 2002	238,000	4.92	238,000	4.92

Weighted-average fair value of options granted during the years:

	2005	2004
Where exercise price equals stock price	-	-
Where exercise price exceeds stock price	\$ 2.05	\$ 2.04
Where stock price exceeds exercise price	\$ 7.60	-

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Following is a summary of the status of stock options outstanding at June 30, 2005:

Exercise Price Range	Number Outstanding at 6/30/05	Outstanding and Exercisable Options	
		Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
\$ 2.25 - \$ 3.16	38,000	2.9	\$ 2.73
\$ 4.00 - \$ 6.68	200,000	4.8	5.34

A summary of the Company's stock warrant activity, and related information for the years ended June 30, follows:

	Warrants	Weighted-Average Exercise Price	Number of Exercisable	Weighted-Average Exercise Price
Outstanding June 30, 2002	150,000	\$ 4.67	150,000	\$ 4.67
Grants	(170,000)	5.00		
Outstanding June 30, 2003	320,000	4.85	320,000	4.85
Expirations	(40,000)	4.00		
Outstanding June 30, 2004	280,000	4.97	280,000	4.97
Exercised	(91,213)	5.25		
Expirations	(188,787)	4.83		
Outstanding June 30, 2005	-	-	-	-

Note 14 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, 2005, any amount for accrual of the above is not material and has not been computed.

Note 15 Cash Flow Information

The following transaction resulted in no cash being received or expended:

Issuance of common stock in payment of 2003 and 2004 director fees	\$ 103,200
Issuance of common stock to Summit Ventures	71,429
Stock based Compensation	117,000
Stock issued on exercise of stock options- funds due	15,000

Note 16 Business Segment Information

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The Company sells several types of products and provides services. Following are revenues by product groups and services:

	Continuing Operations Fiscal Year Ended June 30,		
	2005	2004	2003
Home Heating Oil #2	\$ 33,979,796	\$ 23,674,243	\$ 24,253,490
Commercial Oil #2	4,742,098	2,949,654	1,878,937
Gasoline, Diesel Fuel, Kerosene,	20,060,543	13,122,536	13,775,172
Propane & Lubricants			
Equipment Sales & Services	1,382,272	1,157,444	1,275,757
Installation Repairs & Services	1,800,116	1,978,450	2,226,132
Net Sales	\$ 61,964,825	\$ 42,882,327	\$ 43,409,488

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Note 17 Sale of Subsidiary

On March 1, 2004, the Company sold the operations of 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 18 Discontinued Operations

On March 1, 2004, the Company sold the operating assets of its subsidiary, Able Propane, LLC (see Note 17), 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 year ended June 30 are as follows:

	2004	2003
Total Revenues	\$1,817,902	\$2,888,174
Income (Loss) from Discontinued Operations	(57,630)	148,830
Gain on Sale of Subsidiary	2,668,490	-
Total Income From Discontinued Operations	\$2,610,860	\$ 148,830
Total Assets	\$ - 0 -	\$2,940,622
Total Liabilities	- 0 -	2,603,736
Net Assets of Discontinued Operations	\$ - 0 -	\$ 336,886

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 19 Other Expenses

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On March 14, 2003, a fire and explosion occurred at the Company's facility in Newton, New Jersey (see note 9). The Company submitted expenses for reimbursement to their insurance carrier. The Company was reimbursed approximately \$1,041,000. Un-reimbursed expenses of \$318,236 have been expensed in the year ended June 30, 2005.

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Note 20 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.

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 cannot 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 21 Subsequent Events

On July 12, 2005, the Company consummated a financing with a group of lenders. Pursuant to the terms of the Securities Purchase Agreement, the Company sold variable rate convertible debentures in the amount of \$2.5 million. The debentures shall be repaid within two years from the date of issuance with interest payable at a rate per annum equal to Libor, plus 4%, which on July 12, 2005 was 3.57% plus 4%, or 7.57%. The interest is payable quarterly on the first of January, April, July, and October. The debentures may be converted at the option of the purchasers into shares of the Company's Common Stock at a conversion price of \$6.50 per share. The amount of shares to be issued at such conversion will be 384,618. In addition, the purchasers shall have the right to receive five-year warrants to purchase 192,308 shares of Common Stock at \$7.15 per share. The market value of the Company's Common Stock on July 12, 2005 was \$17.90 per share. The debenture conversion price of \$6.50 is 36.31% of the market value. Closing expenses related to this transaction totaled \$305,000 included a \$250,000 broker fee and \$65,000 in various legal expenses.

On July 27, 2005, the Company made a loan of \$1,730,000 to All American Plazas, Inc., which is the largest shareholder of the Company. The funds were disbursed from the above loan of \$2.5 million. Under the note, the loan bears interest at 3.50% per annum and is secured by the 1,000,000 shares of Able Energy, Inc. Common Stock owned by All American Plazas, Inc. The interest rate of the Company on its \$2.5 million loan is 7.57%, as noted above.

Note 22 - Selected Quarterly Financial Data (unaudited)

The following tables present selected unaudited quarterly financial data for each quarter during the fiscal years ended June 30, 2005, 2004 and 2003.

2005 Quarter	First	Second	Third	Fourth
Continuing Operations:				
Revenues	\$8,221,845	\$18,988,098	\$23,668,771	\$11,086,211
Gross Profit	611,987	1,790,231	2,745,538	839,114
Net Income (Loss)	(872,899)	53,881	569,461	(1,860,700)
Net Income (Loss) Per Share (a)				
Basic	(.43)	.03	.28	(.99)
Diluted	(.43)	.03	.28	(.99)
Weighted Average Shares Outstanding	2,013,250	2,013,250	2,030,281	2,140,813

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Basic	2,013,250	2,013,250	2,052,481	2,140,813
Diluted				

2004 Quarter	First	Second	Third	Fourth
Continuing Operations:				
Revenues	\$6,504,640	\$11,760,188	\$16,645,044	\$7,972,455
Gross Profit	886,576	1,393,872	2,837,892	496,518
Net Income (Loss)	(1,339,916)	(401,752)	456,813	(1,415,248)
Discontinued Operations:				
Revenues	345,572	1,012,734	1,863,030	-
Net Income (Loss)	(171,374)	(190,450)	344,319	(40,125)
Gain on Sale of Subsidiary Operating Assets	-	-	2,866,490	-
Income (Loss) from Discontinued Operations	(171,374)	(190,450)	3,210,809	(40,125)
Net Income (Loss) Per Share (a)				
Basic	(.67)	(.20)	.23	(.70)
Continuing Operations	(.08)	(.09)	1.59	(.02)
Discontinued Operations				
Diluted	(.67)	(.20)	.22	(.70)
Continuing Operations	(.08)	(.09)	1.57	(.02)
Discontinued Operations				
Weighted Average Shares Outstanding				
Basic	2,013,250	2,013,250	2,013,250	2,013,250
Diluted	2,013,250	2,013,250	2,040,588	2,013,250
2003 Quarter	First	Second	Third	Fourth
Continuing Operations:				
Revenues	\$5,907,526	\$11,730,840	\$18,207,317	\$7,563,805
Gross Profit	1,037,779	1,915,548	3,084,492	466,274
Net Income (Loss)	(742,209)	724,273	1,118,821	(1,047,565)
Discontinued Operations:				
Revenues	325,813	722,872	1,283,263	556,206
Net Income (Loss)	(12,380)	200,135	(37,656)	(26,029)
Net Income (Loss) Per Share (a)				
Basic				
Continuing Operations	(.37)	.36	.56	(.52)
Discontinued Operations	.01	.10	(.02)	(.01)
Diluted				
Continuing Operations	(.37)	.35	.55	(.52)
Discontinued Operations	.01	.10	(.02)	(.01)

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Weighted Average Shares Outstanding	2,003,831	2,006,855	2,009,814	2,012,708
Basic	2,003,831	2,057,512	2,052,751	2,012,708
Diluted				

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ABLE ENERGY, INC. AND SUBSIDIARIES

**For the Years Ended
June 30, 2004 and 2003**

Consolidated Financial Statements:

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Consolidated Statements of Operations	F-5
Consolidated Statement of Changes in Stockholder's Equity	F-6
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Notes to Consolidated Financial Statements	F-9 - F-33

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheets of Able Energy, Inc. and subsidiaries as of June 30, 2004 and 2003 and the related consolidated statements of operations, Stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2004. 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 audits.

