PRUDENTIAL BANCORP, INC.
Form 10-Q
February 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2017

OR

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

For the transition period from to

Commission file number: 000-55084

Prudential Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania	**46-2935427**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1834 West Oregon Avenue	**19145**
Philadelphia, Pennsylvania	Zip Code
(Address of Principal Executive Offices)	

(215) 755-1500
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨
	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

¨ Yes x No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practical date: as of January 31, 2018, 10,819,006 shares were issued and 8,981,316 were outstanding.

PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

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PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	December 31, 2017	September 30, 2017
	(Dollars in Thousands, except per share data)	
ASSETS		
Cash and amounts due from depository institutions	$ 2,477	$ 2,274
Interest-bearing deposits	14,182	25,629
Total cash and cash equivalents	16,659	27,903
Certificates of deposit	1,604	1,604
Investment and mortgage-backed securities available for sale (amortized cost— December 31, 2017, $217,350; September 30, 2017, $180,087)	214,570	178,402
Investment and mortgage-backed securities held to maturity (fair value— December 31, 2017, $62,156; September 30, 2017, $60,179)	63,377	61,284
Loans receivable—net of allowance for loan losses (December 31, 2017, $4,676; September 30, 2017, $4,466)	579,987	571,343
Accrued interest receivable	3,452	2,825
Real estate owned	363	192
Federal Home Loan Bank stock—at cost	6,859	6,002
Office properties and equipment—net	7,711	7,804
Bank owned life insurance	28,212	28,048
Deferred tax assets-net	2,836	4,091
Goodwill	6,102	6,102
Core deposit intangible	672	709
Prepaid expenses and other assets	1,346	3,231
TOTAL ASSETS	$ 933,750	$ 899,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	$ 11,578	$ 9,375
Interest-bearing	640,454	626,607
Total deposits	652,032	635,982
Advances from Federal Home Loan Bank (short-term)	30,000	20,000

Advances from Federal Home Loan Bank (long-term)	106,916	94,318
Accrued interest payable	641	1,933
Advances from borrowers for taxes and insurance	3,498	2,207
Accounts payable and accrued expenses	7,249	8,921
Total liabilities	800,336	763,361
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	-	-
Common stock, $.01 par value, 40,000,000 shares authorized; 10,819,006 issued and 8,981,755 outstanding at December 31, 2017; 10,819,006 issued and 9,008,125 outstanding at September 30, 2017	108	108
Additional paid-in capital	119,039	118,751
Treasury stock, at cost: 1,837,251 shares at December 31, 2017 and 1,810,881 shares at September 30, 2017	(27,296)	(26,707)
Retained earnings	43,328	44,787
Accumulated other comprehensive loss	(1,765)	(760)
Total stockholders' equity	133,414	136,179
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 933,750	$ 899,540

See notes to unaudited consolidated financial statements.

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PRUDENTIAL bancorp, inc. and subsidiarIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	2017	2016
	(Dollars in Thousands, Except Per Share Data)	
INTEREST INCOME:		
Interest on loans	$ 6,107	$ 3,325
Interest on mortgage-backed securities	842	571
Interest and dividends on investments	949	606
Interest on interest-bearing assets	138	3
Total interest income	8,036	4,505
INTEREST EXPENSE:		
Interest on deposits	1,412	691
Interest on advances from Federal Home Loan Bank (short-term)	82	73
Interest on advances from Federal Home Loan Bank (long-term)	406	93
Total interest expense	1,900	857
NET INTEREST INCOME	6,136	3,648
PROVISION FOR LOAN LOSSES	210	185
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,926	3,463
NON-INTEREST INCOME:		
Fees and other service charges	167	124
Gain on sale of loans, net	-	44
Income from bank owned life insurance	164	166
Other	84	24
Total non-interest income	415	358
NON-INTEREST EXPENSE:		
Salaries and employee benefits	1,974	1,569

Data processing		176		112
Professional services		792		319
Office occupancy		271		170
Depreciation		156		82
Director compensation		59		68
Advertising		60		37
Core deposit amortization		37		-
Other		518		363
Total non-interest expense		4,043		2,720
INCOME BEFORE INCOME TAXES		2,298		1,101
INCOME TAXES:				
Current expense		648		470
Deferred tax (benefit)		1,616		(100)
Total income tax expense		2,264		370
NET INCOME	$	34	$	731
BASIC EARNINGS PER SHARE	$	0.004	$	0.100
DILUTED EARNINGS PER SHARE	$	0.004	$	0.100
DIVIDENDS PER SHARE	$	0.20	$	0.03

See notes to unaudited consolidated financial statements.

PRUDENTIAL bancorp, inc. and subsidiarIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three months ended December 31,	
	2017	2016
	(Dollars in Thousands)	
Net income	$ 34	$ 731
Unrealized holding losses on available-for-sale securities	(1,107)	(3,456)
Tax effect	376	1,177
Unrealized holding gain on interest rate swaps	44	733
Tax effect	(15)	(249)
Total other comprehensive loss	(702)	(1,795)
Comprehensive loss	$ (668)	$ (1,064)

See notes to unaudited consolidated financial statements.

PRUDENTIAL bancorp, inc. and subsidiarIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	(Dollars in Thousands, Except Per Share Data)						
BALANCE, October 1, 2017	$108	$118,751	$ -	$(26,707)	$44,787	$ (760)	$ 136,179
Net income					34		34
Other comprehensive loss						(702)	(702)
Dividends paid ($0.20 per share)					(1,796)		(1,796)
Purchase of Treasury Stock (48,541 shares)				(898)			(898)
Treasury Stock used for employee benefit plans (22,171 shares)				309			309
Stock option expense		169					169
Recognition and Retention Plan expense		119					119
Reclassification due to change in feceral income tax rate					303	(303)	-
BALANCE, December 31, 2017	$108	$119,039	$ -	$(27,296)	$43,328	$ (1,765)	$ 133,414

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	(Dollars in Thousands, Except Per Share Data)						
BALANCE, Octoober 1, 2016	$95	$ 95,713	$ (4,550)	$(21,098)	$43,044	$ 798	$ 114,002

Net income					731		731
Other comprehensive loss						(1,795)	(1,795)
Dividends paid ($0.03 per share)					(225)		(225)
Stock option expense		130					130
Recognition and Retention Plan expense		134					134
ESOP shares committed to be released (8,879 shares)		45	94				139
BALANCE, December 31, 2016	$95	$ 96,022	$ (4,456)	$ (21,098)	$ 43,550	$ (997)	$ 113,116

See notes to unaudited consolidated financial statements.

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PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended December 31,	
	2017	2016
	(Dollars in Thousands)	
OPERATING ACTIVITIES:		
Net income	$ 34	$ 731
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	156	82
Net (accretion) amortization of premiums/discounts	53	(9)
Provision for loan losses	210	185
Net amortization of deferred loan fees and costs	3	46
Share-based compensation expense for stock options and awards	288	264
Income from bank owned life insurance	(164)	(166)
Gain from sale of loans	-	(44)
Proceeds from sale of loans held for sale	-	2,478
Compensation expense of ESOP	-	139
Deferred income tax expense (benefit)	1,616	(100)
Changes in assets and liabilities which used cash:		
Accrued interest receivable	(627)	(147)
Prepaid escrow for the Polonia Merger	-	(18,949)
Accrued interest payable	(1,292)	(1,226)
Net other	24	(1,489)
Net cash provided by (used in) operating activities	301	(18,205)
INVESTING ACTIVITIES:		
Purchase of investment and mortgage-backed securities available for sale	(40,641)	-
Purchase of investment securities held for maturity	(2,458)	(5,061)
Loans originated or acquired	(28,346)	(27,848)
Principal collected on loans	19,475	20,637
Principal payments received on investment and mortgage-backed securities:		
Held-to-maturity	345	295
Available-for-sale	3,332	2,607
Purchase of FHLB stock	(857)	(507)
Purchase of BOLI	-	(10,000)
Purchases of equipment	(63)	(6)
Net cash used in investing activities	(49,213)	(19,883)
FINANCING ACTIVITIES:		
Net decrease in demand deposits, NOW accounts, and savings accounts	(5,691)	(1,105)
Net increase in certificates of deposit	21,741	20,119

Net proceeds from FHLB advances (short-term)	10,000	29,012
Proceeds from FHLB advances (long-term)	26,000	-
Repayment of FHLB advances (long-term)	(13,287)	(14,850)
Increase in advances from borrowers for taxes and insurance	1,290	765
Cash dividends paid	(1,796)	(225)
Treasury stock used for employee benefit plans	309	-
Purchase of treasury stock	(898)	-
Net cash provided by financing activities	37,668	33,716
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,244)	(4,372)
CASH AND CASH EQUIVALENTS—Beginning of period	27,903	12,440
CASH AND CASH EQUIVALENTS—End of period	$ 16,659	$ 8,068
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid on deposits and advances from Federal Home Loan Bank	$ 3,192	$ 2,083
Income taxes paid	$ -	$ 650
SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:		
Real estate acquired in settlement of loans	$ 171	$ -

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Prudential Bancorp, Inc. (the “Company”) is a Pennsylvania corporation and the parent holding company for Prudential Bank (the “Bank”). The Company is a registered bank holding company.