We conducted our audits in accordance with the Standards of the Public Company Accounting Oversight Board (United States). 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, 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, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

Simontacchi & Company, LLP
Rockaway, New Jersey
September 13, 2004

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30,

ASSETS

	JUNE 30	
CURRENT ASSETS:	2004	2003
Cash	\$ 1,309,848	\$ 400,033
Accounts Receivable (Less Allowance for Doubtful Accounts of \$192,222 (2004) and \$279,913 (2003))	2,436,554	2,661,808
Inventory	559,325	789,422
Notes Receivable - Current Portion	51,851	57,577
Other Receivable - Non-Compete - Current Portion	225,000	-
Miscellaneous Receivables	127,422	70,503
Prepaid Expenses	310,142	395,982
Insurance Claim Receivable	-	349,526
Deferred Costs - Insurance Claims	424,547	703,675
Prepaid Expense - Income Taxes	2,063	2,063
Deferred Income Tax	54,923	73,777
Due From Officer	75,833	-
TOTAL CURRENT ASSETS	5,577,508	5,504,366
PROPERTY AND EQUIPMENT:		
Land	479,346	451,925
Buildings	1,000,268	946,046
Trucks	3,217,443	3,125,453
Fuel Tanks	674,765	1,455,501
Machinery and Equipment	911,177	769,817
Leasehold Improvements	607,484	597,759
Cylinders	183,773	755,496
Office Furniture and Equipment	200,640	200,640
Website Development Costs	2,330,794	2,274,575
	9,605,690	10,577,212
Less: Accumulated Depreciation and Amortization	4,819,707	4,331,055
NET PROPERTY AND EQUIPMENT	4,785,983	6,246,157
OTHER ASSETS:		
Deferred Income Taxes	45,091	45,091
Deposits	137,015	165,541
Other Receivable - Non-Compete - Less Current Portion	675,000	-
Notes Receivable - Less Current Portion	675,295	177,793
Customer List, Less Accumulated Amortization of (\$188,122) 2004 and 2003	422,728	422,728
Covenant Not to Compete, Less Accumulated Amortization of \$96,667 (2004) and \$76,667 (2003)	3,333	

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Development Costs - Franchising	18,382	23,333
Deferred Closing Costs - Financing	103,360	27,573
TOTAL OTHER ASSETS	2,080,204	862,059
TOTAL ASSETS	\$ 12,443,695	\$ 12,612,582

See Accompanying Notes and Auditor's Report

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**ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT'D)**

LIABILITIES & STOCKHOLDERS' EQUITY

	JUNE 30	
	2004	2003
CURRENT LIABILITIES:		
Accounts Payable	\$ 1,703,005	\$ 1,420,911
Note Payable - Bank	699,236	-
Note Payable - Other	-	335,000
Current Portion of Long-Term Debt	371,838	1,238,982
Accrued Expenses	318,154	735,370
Accrued Taxes	31,582	98,612
Deferred Income	2,333	-
Customer Pre-Purchase Payments	1,495,906	936,680
Customer Credit Balances	698,899	416,644
Escrow Deposits	-	5,000
Note Payable - Officer	-	321,630
TOTAL CURRENT LIABILITIES	5,320,953	5,508,829
Deferred Income	79,679	79,679
Deferred Income Taxes	91,176	70,310
Short Term Debt Refinanced	-	3,170,000
Long Term Debt: less current portion	3,553,836	296,472
TOTAL LIABILITIES	9,045,644	9,125,290
STOCKHOLDERS' EQUITY:		
Preferred Stock		
Authorized 10,000,000 Shares Par Value \$.001 per share		
Issued - None		
Common Stock		
Authorized 10,000,000 Par Value \$.001 per share Issued and		
Outstanding Shares 2,013,250 (2004) and 2,013,250 (2003)		
Paid in Surplus		
Retained Earnings (Deficit)	2,014	2,014
TOTAL STOCKHOLDERS' EQUITY	5,711,224	5,711,224
	(2,315,187)	(2,225,946)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	,398,051	3,487,292
	\$ 12,443,695	\$ 12,612,582

See accompanying notes and auditor's report

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	JUNE 30		
	2004	2003	2002
Net Sales	\$ 42,882,327	\$ 43,409,488	\$ 24,851,039
Cost of Sales	37,267,469	36,905,395	20,577,220
Gross Profit	5,614,858	6,504,093	4,273,819
Expenses			
Selling, General and Administrative Expenses	6,433,697	5,105,584	5,099,208
Depreciation and Amortization Expense	1,152,906	1,070,046	1,027,144
Total Expenses	7,586,603	6,175,630	6,126,352
Income (Loss) From Operations	(1,971,745)	328,463	(1,852,533)
Other Income (Expenses):			
Interest and Other Income	149,803	112,543	199,351
Interest Expense	(576,578)	(435,992)	(281,994)
Directors' Fees	-	(24,000)	(20,400)
Gain on Insurance Recovery (Note 24)	-	215,140	-
Other Income (Expense) (Note 22)	-	-	-
Legal Fees Relating to Other Expense	(261,862)	(90,050)	-
Total Other Income (Expense)	(688,637)	(222,359)	(103,043)
Income (Loss) from Continuing Operations before			
Provision for Income Taxes (Credit)	(2,660,382)	106,104	(1,955,576)
Provision for Income Taxes (Credit)	39,720	52,782	(8,037)
Net Income (Loss) From Continuing Operations	(2,700,102)	53,322	(1,947,539)
Discontinued Operations:			
Income (Loss) from Discontinued Operations	(57,630)	148,830	425,284
Gain on Sale of Subsidiary Operating Assets	2,668,490	-	-
Income (Loss) from Discontinued Operations	2,610,860	148,830	425,284
Net Income (Loss)	\$ (89,242)	\$ 202,152	\$ (1,522,255)
Basic Earnings (Loss) per Common Share			
Income (Loss) from Continuing Operations	\$ (1.34)	\$.03	\$ (.97)
Income (Loss) from Discontinued Operations	\$ 1.30	\$.07	\$.21
Diluted Earnings (Loss) per Common Share			
Income (Loss) from Continuing Operations	\$ (1.34)	\$.03	\$ (.97)
Income (Loss) from Discontinued Operations	\$ 1.30	\$.07	\$.21
Weighted Average number of Common Shares			
Outstanding	2,013,250	2,051,700	2,001,332

Weighted Average number of Common Shares Outstanding Assuming Dilution	2,013,250	2,012,708	2,001,332
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See accompanying notes and auditors' report

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED JUNE 30, 2004, 2003 AND 2002

Common Stock .001 PAR VALUE

	Shares	Amount	Additional Paid-in Surplus	Retained Earnings	Total Stockholders Equity
Balance - June 30, 2001	2,000,000	\$ 2,000	\$ 5,662,775	\$ (905,843)	\$ 4,758,932
Sale of Common Stock	1,250	2	4,061		4,063
Issuance of Common Stock for Payment of Directors' Fees	6,000	6	20,394		20,400
Net Loss				(1,522,255)	(1,522,255)
Balance - June 30, 2002	2,007,250	\$ 2,008	\$ 5,687,230	(2,428,098)	\$ 3,261,140
Issuance of Common Stock for Payment of Directors' Fees	6,000	6	23,994		24,000
<u>Net Income</u>				202,152	202,152
Balance - June 30, 2003	2,013,250	2,014	\$ 5,711,224	(2,225,946)	\$ 3,487,292
Net Loss				(89,241)	(89,241)
Balance - June 30, 2004	2,013,250	2,014	\$ 5,711,224	(2,315,187)	\$ 3,398,051

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See accompanying notes and auditors' report

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED JUNE 30		
	2004	2003	2002
<u>Cash Flows from Operating Activities of Continuing Operations</u>			
Net Income (Loss)	\$ (89,242)	\$ 202,152	\$ (1,522,255)
(Loss) Income from Discontinued Operations	(57,630)	148,830	425,284
Gain on Sale of Subsidiary	(2,668,490)		
Gain on Sale of Subsidiary - Non-Cash	1,400,000	-	-
Income (Loss) - Continuing Operations	(2,700,102)	\$ 53,322	\$ (1,947,539)
Adjustments to Reconcile Net Income to Net Cash used by Operating Activities:			
Depreciation and Amortization	1,152,906	1,070,046	1,027,144
Gain on Disposal of Equipment	-	(215,272)	(331)
Directors' Fees	-	24,000	
(Increase) Decrease in:			
Accounts Receivable	225,254	(728,282)	(113,670)
Inventory	230,097	(383,998)	(38,098)
Prepaid Expenses	85,840	(167,143)	(117,275)
Prepaid Income Taxes	-	670	81,171
Deposits	28,526	(87,000)	30,713
Deferred Income Tax - Asset	18,854	(8,074)	(6,973)
Insurance Claim Receivable	349,526	-	-
Deferred Costs - Insurance Claims	279,128	(614,816)	
Increase (Decrease) in:			
Accounts Payable	282,094	261,570	(496,146)
Accrued Expenses	(484,246)	19,355	(151,103)
Customer Advance Payments	559,226	56,569	(444,138)
Customer Credit Balance	282,255	(131,692)	324,616
Deferred Income Taxes	20,866	15,598	(1,064)
Escrow Deposits	(5,000)	(23,472)	23,472
Deferred Income	2,333	-	-
Net Cash (Used) Provided by Operating	327,557	(858,619)	(1,829,221)
Activities Continuing Operations Cash Flow from Investing Activities			
Purchase of Property and Equipment	(1,216,540)	(1,102,589)	(941,489)
Web Site Development Costs	(56,219)	(74,064)	63,630
Increase in Deposits	-	(7,971)	-
Disposition of Equipment	73,860	118,258	591
Payment on Notes Receivable - Sale of Equipment	8,224	13,359	7,939
Note Receivable - Montgomery	-	655	644
Receivable - Officer	(75,833)	-	-

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Miscellaneous Receivables	(56,919)	43,402	(75,272)
	(1,323,427)	(1,008,950)	(943,957)

NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES CONTINUING OPERATIONS

See Accompanying Notes and Auditors' Report

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ABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

Cash Flow from Financing Activities

Note Payable - Bank	\$ 700,000	\$ -	\$ -
(Decrease) Increase in Notes Payable - Bank	(1,270,764)	(200,000)	1,470,000
Note Payable - Other	(1,585,000)	1,085,000	-
Note Payable - Officer	(321,630)	311,320	55,000
(Decrease) in Notes Payable - Bank	-	-	(449,720)
Decrease in Long-Term Debt	(3,377,095)	(766,479)	(520,509)
Increase in Long-Term Debt	5,117,315	844,869	408,745
Sale of Common Stock	-	-	24,463

Net Cash (Used) Provided by Financing Continuing Operations

(737,174)	1,274,710	987,979
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Discontinued Operations:

New Cash (Used) Provided by Discontinued Operations	1,055,720	734,332	554,741
Proceeds from Sale of Equipment and Inventory	3,000,000	-	-
Cost of Sale	(1,412,861)	-	-
Net Cash (Used) Provided by Discontinued operations	2,642,859	734,332	554,741

Net (Decrease) Increase in Cash

909,815	141,473	(1,230,458)
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Cash - Beginning of Year	400,033	258,560	1,489,018
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Cash - End of Year	\$ 1,309,848	\$ 400,033	\$ 258,560
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The Company had Interest Cash Expenditures of:	\$ 665,032	\$ 416,049	\$ 292,318
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The Company had Tax Cash Expenditures of:	\$ 9,638	\$ 34,567	\$ 13,400
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See Accompanying Notes and Auditors' Report

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

Note 1 Summary of Significant Accounting Principles

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 an E-Commerce Operating System for the sale of products through a network of suppliers originally on the East Coast of the United States. The business became active in October 2000 (See Notes 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 year ended June 30, 2004 is \$597,982 (See Notes 8 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 operations of Able Propane were sold March 1, 2004 and the Company is no longer selling propane in New Jersey (See Note 22).