The Bank is a community-oriented Pennsylvania-chartered savings bank headquartered in South Philadelphia. The banking office network currently consists of the headquarters and main office(which includes a branch office), administrative office, and 10 additional full-service branch offices. Nine of the branch offices are located in Philadelphia (Philadelphia County), one is in Drexel Hill, Delaware County, and one is in Huntingdon Valley, Montgomery County (both Pennsylvania counties). The Bank maintains ATMs at all 11 of the banking offices. The Bank also provides on-line and mobile banking services.

The Bank is subject to regulation by the Pennsylvania Department of Banking and Securities (the “Department”), as its chartering authority and primary regulator, and by the Federal Deposit Insurance Corporation (the “FDIC”), which insures the Bank’s deposits up to applicable limits. As a bank holding company, the Company is subject to the regulation of the Board of Governors of the Federal Reserve System.

On June 2, 2016, the Company announced the entering into of a definitive merger agreement with Polonia Bancorp, Inc. (“Polonia Bancorp”); effective January 1, 2017, Polonia Bancorp, merged with and into the Company, and Polonia Bank, Polonia’s wholly owned subsidiary, merged with and into the Bank.

Basis of presentation – The accompanying unaudited consolidated financial statements were prepared pursuant to the rules and regulations of the U. S. Securities and Exchange Commission (“SEC”) for interim information and therefore do not include all the information or footnotes necessary for a complete presentation of financial condition, results of operations, comprehensive income, changes in equity and cash flows in conformity with accounting principles generally accepted in the United States of America (“GAAP”). However, all normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the financial statements have been included. The results for the three months ended December 31, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2018, or any other period. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company and the accompanying notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2017. The significant accounting policies followed in the presentation of interim financial results are the same as those followed on an annual basis. These policies are presented on pages 84 through 88 of the Form 10K for the year ended September 30,

2017.

Use of Estimates in the Preparation of Financial Statements—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The most significant estimates and assumptions in the Company's consolidated financial statements are recorded in the allowance for loan losses, deferred income taxes, other-than-temporary impairment, and the fair value measurement for financial instruments. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (a new revenue recognition standard). The Update's core principle is that a company will recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, this Update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. This Update is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Since the guidance scopes out revenue associated with financial instruments, including loan receivables and investment securities, we do not expect the adoption of the new standard, or any of the amendments, to result in a material change from our current accounting for revenue because the majority of the Company's revenue is not within the scope of Topic 606. However, we do expect that the standard will result in new disclosure requirements, which are currently being evaluated.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This Update applies to all entities that hold financial assets or owe financial liabilities and is intended to provide more useful information on the recognition, measurement, presentation, and disclosure of financial instruments. Among other things, this Update (a) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; (b) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; (c) eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities; (d) eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; (e) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (f) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; and (g) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. All entities that are not public business entities may adopt the amendments in this Update earlier as of the fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact the adoption of the standard will have on the Company's financial position or results of operations

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the statement of

financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. A short-term lease is defined as one in which (a) the lease term is 12 months or less and (b) there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For short-term leases, lessees may elect to recognize lease payments over the lease term on a straight-line basis. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, and interim periods within those years. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. The amendments should be applied at the beginning of the earliest period presented using a modified retrospective approach with earlier application permitted as of the beginning of an interim or annual reporting period. The Company is currently assessing the practical expedients it may elect at adoption, but does not anticipate the amendments will have a significant impact on the financial statements. Based on the Company's preliminary analysis of its current portfolio, the impact to the Company's balance sheet is estimated to result in less than a 1 percent increase in assets and liabilities. The Company also anticipates additional disclosures to be provided at adoption.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets. This Update is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The underlying premise of the Update is that financial assets measured at amortized cost should be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. The income statement will be effected for the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted for annual and interim periods beginning after December 15, 2018. With certain exceptions, transition to the new requirements will be through a cumulative effect adjustment to opening retained earnings as of the beginning of the first reporting period in which the guidance is adopted. We expect to recognize a one-time cumulative effect adjustment to the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective, but cannot yet determine the magnitude of any such one-time adjustment or the overall impact of the new guidance on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing diversity in practice. Among these include recognizing cash payments for debt prepayment or debt extinguishment as cash outflows for financing activities; cash proceeds received from the settlement of insurance claims should be classified on the basis of the related insurance coverage; and cash proceeds received from the settlement of bank-owned life insurance policies should be classified as cash inflows from investing activities while the cash payments for premiums on bank-owned policies may be classified as cash outflows for investing activities, operating activities, or a combination of investing and operating activities. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The amendments in this Update should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Company is currently evaluating the impact the adoption of the standard will have on the Company's statement of cash flows.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805), Clarifying the Definition of a Business*, which provides a more robust framework to use in determining when a set of assets and activities (collectively referred to as a "set") is a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. Public business entities should apply the amendments in this Update to annual periods beginning after December 15, 2017, including interim periods within those periods. All other entities should apply the amendments to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

The amendments in this Update should be applied prospectively on or after the effective date. This Update is not expected to have a significant impact on the Company’s financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*. To simplify the subsequent measurement of goodwill, the FASB eliminated Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting units fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. A public business entity that is a U.S. Securities and Exchange Commission (SEC) filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. A public business entity that is not an SEC filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. All other entities, including not-for-profit entities, that are adopting the amendments in this Update should do so for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. This Update is not expected to have a significant impact on the Company's financial statements.

In February 2017, the FASB issued ASU 2017-05, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20).* The amendments in this Update clarify what constitutes a financial asset within the scope of Subtopic 610-20. The amendments also clarify that entities should identify each distinct nonfinancial asset or in substance nonfinancial asset that is promised to a counterparty and to derecognize each asset when the counterparty obtains control. There is also additional guidance provided for partial sales of a nonfinancial asset and when derecognition, and the related gain or loss, should be recognized. The amendments in this Update are effective at the same time as the amendments in Update 2014-09. Therefore, for public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. For all other entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company is currently evaluating the impact the adoption of the standard will have on the Company's financial position or results of operations.

In March 2017, the FASB issued ASU 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20).* The amendments in this Update shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity should apply the amendments in this Update on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Additionally, in the period of adoption, an entity should provide disclosures about a change in accounting principle. The Company is currently evaluating the impact the adoption of the standard will have on the Company's financial position and

results of operations.

In May 2017, the FASB issued ASU 2017-09, *Compensation – Stock Compensation (Topic 718)*, which affects any entity that changes the terms or conditions of a share-based payment award. This Update amends the definition of modification by qualifying that modification accounting does not apply to changes to outstanding share-based payment awards that do not affect the total fair value, vesting requirements, or equity/liability classification of the awards. The amendments in this Update are effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for (1) public business entities for reporting periods for which financial statements have not yet been issued and (2) all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this Update should be applied prospectively to an award modified on or after the adoption date. This Update is not expected to have a significant impact on the Company’s financial statements.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 850)*, the objective of which is to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. In addition, the amendments in this Update make certain targeted improvements to simplify the application and disclosure of the hedge accounting guidance in current general accepted accounting principles. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods beginning after December 15, 2020. Early application is permitted in any period after issuance. For cash flow and net investment hedges existing at the date of adoption, an entity should apply a cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the beginning of the fiscal year that an entity adopts the amendments in this Update. The amended presentation and disclosure guidance is required only prospectively. The Company is currently evaluating the impact the adoption of the standard will have on the Company's financial position or results of operations.

In January 2018, the FASB issued ASU 2018-01, *Leases (Topic 842)*, which provides an optional transition practical expedient to not evaluate under Topic 842 existing or expired land easements that were not previously accounted for as leases under the current lease guidance in Topic 840. An entity that elects this practical expedient should evaluate new or modified land easements under Topic 842 beginning at the date the entity adopts Topic 842; otherwise, an entity should evaluate all existing or expired land easements in connection with the adoption of the new lease requirements in Topic 842 to assess whether they meet the definition of a lease. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in ASU 2016-02 Topic 842. The Company is currently evaluating the impact the adoption of the standard will have on the Company's financial position and results of operations.