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

Inventories

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

ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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, 2004 and 2003 amounted to \$769,742 and \$745,015, 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, and accelerated special depreciation per the Tax Acts of 2002 and 2003.

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 \$2,330,794 incurred in the developmental stage for computer hardware and software have been capitalized in accordance with accounting pronouncement SOP98-1. The costs are included in Property and Equipment and will be amortized on a straight line basis during the estimated useful life, 5 years. Operations commenced in October 2000. Amortization for the years ended June 30, 2004 and 2003 amounted to \$461,823 and \$445,842, respectively.

Intangible Assets

Intangibles are stated at cost and amortized as follows:

Customer Lists of \$571,000 related to the Connell's Fuel Oil Company acquisition on October 28, 1996, by Able Oil Company are being amortized over a straight-line period of 15 years. The current period amortization also includes a customer list of \$39,850 and Covenant Not To Compete of \$100,000 relating to the acquisition from B & B Fuels on August 27, 1999, is being amortized over a straight-line period of 10 and 5 years, respectively. The amortization for the years ended June 30, 2004 and 2003 amounted to \$29,191, each year.

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, 2004 AND 2003

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.

Concentration 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 \$1,093,621. 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 \$651,302 and \$416,712 for the years ended June 30, 2004 and 2003, respectively.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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

Fair Value of Financial Instruments

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

Revenue Recognition

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

Computation of Net Income (Loss) Per Share

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

Impairment of Long Lived Assets

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

Goodwill and Intangible Assets

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

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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. 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.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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

Recent Accounting Pronouncements (Cont'd)

Debt Extinguishments

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

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.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 2 Notes Receivable

A. The Company has a Receivable from Able Montgomery, Inc. and Andrew W. Schmidt related to the sale of Able Montgomery, Inc. to Schmidt, and truck financed by Able Energy, Inc. No payments of principal or interest had been received for more than one year. A new note was drawn dated June 15, 2000 for \$170,000, including the prior balance, plus accrued interest. The Note bears interest at 9.5% per annum and payments commence October 1, 2000. The payments will be monthly in varying amount each year with a final payment of \$55,981.07 due September 1, 2010. No payments were received in the year ended December 31, 2000. In February 2001, two (2) payments were received in the amount \$2,691.66, interest only. In September 2001, \$15,124.97 was received covering payments from December 2000 through October 2001, representing interest of \$14,804.13 and principal of \$320.84. Payments were received in November and December 2002, representing December 2001 and January 2002, a total of \$3,333.34; interest of \$2,678.88, and principal of \$654.46. No payments have been received in more than 18 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 will inform the Company by approximately September 30, 2004, of his decision. Management has stated that the value of the collateral will cover the amount due.

Maturities of the Note Receivable are as follows:

For the 12 Months Ending

June 30,	Principal Amount
2005	\$ 31,607
2006	12,511
2007	13,753
2008	15,118
2009	16,619
Balance	79,093
Total	\$ 168,701

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 2 Notes Receivable (Cont'd)

B. Able Oil Company has three (3) Notes Receivable for the sale of oil delivery trucks to independent drivers who also deliver oil for the Company. 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 12 Months Ended

June 30,	Principal Amount
2005	\$ 20,244
2006	14,836
2007	6,843
2008	5,922
2009	6,287
2010	4,313
Total	\$ 58,445

Note 3 Inventories

Heating Oil	\$ 232,364	\$ 241,107
Diesel Fuel	19,998	18,921
Kerosene	4,906	2,534
Propane	13,461	8,851
Parts, Supplies and Equipment	288,596	518,009
TOTAL	\$ 559,325	\$ 789,422

Note 4 Notes Payable Bank

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 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 22)

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 4 Payable (Cont'd)

1. The collateral will be as follows for the term loan:
- i. A first mortgage on properties located at 344 Route 46, Rockaway, NJ and 38 Diller Avenue, Newton, NJ
 - ii. A first security interest in equipment and fleet vehicles
 - iii. 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 will have rates supported by 75% on accounts receivable less than 90 days outstanding, plus 50% on inventory. The outstanding balance at June 30, 2004 is \$700,000.

The loan facility is guaranteed by Able Energy, Inc. Officers loans are subordinated to the lender and will remain standstill until all debt due to the lender is paid in full.

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

The Company paid the following loans on September 22, 2003:

Fleet Bank	\$ 1,340,644	(including interest and fees of \$70,644)
KMA Associates	750,000	
Jeff Will	505,000	(including interest of \$5,000)
Estate of Birdsall	657,895	(including interest of \$7,895)
Long-term Debt	1,084,866	
Total Refinance	4,338,405	
Other Fees and Costs Paid at Closing	123,198	
Total	\$ 4,461,603	

The loan advanced was \$4,300,000, the balance of \$161,603 was paid by the Company.

The balance of the term loan at June 30, is \$ 3,064,523

Included in current portion of long-term debt 144,422

Included in long-term debt - less current
portion \$ 2,920,101

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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 provided 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%, see below increase in interest rate. Interest is to be paid on the amount advanced on the last day of each month.

The Agreement had an expiration date of November 30, 2002. Fleet Bank did not renew the credit facility upon expiration of the Agreement on November 30, 2002. Effective December 1, 2002, the bank is charging an additional annual interest of 4% as the Note is in default. The total current interest rate charged was 8.25% per annum. The Company and Lender entered into a Forbearance Agreement, where the Lender is willing to forbear until May 31, 2003 from exercising its rights and remedies. The Lender will receive a forbearance fee of \$50,000 at May 31, 2003, reduced by \$2,500 for each week prior to May 31, 2003, that the credit facility and all charges are paid in full, with a minimum forbearance fee of \$15,000. The interest charged is at 8.25% per annum. The principal amount outstanding was \$1,270,000. The loan and the \$50,000 forbearance fee were not paid at May 31, 2003. The Note payable plus forbearance fee, accrued interest and other costs were paid in full on September 22, 2003, in the amount of \$1,340,644 (See Note 4 A). The bank released all the collateral securing the Company debt.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 5 Notes Payable

A. The Company has borrowed \$500,000 from an unrelated individual. The Note was dated June 26, 2001 with interest at 12% per annum. The interest will be paid monthly at \$5,000 per month commencing on August 1, 2001. The Note will mature on June 26, 2002 unless the borrower (the Company), at its option, elects to extend the maturity date to December 26, 2002. The Company has exercised its option and has extended the Note to December 26, 2002. The lender has granted the Company an additional extension at the same terms to June 26, 2003. The Lender has granted the Company an extension to July 26, 2003. The Note may be prepaid in whole or part from time-to-time without penalty. No principal payments have been made on the Note. At the maturity date, a final payment of the unpaid principal and interest shall be due and payable. In connection with this Note, the Company has issued the lender warrants to purchase 40,000 shares of its common stock at \$4 per share. The warrants vest immediately and must be exercised no later than June 26, 2004. The warrants have not been registered under the Securities Act of 1933. The Note was paid in full on September 22, 2003 (See Note 4 A). The same individual loaned the Company \$300,000 on February 12, 2004, to be paid \$100,000 per month plus interest, at 6% per annum on March, April and May 15, 2004. The balance at June 30, 2004 was \$ -0-.

B. The Company has borrowed \$750,000 from an unrelated company. The mortgage and Note are dated September 13, 2002. The term of the Note is for one (1) year. Payments of interest only on the outstanding principal balance shall be paid monthly at a rate of 10%. The first payment was paid on November 1, 2002 and on the first day of each month thereafter until October 1, 2003, when the Note shall mature and all principal and accrued interest shall be due and payable in full. The Note was paid in full on September 22, 2003 (See Note 4 A).

C. The Company has borrowed \$335,000 from an unrelated Company. The mortgage and Note are dated April 16, 2003. The loan is to Able Energy New York, Inc., a wholly owned subsidiary. The loan is collateralized by a mortgage on property in Lake George, New York owned by the subsidiary and a second mortgage on property in Bolton, New York, owned by the Company's CEO who is also a guarantor on the loan. Payments of interest only on the outstanding principal balance at a rate of 14% per annum, are payable monthly. The first payment was paid June 1, 2003. The entire amount, both principal and accrued interest shall be due and payable on May 1, 2004. The loan was paid in full on March 11, 2004.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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, 2004 and June 30, 2003 was \$88,242 and \$91,708, respectively.

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

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

The Note is collateralized by the property and equipment purchased and assignment of the leases. The Note was paid in full on September 22, 2003 in the amount of \$650,000 plus interest of \$7,895 (See Note 4 A).

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 6 Long Term Debt (Cont'd)

	Interesting Rate at June 30, 2004 and 2003	Maturities	Outstanding Debt at 6/30/2004	Outstanding Debt at 6/30/2003
Notes Payable Collateralized by Truck and Vans	0.00 - 9.147%	11/17/03-10/1/07	\$ 26,904	\$147,583
Capitalize Leases Payable Collateralized by Trucks and Van Purchased	5.689 - 12.506%	12/1/03-5/10/08	708,570	782,111
Capitalize Leases Payable Collateralized by Propane Tanks (See Below)	8.450 - 16.500%	11/1/05-6/1/06	-	126,275
Notes Payable Collateralized by Office and Computer Equipment	4.699 - 16.196%	9/1/04-5/27/08	37,435	330,445
Lease Payable Collateralized by Computer Equipment and Software	9.56%	SEPT 1, 2003	-	47,317
			\$ 772,909	\$1,433,731

The above notes are all collateralized by the equipment and/or furniture purchased. The capitalized leases payable are lease/purchase agreements with a small purchase price at the end of the lease. The above notes are represented by

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Notes Payable to Payees. Long-term debt at June 30, 2003, in the amount of \$1,178,184 and reduced by subsequent payments to \$1,084,866 was paid in full on September 22, 2003 (See Note 4A).

Maturities on the Notes Payable subsequent to June 30, 2004 are as follows:

FOR THE YEAR ENDING JUNE 30,	PRINCIPAL AMOUNT
2005	\$ 371,839
2006	362,507
2007	334,567
2008	325,318
2009	279,587
BALANCE	2,251,856

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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:

	<u>2004</u>	
	AMOUNT	PERCENT
Statutory Federal Income Tax	\$ 27,804	15.0%
State Income Tax	11,916	7.6
Income Taxes	\$ 39,720	22.6%
Income Taxes consist of:		
Current	\$ -	
Deferred	\$ 39,720	
TOTAL	39,720	

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

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 7 Income Taxes (Cont'd)

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:

	Amount	Percent	Amount	Percent
Statutory Federal Income Tax	\$ 204,432	34.0%	\$ (5,608)	(15.0%)
Federal Income Tax Reduction due to Carryforward loss	(199,165)			
State Income Tax	45,258	5.9	(2,429)	(7.6%)
State Income Tax (Note X)	45,091			
State Income Tax Reduction due to Carryforward loss	(42,834)			
Income Taxes	\$ 52,782	39.9%	\$ (8,037)	(22.6%)
Income Taxes consist of:				
Current				
Deferred				
TOTAL	\$ 45,258		\$ -	
	7,524		(8,037)	
	\$ 52,782		\$ (8,037)	

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	501,010	45,091

(See Note X, Prior Page)

JUNE 30, 2003

TEMPORARY DIFFERENCE	TAX EFFECT
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Depreciation and Amortization	\$	(241,993)		
Allowance for Doubtful Accounts		279,913	\$	(70,310)
Gain on Sale of Subsidiary		18,766		69,742
New Jersey Net Operating Loss				
Carryforward		501,010		4,035
(See Note X, Prior Page)				45,091

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 7 Income Taxes (Cont'd)

Able Energy, Inc., et al, open years are December 31, 2000 and June 30, 2001 and 2002 and 2003. The Company has a Federal net operating loss carryforward of approximately \$2,302,315. The net operating loss expires between June 30, 2019 and 2021. Able Energy, Inc. and Price Energy.Com, Inc. have a New Jersey Net Operating Loss Carryforward of approximately \$489,374 and \$2,217,251, respectively, which can be utilized in the year ending 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. For the year ended June 30, 2004, \$-0- of net income has been utilized against the net operating loss carry forward. At this time, the Company believes that a full valuation allowance should be provided. The components of the deferred tax asset as of June 30, 2004 are as follows:

Net Operating Loss Carryforward - Tax Effect	\$	-0-
Valuation Allowance		-
Net Deferred Tax based upon Net Operating Loss Carryforward	\$	-0-

Note 8 Receivable - Subsidiary

The Company has a Note Receivable from PriceEnergy.Com, Inc. for advances made in the development of the business, including hardware and software costs. All of PriceEnergy.Com, Inc.'s assets are pledged as collateral to Able Energy, Inc. The amount of the note is \$1,350,000 dated November 1, 2000 with interest at 8% per annum payable quarterly. Principal payments to begin two years after the date of the Note, November 1, 2002. Through June 30, 2004, no principal has been paid. Interest, in the amount of \$54,000 has been accrued for the six months ended December 31, 2002. No interest was accrued for the six months ended June 30, 2003 and the year ended June 30, 2004 as the note is non performing. Unpaid accrued interest due through June 30, 2003 and 2004 is \$234,000. The Note, accrued interest and interest expense have been eliminated in the consolidated financial statements (See Notes 1 and 13). Able Oil Company has a Note Receivable originally dated September 30, 2002 in the amount of \$1,510,372.73 from PriceEnergy.Com, Inc. The Note has been updated for transactions through June 30, 2004, resulting in a balance of \$2,070,082.46 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. Interest in the amount of \$30,000 has been recorded at June 30, 2003. No interest has been recorded for the six months ended June 30, 2003, or for the year ended June 30, 2004. 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.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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 \$26,579 (2004) and \$24,213 (2003), for the year ended June 30.

Note 10 Commitments and Contingencies

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

COMPANY	PERIOD	TOTAL GALLONS	GALLONS	OPEN
			OPEN COMMITMENT	DOLLAR COMMITMENT
			6/30/04	AT 6/30/04
PETROCOM	11/1/04-3/31/05	126,000	126,000	\$ 130,272
	10/1/04 -			
CONNECTIVE ENERGY	4/30/05	336,000	336,000	342,762
TOTAL		462,000	462,000	\$ 473,034

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

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

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

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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, 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 June 30, 2004 which are included in Prepaid Expenses and must be presented to the attorney for reimbursement. Per management, the New Jersey Department of Environmental Protection (NJDEP) must issue an approval for treated water run-off. When approval is received, 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.

On April 2, 2003, Able Energy received a Notice Of Violation from the New Jersey Department of Community Affairs ("DCA") citing a total of 13 violations to the New Jersey Administrative Code, Liquefied Petroleum Gas. Twelve of the violations were assessed a penalty of \$500 each. One of the violations, regarding the liquid transfer from one truck to another truck, was assessed a penalty of \$408,000, a second notice was received on April 29, 2003, for an alleged violation on April 12, 2003, and a fine of \$5,500 was assessed for a total of \$419,500. This amount is included in accrued expenses at June 30, 2003.

(See below)

Based upon initial review, the company disagrees with many of the findings of the report and disputes many of the allegations. The company has contested the DCA Notice of Violation and the assessed penalties. Counsel and the DCA have had several meetings and hearings were held in the Office of Administrative Law. The Company and DCA have settled the penalties of \$419,500 for \$25,000, resulting in Other Income of \$394,500 (See Note 22). The \$25,000 was paid March 10, 2004.

Company personnel met with personnel of the United States Occupational Safety and Health Administration ("OSHA") on September 12, 2003. OSHA has conducted an investigation relating to the safety practices of the Company, including such practices relating to the March 14, 2003 explosion and fire. OSHA has informed the Company it will be assessed a penalty of \$16,000 based upon violations sited. This amount is included in Accrued Expenses at June 30, 2003. This amount was paid in October 2003.

ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 10 Commitments and Contingencies (Cont'd)

The Sussex County, New Jersey, Prosecutor's Office is conducting an 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.

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.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 11 Operating Lease

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

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

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

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

The rent for the first year is \$7,145.83 per month and the second through fifth year is \$7,431.67 per month, plus 20.5% of the building's annual operational costs and its 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 \$197,765 for the year ended June 30, 2004. The estimated future rents are as follows:

YEAR ENDED JUNE 30,

2005	\$ 117,588
July 2005	9,799
TOTAL	\$ 127,387

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

Able Oil	\$ 500,
Melbourne	per
	month
	Total
	rent
	expense,
	\$6,000

Able	\$ 600,
Energy	per
New York	month

Total
rent
expense,
\$7,200

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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. 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. No new franchise agreements have been signed.

Note 13 Related Party Transactions

\$44,690 is due from the major Shareholder/Officer of the Company. This amount bears interest at a rate of 6% between the Shareholder and the Company. This Shareholder has loaned the Company a total of \$380,000 as of June 30, 2003, as evidenced by a Demand Note with interest at 6% per annum, which can be paid all or in part at any time without penalty. The Shareholder was repaid \$135,000 on March 3, 2004 (See Note 22). The balance of the Note was paid in March 2004. Interest expense has been 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 \$31,143.

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

Chief Executive Officer 23.5%

President 3.6%

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

Note 14 Earnings Per Share

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

	JUNE 30, 2004	JUNE 30, 2003	JUNE 30, 2002
Weighted Average of Common Shares Outstanding Used in Basic Earnings Per Share	2,013,250	2,012,708	2,001,332
Dilutive Effect of:			
Employee Stock Options	-	38,992	-
Stock Warrants	-	-	-
Weighted Average Common Shares Outstanding Used in Diluted Earnings Per Share	2,013,250	2,051,700	2,001,332

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 2004, approximately 349,000 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 (2003) and 335,183(2002). 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.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

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.