2. EARNINGS PER SHARE

Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding, net of any treasury shares, during the period. Diluted earnings per share is calculated by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding, net of any treasury shares, after consideration of the potential dilutive effect of common stock equivalents, based upon the treasury stock method using an average market price for the period.

The calculated basic and diluted earnings per share are as follows:

	Three Months Ended December 31,	
	2017	2016

	Basic	Diluted	Basic	Diluted
	(Dollars in Thousands Except Per Share Data)			
Net income	$34	$34	$731	$731
Weighted average shares outstanding	8,855,116	8,855,116	7,333,531	7,333,531
Effect of common stock equivalents	-	357,871	-	320,745
Adjusted weighted average shares used in earnings per share computation	8,855,116	9,212,987	7,333,531	7,654,276
Earnings per share - basic and diluted	$0.004	$0.004	$0.100	$0.096

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All exercisable stock options outstanding as of December 31, 2017 and 2016 had exercise prices below the then current per share market price for the Company's common stock and were considered dilutive for the earnings per share calculation.

3. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in accumulated other comprehensive (loss)income by component net of tax:

	Three Months Ended December 31,			**Three Months Ended December 31,**		
	2017	**2017**	**2017**	**2016**	**2016**	**2016**
	Unrealized gain(loss) on AFS securities (a)	**Unrealized gain(loss) on interest rate swaps (a)**	**Total accumulated other comprehensive income**	**Unrealized gain(loss) on AFS securities (a)**	**Unrealized gain(loss) on interest rate swaps (a)**	**Total accumulated other comprehensive income**
Beginning Balance, October 1	$(1,091)	$331	$(760)	$931	$(133)	$798
Other comprehensive (loss)income before reclassification	(731)	29	(702)	(2,279)	484	(1,795)
Total	(1,822)	360	(1,462)	(1,348)	351	(997)
Reclassification due to change in federal income tax rate	(303)	-	(303)	-	-	-
Ending Balance, December 31	$(2,125)	$360	$(1,765)	$(1,348)	$351	$(997)

(a) All amounts are net of tax. Amounts in parentheses indicate debits.

4. INVESTMENT AND MORTGAGE-BACKED SECURITIES

The amortized cost and fair value of investment and mortgage-backed securities, with gross unrealized gains and losses, are as follows:

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)			
Securities Available for Sale:				
U.S. government and agency obligations	$25,927	$ -	$ (430)	$25,497
Mortgage-backed securities - U.S. government agencies	134,588	175	(2,473)	132,290
Corporate bonds	56,829	226	(339)	56,716
Total debt securities available for sale	217,344	401	(3,242)	214,503
FHLMC preferred stock	6	61	-	67
Total securities available for sale	$217,350	$ 462	$ (3,242)	$214,570
Securities Held to Maturity:				
U.S. government and agency obligations	$33,500	$ 197	$ (1,688)	$32,009
Mortgage-backed securities - U.S. government agencies	6,664	233	(66)	6,831
State and political subdivisions	23,213	195	(92)	23,316
Total securities held to maturity	$63,377	$ 625	$ (1,846)	$62,156

	September 30, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)			
Securities Available for Sale:				
U.S. government and agency obligations	$26,125	$ 9	$ (335)	$25,799
Mortgage-backed securities - U.S. government agencies	119,456	146	(1,475)	118,127
Corporate debt securities	34,500	185	(285)	34,400
Total debt securities available for sale	180,081	340	(2,095)	178,326
FHLMC preferred stock	6	70	-	76
Total securities available for sale	$180,087	$ 410	$ (2,095)	$178,402
Securities Held to Maturity:				
U.S. government and agency obligations	$33,500	$ 229	$ (1,688)	$32,041
State and political subdivisions	20,781	165	(104)	20,842
Mortgage-backed securities - U.S. government agencies	7,003	304	(11)	7,296

Total securities held to maturity	$61,284	$ 698	$ (1,803)	$60,179

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As of December 31, 2017 the Bank maintained $104.9 million in a safekeeping account at the FHLB of Pittsburgh used for collateral as a convenience. The Bank is not required to maintain any specific collateral for its borrowings; therefore these securities are not restricted and could be sold or transferred if needed.

The following table shows the gross unrealized losses and related fair values of the Company's investment securities, aggregated by investment category and length of time that individual securities had been in a continuous loss position at December 31, 2017:

	Less than 12 months		More than 12 months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)					
Securities Available for Sale:						
U.S. government and agency obligations	$(19)	$4,919	$(411)	$20,578	$(430)	$25,497
Mortgage-backed securities - US government agencies	(1,404)	80,664	(1,069)	38,269	(2,473)	118,933
Corporate bonds	(206)	25,331	(133)	3,928	(339)	29,259
Total securities available for sale	$(1,629)	$110,914	$(1,613)	$62,775	$(3,242)	$173,689
Securities Held to Maturity:						
U.S. government and agency obligations	$(114)	$2,886	$(1,574)	$25,927	$(1,688)	$28,813
Mortgage-backed securities - US government agencies	(43)	1,544	(23)	1,132	(66)	2,676
State and political subdivisions	(77)	8,322	(15)	1,798	(92)	10,120
Total securities held to maturity	$(234)	$12,752	$(1,612)	$28,857	$(1,846)	$41,609

The following table shows the gross unrealized losses and related fair values of the Company's investment securities, aggregated by investment category and length of time that individual securities had been in a continuous loss position at September 30, 2017:

Less than 12 months Gross Unrealized	More than 12 months Gross Unrealized	Total Gross Unrealized

The Credit Agreement provides for additional advances to be made to us in an amount not to exceed $750,000, assuming that certain conditions are met by us in the future, including (a) that SIBL has received current financial information regarding our operations (as further described in the Credit Agreement) and that we have issued SIBL 26,250 warrants to purchase shares of common stock and (b) that we are able to obtain additional loans in an aggregate amount of $750,000 from parties other than SIBL; and an additional loan in an amount not to exceed $1,500,000, assuming (a) and (b) above and that we have issued additional warrants (to be determined prior to such additional advance), to SIBL.

All of our credit facilities with SIBL contain customary covenants and restrictions, including covenants that prohibit us from incurring certain types of indebtedness, paying dividends and making specified distributions. Failure to comply with these covenants and restrictions would constitute an event of default under our credit facilities, notwithstanding our ability to meet our debt service obligations. Upon the occurrence of an event of default, the lender may convert the debt to the Company's common stock, accelerate amounts due under the applicable credit facility, and may foreclose on collateral and/or seek payment from a guarantor of the credit facility. At December 31, 2006, we believe we were in compliance with the covenants and other restrictions applicable to us under each credit facility.

Resorts Funding Group, LLC Credit Facility

We have received $2,905,000 from Resorts Funding Group, LLC, which has been matching the funds from the SIBL Credit Agreement (see above) through the end of March 2007.

We intend to enter into an agreement with Resorts Funding Group, LLC, on similar terms and conditions to those of the SIBL Credit Agreement.

Our subsidiary Hickory Travel Systems, Inc. owes $250,000 to Sabre, Inc. ("Sabre"), which final payment of $250,000 on such amount was due December 31, 2003. The amount originally accrued interest at 8% per annum and is secured by the personal guaranty of L. William Chiles who is a Director of the Company. Interest has not been paid or accrued on this amount since December 31, 2003, as there is no interest penalty or default rate applicable to the final unpaid payment. Sabre has not requested the final payment of $250,000 of the amount due from Hickory to date.

Additionally, Hickory has a $375,900 loan through the U.S. Small Business Administration ("SBA") of which $361,272 had been drawn as of December 31, 2006. The SBA loan is due by May 2033 and bears interest at 4% per annum with principal and interest payments of approximately $1,862 due monthly from May 2005 until May 2033. The SBA note is secured by Hickory's assets and the personal guaranty of L. William Chiles, who is our Director.

In connection with our purchase of the assets of Around The World Travel, Inc. ("AWT"), as of December 31, 2006, there is a balance from those notes we assumed from AWT of $2,174,481.

In connection with the exercise of the Reedy Creek Option, Reedy Creek Acquisition Company and SIBL agreed to modify the terms of the SIBL Reedy Creek Loan made by SIBL to Reedy Creek Acquisition Company. The modified loan terms are evidenced by a Renewed, Amended and Increased Promissory Note (the "Amended Note") made by Reedy Creek Acquisition Company in favor of SIBL. The Amended Note had a principal balance of $8,000,000, bears interest at the rate of 8% per year and had a maturity date of December 31, 2006, but which date has since been verbally extended until June 30, 2007. The Amended Note was replaced in November 2006, by a Renewed, Amended and Increased Promissory Note in the amount of $12,200,000 (the "RC Note"), which was in turn replaced by an additional amendment, which increased the amount of the note to $13,420,000, and a fourth amendment in January 2007, which increased the amount of the note to $15,300,000, in connection with a $1,880,000 advance received from Reedy Creek (the “Amended RC Note”). The Amended RC Note is due and payable on June 30, 2007, with $8,000,000 of the Amended RC Note bearing interest at the rate of 8% per annum and the remaining $7,300,000 bearing interest at the rate of 12% per annum.