	<u>OUTSTANDING OPTIONS</u>		
	NUMBER OF SHARES	EXERCISE PRICE	TERM
January 6, 2000	56,000		
Grants	0	\$ 5.00	5 years
Exercises			
December 21, 2000	60,000	\$ 1.80	
Grants	0		5 years
Exercises			
	23,000	\$ 2.25	
	0		5 years
October 22, 2002	50,000	\$ 3.00	
Grants	0		5 years
Exercises			

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 16 Stock Warrants (Cont'd)

The Company has issued stock warrants as follows:

A. 60,000 Common Stock Purchase Warrants at \$4.81 per share, effective August 31, 2000, and expiring August 31, 2005, to Andrew Alexander Wise & Company in connection with an investment banking advisory agreement with the Company, dated July 1, 2000.

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

The 160,000 warrants to purchase shares of common stock were outstanding during the second quarter of 2004 and were not included in the computation of diluted EPS as the warrants' were all higher than the average stock price of \$2.59 and would have been anti-diluted (See Note 14). These warrants have not been registered under the Securities Act of 1933.

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, 2004, any amount for accrual of the above is not material and has not been computed.

Note 18 Cash Flow Information

The Directors received Common Stock as payment of Directors' Fees, \$24,000, in the quarter ended September 30, 2002. No cash was received or paid. Upon the sale of the subsidiary on March 1, 2004, \$1,400,000 is a receivable and has no effect on cash. In the year ended June 30, 2003, the Company lost fixed assets in an explosion at its Newton, NJ facility. There was no direct effect on cash of \$239,497. Penalties were assessed of \$435,500; no payment was made.

Note 19 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 \$424,547 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.

ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 19 Insurance Claim (Cont'd)

The following is a summary of insurance claims filed:

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

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

Note 20 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 21 Reclassification

The Company has entered into a financing agreement with UPS Capital Business Credit, that permits the Company to borrow a \$4,300,000 term loan, payable over fifteen (15) years. The loan closed on September 22, 2003 (see Note 4). The Company used the funds in part to repay short-term debt of \$3,170,000, a bank loan of \$1,270,000 and other Notes totaling \$1,900,000. In accordance with Financial Accounting Standards Board FAS6, the refinanced short-term debt at June 30, 2003, has been reclassified to long-term as "Short-Term Debt Refinanced".

Note 22 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.

In conjunction with the sale of the propane business, the New Jersey Dept. of Community Affairs (DCA) reduced the fine that was charged of \$419,500 to \$25,000 and the reduction of \$394,500 is shown as Other Income. The \$419,500 had been deducted as an expense in the prior fiscal year ended June 30, 2003 (See Note 10).

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.

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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.

The Company will receive the accounts receivable due 60 days or less as follows: Current 100%, 30 days 95% and 60 days 85%. Within 30 days following closing, the Company is due approximately \$124,586 from the buyer, \$208,917 of accounts receivable have been paid by customers for a total of \$333,503 to the Company. Accounts 90 days and greater, if collected, go to the buyer, which is approximately \$42,000. After 120 days any uncollected amounts revert to the buyer.

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ABLE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2004 AND 2003

Note 23 Discontinued Operations

On March 1, 2004, the Company sold the operating assets of its subsidiary, Able Propane, LLC (see Note 22), 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 year ended June 30 are as follows:

	2004	2003	2002
Total Revenues	\$ 1,817,902	\$ 2,888,174	\$ 1,872,443
Income (Loss) from Discontinued Operations	(57,630)	148,830	425,284
Gain on Sale of Subsidiary	2,668,490	-	-
Total Income From Discontinued Operations	\$ 2,610,860	\$ 148,830	\$ 425,284
Total Assets	\$ - 0 -	\$ 2,940,622	
Total Liabilities	- 0 -	2,603,736	
Net Assets of Discontinued Operations	\$ - 0 -	\$ 336,886	

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.

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ANNEX C

PROPOSED CHARTER AMENDMENT

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ABLE ENERGY, INC.

The undersigned, being the Chief Executive Officer of ABLE ENERGY, INC., a corporation existing under the laws of the State of Delaware, does hereby certify as follows:

1. The name of the corporation (hereinafter called the “corporation”) is Able Energy, Inc.
2. The certificate of incorporation of the corporation is hereby amended by striking out Article Fourth thereof and by substituting in lieu of said Article the following new Article:

FOURTH. This corporation is authorized to issue two classes of shares of stock to be designated, respectively, common stock (“Common Stock”) and preferred stock (“Preferred Stock”). The number of shares of Common Stock authorized to be issued is Seventy-Five Million (75,000,000), par value \$.001 per share, and the number of shares of Preferred Stock authorized to be issued is Ten Million (10,000,000), par value \$.001 per share; the total number of shares which the corporation is authorized to issue is Eighty-Five Million (85,000,000).

A. Rights, Preferences and Restrictions of Common Stock. The holders of the corporation's Common Stock, as a class, have equal ratable rights to receive dividends when, as and if declared by the Board of Directors, out of funds legally available therefor, and are entitled, upon liquidation of the corporation, to share ratably in the net assets available for distribution, are not redeemable and have no preemptive or similar rights; and holders of the corporation's Common Stock have one cumulative vote for each share held of record on all matters to be voted on by the corporation's stockholders.

B. Rights, Preferences and Restrictions of Preferred Stock. The Preferred Stock may be issued from time to time in one or more series, without further stockholder approval. The Board of Directors is hereby authorized, in the resolution or resolutions adopted by the Board of Directors providing for the issue of any wholly unissued series of Preferred Stock, within the limitations and restrictions stated in this Amended and Restated Certificate of Incorporation, to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them, and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding, and any other preferences, privileges and relative rights of such series as the Board of Directors may deem advisable. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

3. The amendment of the certificate of incorporation herein certified has been duly adopted and written consent has been given in accordance with the provisions of Section 228 and 242 of the General Corporation Law of the State of Delaware.

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The effective time of the amendment herein certified shall be _____, 2006.

IN WITNESS WHEREOF, the corporation has caused this Certificate of Amendment of the corporation's Certificate of Incorporation to be signed by Gregory D. Frost, its Chief Executive Officer this _____ day of _____, 2006.

ABLE ENERGY, INC.

By: _____
Gregory D. Frost, Chief Executive Officer

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ANNEX D
FAIRNESS OPINION

EHRENKRANTZ KING NUSSBAUM, Inc.
410 Park Avenue, Suite 710
New York, New York 10022

212-786-6928

October 7, 2005
Board of Directors
Able Energy, Inc.
198 Green Pond Road
Rockaway, NJ 07866

Members of the Board of Directors

We understand that Able Energy, Inc. (“Able” or the “Company”) has entered into an agreement to purchase all of the shares of All American Plazas, Inc. as of June 16, 2005, pursuant to the terms and conditions of a Stock Purchase Agreement (the “Agreement”), which has been amended and restated into the Asset Purchase Agreement as of the same date. Pursuant to the Agreement as of the date of the closing, Able will deliver its restricted common shares in an aggregate amount of \$35,000,000 based on a per share value of \$3.00 and will receive substantially all of the assets of All American Plazas, Inc. The specific terms and conditions of the Stock Purchase Agreement as amended and restated into the Asset Purchase Agreement are set forth in detail in the Agreement. The Agreement, as amended and restated, provides among other things, that the Company will issue its restricted common stock to the shareholders of All American Plazas, Inc. in exchange for the assets and certain liabilities of All American Plazas, Inc. In effect, the Company will be acquiring the business operations of All American Plazas, Inc. along with Property Equity Interests, as defined in the Agreement, as amended and restated. Additionally, the Company will be entering into long term leases agreements with All American Plazas, Inc. and the lease payments will accrue to the purchase price of the Property Equity Interests.

You have requested our opinion, as a financial advisor, with respect to the fairness, solely from a financial point of view, of the consideration being exchanged via distribution to All American Plazas, Inc. of the Company’s restricted common stock. We have not been requested to opine as to, and our opinion does not in any manner address, the Company’s underlying reasons or decision to proceed with or effect the asset purchase as contemplated by the proposed transaction. In arriving at our opinion, we did not nor do we intend to, offer any opinion as to the merits of the underlying decision by the Company to enter into the Agreement or to consummate the transactions contemplated hereby. This opinion is addressed to, and is for the use, information and benefit of, the Members of the Board of Directors of the Company and is not a recommendation to the holders of the Company common stock to approve the transaction contemplated by the Agreement.

In arriving at our opinion, we have reviewed and analyzed:

Stock Purchase Agreement, as amended and restated into the Asset Purchase Agreement, between Able Energy, inc. and All American Plazas, Inc. dated June 16, 2005.

Memorandum of Information titled ABLE ENERGY & ALL AMERICAN PLAZAS, INC.

Publicly available information concerning the Company which we deemed to be relevant to our inquiry and analysis including the Company’s Annual Reports as reported to the Securities and Exchange Commission on form 10-K SB for the fiscal years ended June 30, 2003 and June 30, 2004 and June 30, 2005; quarterly financial reports on form 10Q-SB for the periods ended March 31, 2005, December 31, 2004 and September 30, 2004; the Definitive Proxy dated

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October 3, 2005 in a draft form, Form 8K filed March 4, 2005 and other information filings.

Financial operating information with respect to the business, operations and prospects of All American Plazas, Inc. furnished to us by the counsel of the Company, discussions with the counsel for the Company.

Independent appraisal reports prepared by third parties for each of the included properties which will be leased and whose value represents the value of the Property Equity Interests.

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A Securities Purchase Agreement between All American Plazas, Inc. and certain purchasers of a Variable Rate Secured Convertible Debenture, Additional Investment Rights Agreement, Registration Rights Agreement, and other documents relating to a financing transaction contemplated by All American Plazas, Inc on or about June 6, 2005.

In arriving at our opinion, we employed seven methods of valuation analysis as follows:

- **Historical Cost Analysis** - analyzes the book value of All American Plazas, Inc.
- **Replacement Cost** - analyzes fair market value using current cost to replace existing assets and liabilities
- **Comparable Company Analysis** - derives a range of implied values for All American Plazas, Inc. by and analyzing how the public marketplace values similar publicly-traded companies.
- **Comparable Transaction Analysis** - derives a range of implied values for All American Plazas, Inc. by analyzing how acquirers value companies or assets similar to All American Plaza, Inc.
- **Contribution Analysis** - examines the relative value of each entity based on each entity's contribution to the combined company. This analysis is based on a key financial metrics.
- **Liquidation Value** - analyzes the potential liquidation value of American Plazas, Inc.
- **Trading History** - The prices of and trading history of the Company's common shares prior to the 8K filing of March 4, 2005 to reflect the pre and post transaction indication as represented by the closing price on September 30, 2005

Such other financial and comparative analyses as we deemed appropriate or necessary for the purpose of rendering the opinion as expressed herein

We have assumed and relied upon the accuracy and completeness of the financial and other information provided to us or discussed with us by the Company or otherwise used by us in arriving at our opinion without independent verification and have further relied upon the assurances of management of the Company that they are not aware of any facts that would make such information inaccurate or misleading with respect to the financial forecasts (including on a pro forma basis) of the Company. Upon advice of the Company, we have assumed that such forecasts have been reasonably prepared reflecting the best currently available estimates and judgments of the management of the Company as to the future financial performance of the Company (including on a pro forma basis), and that the Company reasonably expects to perform in accordance with such forecasts. In arriving at our opinion, we have not conducted physical inspections of the properties and facilities of the Company and have not made or obtained any evaluations, independent or otherwise, or appraisals of the assets, including any proprietary technology, or current or future liabilities of the Company. Additionally, you have not authorized us to solicit, and we have not solicited any indications of interest from any third party with respect to the purchase or business combination of all or a part of the Company's business on a post-transaction basis. Our opinion is necessarily based upon limited market, economic and other conditions as they exist on, and can be evaluated as of, the date of this letter.

We have not acted as financial advisor to the Company in connection with the initiation, solicitation of or negotiation of any terms of Stock Purchase Agreement between Able Energy, Inc. and All American Plazas, Inc., nor have we had any discussions with the management of All American Plazas, Inc. We will however, receive a fee for our services in rendering this opinion whether or not a transaction occurs. We will not receive any additional fees from any of the parties related to this transaction and we have not, and do not expect to, perform any investment

banking services for the Company. In the ordinary course of our business, we may have bought or sold shares of the Company on behalf of client accounts maintained at our firm. However, on June 7, 2005, we placed the shares of the Company on our internal restricted list as a result of having been asked by the Company to render an opinion.

The scope of EKN's opinion is expressly limited to the contents herein. It is understood that this letter is not intended to confer any rights or remedies upon any other entity or persons, and may not be quoted or referred to for any purpose without our prior written consent, except for inclusion in a proxy statement or information statement related to the transaction, as contemplated hereby, that we have had an opportunity to review.

This opinion is for the use and benefit of the Board of Directors of the Company and shall not be disclosed publicly or made available to, or relied upon by, any third party without our prior approval. The Company may include the Opinion and a description thereof in any document required to be filed with the Securities and Exchange Commission and distributed to the Company's stockholders in connection with a proxy seeking their approval and may refer to EKN in such document, provided that any such description and references have been submitted to and are reasonable acceptable to EKN. This opinion is not intended to be and does not constitute a recommendation to any stockholder as to whether to vote for the transaction as proposed.

On the basis of our analysis and review and in reliance on the accuracy and completeness of the information furnished to us, it is our opinion that, as of the date hereof, the transaction is fair to the stockholders of Able Energy, Inc. from a financial point of view.

Very truly yours,

EHRENKRANTZ KING NUSSBAUM, Inc.

By: /s/ John F. O'Brien
John F. O'Brien
Managing Director

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EHRENKRANTZ KING NUSSBAUM, Inc.
410 Park Avenue, Suite 710
New York, New York 10022

212-786-6928

June 15, 2005

Board of Directors
Able Energy, Inc.
198 Green Pond Road
Rockaway, NJ 07866

Members of the Board of Directors

We understand that Able Energy, Inc. (“Able” or the “Company”) has offered to purchase all of the issued and outstanding shares of All American Plazas, Inc. and that the parties have prepared a draft agreement to effectuate this purchase of all of the shares of All American Plazas, Inc., pursuant to the terms and conditions of a Stock Purchase Agreement dated June 15, 2005 (the “Agreement”). Pursuant to the Agreement as of the date of the closing, Able will deliver its restricted common shares in an aggregate amount of \$35,000,000 based on a per share value of \$3.00 and will receive in exchange all of the shares of All American Plazas, Inc. In addition, Able will pay All American an additional amount of \$10,000,000, also based on a per share value of \$35,000,000 providing All American with substantial interest expense, savings and additional working capital. The specific terms and conditions of the Stock Purchase are set forth in detail in the Agreement.

You have requested our opinion, as a financial advisor, with respect to the fairness, solely from a financial point of view, whether the consideration being paid by the Company to the shareholders of All American Plazas, Inc., is fair to the stockholders of Able Energy, Inc. We have not been requested to opine as to, and our opinion does not in any manner address the Company’s underlying reasons or decision to proceed with or effect the stock purchase as contemplated by the proposed transaction.

In arriving at our opinion, we have reviewed and analyzed:

The draft Stock Purchase Agreement Between Able Energy, Inc. and shareholders of All American Plazas, Inc. dated June 15, 2005.

Memorandum of Information titled ABLE ENERGY & ALL AMERICAN PLAZAS, INC.

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Publicly available information concerning the Company which we deemed to be relevant to our inquiry and analysis including the Company's Annual Reports as reported to the Securities and Exchange Commission on form 10-K SB for the fiscal years ended June 20, 2003 and June 30, 2004, quarterly financial reports on form 10Q-SB for the periods ended March 31, 2005, December 31, 2004 and September 30, 2004; the Definitive Proxy dated May 3, 2005, Form 8K filed March 4, 2005 and other information filings.

Financial and operating information with respect to the business, operations and prospects of All American Plazas, Inc. furnished to us by the counsel of the Company, discussions with both the counsel for the Company and the Vice President of Business Development and Steve Ruberman of Maier Markey & Menashi as outside auditors for AAP concerning the current operations, financial condition and future prospects of the Company.

A Securities Purchase Agreement between All American Plazas, Inc. and certain purchasers of a Secured Debenture, Additional Investment Rights Agreement as well as the proposed documents between the Company and the purchasers in the event the Company completes the stock acquisition of all of the shares of All American pursuant to the Agreement, namely the Securities Assumption, Amendment and Issuance Agreement, the Variable Rate Secured Convertible Debenture, Common Stock Purchase Warrant, Registration Rights Agreement and other documents relating to a financing transaction completed by All American Plazas, Inc. on or about June 6, 2005.

In arriving at our opinion, we looked at various valuation methods such as the following and applied those that were appropriate in our judgment:

- Comparable Company Analysis - derives a range of implied values for All American Plazas, Inc. by analyzing how the public marketplace values similar private companies.
- Comparable Transaction Analysis - derives a range of implied values for All American Plazas, Inc. by analyzing how acquires value companies or assets similar to All American Plaza, Inc.
- Contribution Analysis - examines the relative value of each entity based on each entity's contribution to the combined company. This analysis is based on key financial metrics.
 - Liquidation Value - analyzes the potential liquidation value of All American Plazas, Inc.
- Trading History - The prices of and trading history of the Company's common shares prior to the 8K filing of March 4, 2005 to reflect the pre and post transaction indication.

Such other financial and comparative analyses as we deemed appropriate or necessary for the purpose of rendering the opinion as expressed herein.

We have assumed and relied upon the accuracy and completeness of the financial and other information provided to us or discussed with us by the Company or otherwise used by us in arriving at our opinion without independent verification and have further relied upon the assurances of management of the Company that they are not aware of any facts that would make such information inaccurate or misleading with respect to the financial forecasts (including on a pro forma basis) of the Company. Upon advise of the Company, we have assumed that such forecasts have been reasonably prepared reflecting the best currently available estimates and judgments of the management of the Company as to the future financial performance of the Company (including on a pro forma basis), and that the Company reasonably expects to perform in accordance with such forecasts. In arriving at our opinion, we have not conducted physical inspections of the properties and facilities of the Company and have not made or obtained any evaluations, independent or otherwise, or appraisals of the assets, including any proprietary technology, or current or future liabilities of the Company. Additionally, you have not authorized us to solicit, and we have not solicited any indications of interest from any third party with respect to the purchase or business combination of all or part of the Company's business on a post-transaction basis. Our opinion is necessarily based upon limited market, economic and other conditions as they exist on, and can be evaluated as of, the date of this letter.