The principal and accrued interest due on the Amended RC Note is due and payable on the maturity dates of the Amended RC Note. Upon an event of default as described in the Amended RC Note, SIBL has several rights and remedies, including causing the Amended RC Note to be immediately due and payable.

The Amended RC Note is secured by a second lien on the Reedy Creek Property. It is guaranteed by the Company and Malcolm J. Wright, the Company's Chief Executive Officer and Chairman pursuant to a Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement. We believe that without the guarantees of Mr. Wright, it would have been more difficult, if not impossible, for us to secure such loan facility. In consideration for Mr. Wright's guarantee, and pursuant to an existing agreement between Mr. Wright and the Company, Mr. Wright earned a fee equal to three percent (3%) of the principal amount of the Amended Note. The Company paid this fee through the grant of warrants to Mr. Wright to purchase 240,000 shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration of the guaranty.

In connection with the exercise of the Reedy Creek Option, the Company and Reedy Creek Acquisition Company arranged to receive a $7,000,000 loan from Bankers Credit Corporation ("Bankers Credit"). Under the terms of the Bankers Credit loan, Bankers Credit advanced Reedy Creek Acquisition Company $3,000,000 at closing and an additional $4,000,000 subsequent to the date of closing, for an aggregate of $7,000,000.

The Bankers Credit loan is evidenced by a Promissory Note which previously accrued interest at the greater of the Wall Street Journal published prime rate plus 7.75%, not to exceed the highest rate allowable under Florida law or 15% per year. The interest rate of the note as of March 13, 2007 was 15% (with a prime rate, as reported by the Wall Street Journal of 8.25%). In February 2007, we entered into an Amended and Restated Promissory Note with Bankers Credit, which increased the amount of the note to $7,860,000 in connection with an $860,000 advance and extended the due date of the note from January 3, 2007 to February 1, 2008, and decreased the interest rate to the greater of prime rate plus 6.75% or 15%, which is equal to 15% as of the date of this filing (the "Bankers Credit Note").

Interest on the Bankers Credit Note is payable monthly. Pursuant to the Bankers Credit Note, Reedy Creek Acquisition Company agreed to pay a 10% late charge on any amount of unpaid principal or interest under the Bankers Credit Note. The Bankers Credit Note is subject to a 1% exit fee. Upon an event of default as described in the Bankers Credit Note, Bankers Credit has several rights and remedies, including causing the Bankers Credit Note to be immediately due and payable.

The Bankers Credit Note is secured by a first lien on the Reedy Creek Property. Additionally, the Bankers Credit Note is guaranteed by the Company and Malcolm J. Wright, the Company's Chief Executive Officer and Chairman pursuant to a Guaranty Agreement. We believe that without the guarantees of Mr. Wright, it would have been more difficult, if not impossible, for us to secure the Bankers Credit, loan facility. In consideration for Mr. Wright's guarantee, and pursuant to an existing agreement between Mr. Wright and the Company, Mr. Wright earned a fee equal to three percent (3%) of the Bankers Credit Note. The Company paid this fee through the grant of warrants to Mr. Wright to purchase 210,000 shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration of the guaranty.

Reedy Creek Acquisition Company utilized the initial proceeds from the Bankers Credit loan to pay a portion of the amount owed on the existing first mortgage note issued to the sellers of the Reedy Creek Property. The holder of this mortgage agreed to release the mortgage in exchange for this payment.

In August 2006, we received an aggregate of $5,714,569 in loans from West Villas, Inc., Orlando Tennis Village, Inc. and Maingate Towers, Inc., entities controlled by Roger Maddock, a significant shareholder of the Company. The loans bear interest at the rate of 16% per annum until paid and are due and payable one year from the date such loans were made. The loans totaled $5,875,444 as of December 31, 2006.