We have not acted as financial advisor to the Company on connection with the initiation, solicitation of or negotiation of any terms of Stock Purchase Agreement between Able Energy, Inc. and All American Plazas, Inc., nor have we had any discussions with the management of All American Plazas, Inc. Although, we have discussed with All American Plazas, Inc.'s outside auditing firm, Maier Markey & Menashi, the financial statements of All American. We will however, receive a fee for our services in rendering this opinion whether or not a transaction occurs. We will not receive any additional fees from any of the parties related to this transaction and we have not, and do not expect to, perform any investment banking services for the Company. In the ordinary course of our business, we may have bought or sold shares of the Company on behalf of client accounts maintained at our firm. However, on June 7, 2005, we placed the shares of the Company on our internal restricted list as a result of having been asked by the Company to render an opinion.

This opinion is solely for the use and benefit of the Board of Directors of the Company and the stockholders of Able and shall not be disclosed publicly or made available to, or relied upon by, any third party without our prior approval. The Company may include the Opinion and description thereof in any document required to be filed with the Securities and Exchange Commission and distributed to the Company's stockholders in connection with a proxy seeking their approval and may refer to EKN in such document, provided that any such description and references have been submitted to and are reasonable acceptable to EKN. This opinion is not intended to be and does not

constitute a recommendation to any stockholder as to whether to vote for the transaction as proposed.

On the basis of our analysis and review and in reliance on the accuracy and completeness of the information furnished to us, it is our opinion that, as of the date hereof, the transaction is fair to the stockholders of Able Energy, Inc., from a financial point of view.

Very truly yours,

EHRENKRANTZ KING NUSSBAUM, Inc.

/s/ Robert Nathan

Robert Nathan

Managing Director

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ANNEX E

PRO FORMA FINANCIAL STATEMENTS

ABLE ENERGY INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

INTRODUCTION TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined balance sheet as of March 31, 2006 aggregates the condensed combined balance sheet of Able Energy Inc. and Subsidiaries ("Able"), and the balance sheet of All American Plazas, Inc. and Subsidiaries ("AAP") as of March 31, 2006, and gives effect to the acquisition transaction which is anticipated to occur as if the acquisition had occurred as of March 31, 2006. The accounting for the transaction is more fully described in Note 1 to the pro forma condensed combined financial statements.

The following unaudited pro forma condensed combined statements of operations combine the results of operations of Able for the nine months ended March 31, 2006 and for the year ended June 30, 2005, with the statements of operations for AAP for the nine months ended December 31, 2005 and for the year ended September 30, 2005 as if the acquisition had occurred as of July 1, 2004.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the separate historical unaudited financial statements of Able as filed on Form 10-Q for the nine months ended March 31, 2006 and the unaudited historical financial statements for AAP for the nine months ended March 31, 2006 and the audited financial statements of Able for the year ended June 30, 2005 and AAP for the years ended September 30, 2005 appearing elsewhere in this statement. These unaudited pro forma condensed combined financial statements are not necessarily indicative of the combined financial position, had the acquisition occurred on the dates indicated above, or the combined results of operations which might have existed for the periods indicated or combined results of operations as they may be in the future.

For purposes of preparing Able's consolidated financial statements, a new basis will be established for the assets and liabilities of AAP based upon the fair value thereof, including the costs of the acquisition. The unaudited pro forma condensed combined balance sheet and statements of operations reflect management's best estimate of the purchase price allocation; however, the final allocation may differ from the pro forma amounts.

ABLE ENERGY, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
 March 31, 2006

	<u>- ASSETS</u>				
	Able	AAP	Pro Forma		Combined
	(a)	(b)	Adjustments		
<u>CURRENT ASSETS</u>					
Cash	\$ 1,605,404	\$ 3,665,700	\$ --		\$ 5,271,104
Accounts receivable, net	3,526,628	3,271,971	--		6,798,599
Inventories	1,021,456	2,965,887	--		3,987,343
Notes receivable - current portion	276,962	--	--		276,962
Deferred income taxes	--	213,900	(213,900)	(c)	--
Notes receivable - related parties	1,904,457	--	--	(d)	1,904,457
Prepaid expenses and other current assets	700,313	530,157	(83,667)	(c)	1,146,803
Total current assets	9,035,220	10,647,615	(297,567)		19,385,268
<u>PROPERTY, PLANT AND EQUIPMENT, net</u>					
	4,528,837	42,797,284	(39,532,757)	(c)(e)	7,793,364
<u>OTHER ASSETS</u>					
Security deposits	84,918	--	--		84,918
Restricted cash	--	75,000	--		75,000
Notes receivable - less current portion	849,182	--	--		849,182
Intangible assets, net	548,418	1,545,098	33,454,902	(f)	35,548,418
Deferred financing costs, net	164,656	--	--		164,656
Prepaid acquisition costs	311,940	--	--		311,940
Investment in Able	--	5,659,050	(5,659,050)	(c)	--
Notes receivable - related parties	--	12,117,964	(12,117,964)	(c)	--
TOTAL ASSETS	\$ 15,523,171	\$ 72,842,011	\$ (24,152,436)		\$ 64,212,746

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 2,939,705	\$ 13,689,575	\$ --	(h)	\$ 16,629,280
Line of credit	1,115,741	--	--		1,115,741
Notes payable, current portion	74,951	46,702,240	(46,702,240)	(c)	74,951
Capital leases payable, current portion	316,125	--	--		316,125
	2,086,864	--	--		2,086,864

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Customer pre-purchase payments					
TOTAL CURRENT LIABILITIES	6,533,386	60,391,815	(46,702,240)		20,222,961
<u>LONG-TERM LIABILITIES</u>					
Convertible debentures, net	46,422	--	--		46,422
Unearned income	228,579	--	--		228,579
Deferred income taxes payable	--	3,510,400	(3,510,400)	(c)	--
Notes payable, less current portion	3,195,688	6,796,641	(6,796,641)	(c)	3,195,688
Capital leases payable, less current portion	685,250	--	--		685,250
TOTAL LIABILITIES	10,689,325	70,698,856	(57,009,281)		24,378,900
<u>STOCKHOLDERS' EQUITY</u>					
Common stock	3,032	2,611,716	11,667	(i)	14,699
			(2,611,716)	(c)	
Additional paid in capital	14,224,220	8,585,556	34,988,333	(i)	49,212,553
			(8,585,556)	(c)	
Accumulated deficit	(9,188,999)	(9,054,117)	9,054,117	(c)	(9,188,999)
Deferred compensation	(204,407)	--	--		(204,407)
TOTAL STOCKHOLDERS' EQUITY	4,833,846	2,143,155	32,856,845		39,833,846
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 15,523,171	\$ 72,842,011	\$ (24,152,436)		\$ 64,212,746

See notes to unaudited pro forma condensed combined financial statements.

ABLE ENERGY, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF
OPERATIONS

For the Nine Months Ended March 31, 2006

	Able (j)	AAP (k)	Pro Forma Adjustments		Combined
NET SALES	\$ 61,736,954	\$ 126,462,301	--		\$ 188,199,255
COST OF SALES	56,332,818	112,582,057	--		168,914,875
GROSS PROFIT	5,404,136	13,880,244	--		19,284,380
OPERATING EXPENSES					
Other operating expenses	--	11,206,580	4,259,613	(l)	15,466,193
Selling, general and administrative	6,242,669	2,818,225	--		9,060,894
Depreciation and amortization	974,457	2,418,265	(2,418,265)	(m)	
			375,000	(n)	
			2,625,000	(o)	3,974,457
Other operating income	--	(1,004,759)	--		(1,004,759)
TOTAL OPERATING EXPENSES	7,217,126	15,438,311	4,841,348		27,496,785
LOSS FROM OPERATIONS	(1,812,990)	(1,558,067)	(4,841,348)		(8,212,405)
OTHER INCOME (EXPENSES)					
Interest and other income	113,688	1,022,619	(791,631)	(p)	344,676
Interest expense	(525,331)	(4,298,988)	4,259,613	(l)	(564,706)
Loss in equity of Able	--	(1,438,127)	1,438,127	(q)	--
Note conversion expense	(125,000)	--	--		(125,000)
Amortization of discounts on debt	(2,413,922)	--	--		(2,413,922)
TOTAL OTHER INCOME (EXPENSE)	(2,950,565)	(4,714,496)	4,906,109		(2,758,952)
NET LOSS	\$ (4,763,555)	\$ (6,272,563)	\$ (64,761)		\$ (10,971,357)
Basic and Diluted Net Loss Per Share Applicable to Common Stockholders	\$ (1.76)				\$ (.78)
Weighted Average Number of Common Shares Outstanding - Basic	2,700,748		11,666,667	(i)	14,367,415

and Diluted

See notes to unaudited pro forma condensed combined financial statements.

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ABLE ENERGY, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF
OPERATIONS

For the Year Ended June 30, 2005

	Able (r)	AAP (s)	Pro Forma Adjustments		Combined
NET SALES	\$ 61,964,825	\$ 149,625,495	--		\$ 211,290,320
COST OF SALES	55,977,955	131,053,067	--		187,031,022
GROSS PROFIT	5,986,870	18,572,428	--		24,559,297
OPERATING EXPENSES					
Other operating expenses	--	14,748,379	3,069,781	(t)	17,818,160
Selling, general and administrative	6,656,212	2,703,846	--		9,360,058
Depreciation and amortization	1,183,144	2,105,489	(2,105,489)	(u)	
			500,000	(v)	
			3,350,000	(w)	5,183,144
Other operating income	--	(1,342,736)	--		(1,342,736)
TOTAL OPERATING EXPENSES	7,839,356	18,214,978	4,964,292		31,018,626
(LOSS) INCOME FROM OPERATIONS	(1,852,486)	357,450	(4,964,292)		(6,459,328)
OTHER INCOME (EXPENSES)					
Interest and other income	195,493	973,086	(510,896)	(x)	657,683
Interest expense	(449,776)	(3,069,781)	3,069,781	(t)	(449,776)
Loss in equity of Able	--	(572,246)	572,246	(y)	--
TOTAL OTHER INCOME (EXPENSE)	(254,283)	(2,668,941)	3,131,131		207,907
Loss before provision for (benefit from) income taxes	(2,106,769)	(2,311,491)	(1,833,161)		(6,251,421)
Provision for (benefit from) income taxes	3,488	(805,000)	805,000		3,488
NET (LOSS) INCOME	\$ (2,110,257)	\$ (1,506,491)	\$ (2,638,161)		\$ (6,254,909)

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Basic and Diluted Net Loss Per Share Applicable to Common Stockholders	\$	(.99)		\$	(.45)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		2,140,813		11,666,667 (i)	13,807,480

See notes to unaudited pro forma condensed combined financial statements.

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ABLE ENERGY INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2006 AND THE YEAR ENDED
JUNE 30, 2005

NOTE 1 - ACQUISITION

Pursuant to the Asset Purchase Agreement, dated as of June 16, 2005, Able Energy Inc. ("Able"), a Delaware corporation, intends to acquire all of the truck plaza business assets of All American Plazas Inc. and Subsidiaries ("AAP"). AAP owns and operated truck stop plazas in New Jersey, Pennsylvania and Virginia. The purchase price for this transaction is \$35,000,000 and will be settled with the issuance of restricted common shares of Able. On January 30, 2006, AAP and Able entered into a letter agreement regarding Voting and Lock-up Arrangements in order to clarify that AAP is the target company under the Asset Purchase Agreement. Under such Voting and Lock-up Arrangements, AAP agreed to not to directly or indirectly vote any of its shares following the acquisition in favor of any change of any director on the Board of Able. The Voting and Lock-up Arrangements are effective until AAP no longer owns a majority of shares of Able. Because of this lock-up arrangement which limits the right to AAP to replace the Able Board, AAP is deemed to be the target in the acquisition. The letter agreement regarding Voting and Lock-up Arrangements is filed with the preliminary proxy statement under Annex A.

NOTE 2 - PRO FORMA ADJUSTMENTS

The pro forma adjustments give effect to the acquisition of AAP by Able.

Balance Sheet - March 31, 2006

- (a) Derived from the unaudited consolidated balance sheet of Able at March 31, 2006.
- (b) Derived from the unaudited consolidated balance sheet of AAP at March 31, 2006.
- (c) Elimination of assets not being acquired, liabilities not being assumed (include all deferred tax assets and liabilities, AAP's investment in Able, all related party notes receivable, all real property not being acquired, and all long term debt of AAP not being assumed by Able) and equity of AAP.
- (d) Included in notes receivable - related parties is a \$1,730,000 note to AAP. This note is not being assumed or cancelled in connection with this acquisition and therefore has not been adjusted.
- (e) Recording of estimated fair value of purchased property, plant and equipment. The value amounts of these assets were estimated based upon information available to management and are subject to change based upon an outside appraisal being performed.
- (f) Recording of estimated values of purchased identifiable intangible assets consisting of \$35,000,000 (after reducing the fair value for negative goodwill of \$10 million) for the option to acquire the real estate underlying operating leases on the property of each of AAP's truck stops. The valuation was derived based on the Black Scholes pricing model.

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A summary of the pro forma adjustment for intangibles is as follows:

Total estimated purchased identifiable intangible assets	\$ 35,000,000
Less: Intangible assets previously recorded on AAP	1,545,098
Pro forma adjustment for intangible assets	\$ 33,454,902

- (g) As part of the acquisition the company allocated part of the purchase price to an intangible asset entitled "Option to Acquire Real Estate." The intangible asset was recorded at \$35 million and is being amortized over a period of ten years representing the economic and contractual life of the options including renewal periods.

The following represents a summary of the purchase price consideration:

Value of common stock issued	\$ 35,000,000
------------------------------	---------------

- (h) In exchange for a credit line extension from one of AAP's fuel suppliers, AAP provided the fuel supplier the right until June 1, 2006, extended through September 1, 2006, to convert between \$3,000,000 and \$6,000,000 of AAP's accounts payable to the supplier into common stock of AAP. When the business combination between Able and AAP is completed and the debt of the Company is assumed by Able, the fuel supplier will then have the right to convert the aforementioned amounts into common stock of the Able by September 1, 2006 at a conversion price equivalent to the last equity financing completed by Able or the current market price, which ever is less.
- (i) Issuance of \$35,000,000 of Able stock representing 11,666,667 shares of common stock and additional estimated costs related to acquisition of \$500,000.

Statement of Operations - For the Nine Months Ended March 31, 2006

- (j) Derived from the unaudited consolidated statement of operations of Able for the nine months ended March 31, 2006.
- (k) Derived from the unaudited statement of operations of AAP for the nine months ended March 31, 2006.
- (l) Elimination of interest expense related to long-term debt being retained by AAP and the recognition of rent expense related to the lease agreements on the land being retained by AAP.
- (m) Reversal of depreciation and amortization of fixed assets and intangibles previously recorded of \$2,418,265 for the period July 1, 2005 through March 31, 2006, related to the acquisition of AAP.
- (n) Recording an estimate for the depreciation of purchased fixed assets of \$375,000 for the nine months ended March 31, 2006 related to the acquisition of AAP.
- (o)

Recording an estimate for the amortization of purchased identifiable intangible assets of \$2,625,000 for the nine months ended March 31, 2006 related to the acquisition of AAP.

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- (p) Elimination of income recorded on AAP for nine months ending March 31, 2006, consisting of interest income on notes receivable.
- (q) Elimination of loss in equity of Able recorded on AAP.

Statement of Operations - For the Year Ended June 30, 2005

- (r) Derived from the audited consolidated statement of operations of Able for the year ended June 30, 2005.
- (s) Derived from the audited statement of operations of AAP for the year ended September 30, 2005.
- (t) Elimination of interest expense related to long-term debt being retained by AAP and the recognition of rent expense related to the lease agreements on the land being retained by AAP.
- (u) Reversal of depreciation and amortization of fixed assets and intangibles previously recorded of \$2,105,489 for the year ended September 30, 2005, related to the acquisition of AAP.
- (v) Recording an estimate for the depreciation of purchased fixed assets of \$500,000 for the year ended June 30, 2005 related to the acquisition of AAP.
- (w) Recording an estimate for the amortization of purchased identifiable intangible assets of \$2,350,000 for the year ended June 30, 2005 related to the acquisition of AAP.
- (x) Elimination of income recorded on AAP for year ended September 30, 2005, consisting of interest income on notes receivable.
- (y) Elimination of loss in equity of Able recorded on AAP.

PROXY CARD

**SPECIAL MEETING OF STOCKHOLDERS OF
ABLE ENERGY, INC.**

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

Please detach and mail in the envelope provided.

ABLE ENERGY, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints each of Christopher Westad and Gregory Frost with full power of substitution, proxy to vote at the Annual Meeting of Stockholders of Able Energy, Inc. (the "Company") to be held at the offices of Able Energy, Inc., 1140 6th Avenue, New York, New York at 10:00 a.m. Eastern Time, and at any adjournment or adjournments thereof, hereby revoking any proxies heretofore given, all shares of common stock of the Company held or owned by the undersigned as directed on the reverse side, and in their discretion upon such other matters as may come before the meeting.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE

(Continued and to be signed on the reverse side)

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: [X]

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ABLE ENERGY, INC.

Vote on Acquisition

1. ACQUISITION OF ALL AMERICAN PLAZAS, INC.

Issuance of up to 11,666,667 shares of the Company's common stock which will result in the acquisition of substantially all of the assets of All American Plazas, Inc., or All American, a Pennsylvania corporation, pursuant to the Stock Purchase Agreement, dated as of June 16, 2005, by and among the shareholders of All American and us (as amended and restated into the Asset Purchase Agreement as of the same date)

FOR AGAINST ABSTAIN

Vote on Financing

2. RATIFICATION AND APPROVAL OF JULY DEBENTURE FINANCING

Potential issuance of up to 789,970 shares of the Company's common stock through the conversion of certain convertible debentures the Company issued in connection with a \$2.5 million sale of such debentures which took place in July 12, 2005 and 5.25 million shares pursuant to the exercise of warrants at \$7.50 per share issued in connection with the same financing

FOR AGAINST ABSTAIN

Vote on Charter Amendment

2. APPROVAL OF AMENDMENT TO CERTIFICATE OF INCORPORATION

Increase in the number of shares of common stock authorized for issuance under the Company's Certificate of Incorporation from 10,000,000 shares to 75,000,000 shares.

FOR AGAINST ABSTAIN

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE ABOVE PROPOSALS.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED. IF NO DIRECTION IS GIVEN WITH RESPECT TO A PROPOSAL, THIS PROXY WILL BE VOTED FOR SUCH PROPOSAL.

Note: This proxy must be signed exactly as the name appears hereon. When shares are held jointly, each holder should sign (manually add below additional signatory lines as may be needed). When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Please indicate if you plan to attend this meeting [] Yes [] No

Signature of Stockholder _____ Date: _____

Entity Name (if applicable)/Capacity _____