On December 22, 2006 the Company acquired 100% of South Beach Resorts, LLC (“SBR” or “Resorts”) for $1,120,000 plus 25% participation interest granted to Stanford International Bank Limited in the net proceeds realized by SBR upon the disposition of its Boulevard Hotel property located in Miami Beach, Florida. We also entered into a note with Roger Maddock a significant shareholder of us, to evidence $3,590,811 in loans and advances Mr. Maddock had previously made to Resorts (the "Maddock Note"), the payment of which was guaranteed by us pursuant to a Guaranty Agreement, which amount totaled $3,353,252 as of December 31, 2006.

While we currently believe we have sufficient funds to continue our business plan, because we have decided not to move forward with the KeyBank Construction Loan, we will need to find alternative financing for the construction of Phase 1 of the Sonesta Resort, of which there can be no assurance.

On January 11, 2007, Resorts (which we now own) defaulted on a $7,700,000 loan which it sold to Marathon Structured Finance Fund L.P. ("Marathon") in June 2005, in connection with its original purchase of the Property. To date, the loan principal is $7,498,900; there is accrued interest of $79,910 plus other fees that amount to $567,968. Marathon has a mortgage interest on the Property in connection with the June 2005 loan.

A Forbearance Agreement was subsequently executed with Marathon to waive the default until April 11, 2007, provided SBR continues to make monthly interest payments on the debt outstanding and a principal payment of $750,000 was made on February 8, 2007. An additional forbearance to July 11, 2007 is allowed provided that an additional $500,000 principal payment is made on or before July 3, 2007.

On February 9, 2007, SBR entered into a 180 day, $750,000 loan agreement at the Wall Street Journal prime rate plus 1%, currently equal to 9.25%, with the prime rate at 8.25% as of the filing of this report, with International Property Investors AG, a corporation organized under the laws of Liechtenstein, secured by SBR's property. The proceeds of the loan were used solely for the payment of fees owed by SBR to Marathon pursuant to the Forbearance Agreement.

We are currently working to secure new financing to replace the Marathon loan; however we can provide no assurances that such financing will be raised on favorable terms, if at all. The Marathon loan bears interest at the rate of the greater of (a) ten percent (10%) or (b) the London Interbank Offered Rate (LIBOR) plus seven percent (7%). The note also required a $180,000 exit fee to be paid at the time the loan was repaid, which amount has not been paid to date. Marathon may also require us to pay a 5% late payment fee in connection with our failure to repay the loan amount. We are required to pay the default rate of interest on the Marathon loan while obtaining a replacement loan. The default rate of interest is LIBOR plus twelve percent (12%), which was equal to approximately 17.4%, with the LIBOR at 5.4% as of the filing of this Report.

On January 30, 2007, AMLH executed a promissory note with Applebee Holding Company in the amount of $150,000 at 4% for seven years. As part of the agreement, 2,840 shares of AMLH Series E Convertible Preferred Stock were issued bearing a 4% per annum cumulative preferred dividend rate, par value of $.001 and convertible into AMLH common stock at a strike price of $15.00 per share.

We have established a relationship with GMAC Bank, through Millennium Capital Mortgage, to provide construction financing to the individual purchasers of the Sonesta Resort town homes, which funding we believe will enable all town homes and amenities at Tierra del Sol to be built through this program. Additionally, we are in the process of negotiating with several lenders for a construction loan on favorable terms for the condominiums and/or for the clubhouse which we anticipate will be finalized during the second quarter of 2007. Although we have received letters of intent with various lending parties, we can provide no assurances a commitment will be secured. Assuming we are able to enter into a subsequent funding arrangement, we believe that we will have sufficient funds to provide for the completion of Phase 1, assuming there are no material cost overruns, delays or further increases in material costs. Phase 2 will be financed separately.

However, even if we are able to secure sufficient financing for the construction of Phase 1 of the Sonesta Resort, moving forward, our growth and continued operations may be impaired by limitations on our access to the capital markets. In the event that our current anticipated costs of developing the Sonesta Resort and/or the Reedy Creek Property, are more than we anticipate, and/or our other travel service operations do not continue to generate revenue at their current levels, we may not have sufficient funds to complete such construction projects and/or repay amounts owed on the notes payable described above. As a result, we may be forced to reduce our annual construction goals and maintain our operations at current levels, and/or scale back our operations which could have a material adverse impact upon our ability to pursue our business plan and/or the value or common stock. There can be no assurance that capital from outside sources will be available, or if such financing is available, that it will not involve issuing additional securities senior to our common stock or equity financings which are dilutive to holders of our common stock.

While our common stock currently trades on the Over-The-Counter Bulletin Board in the United States, there is the potential that we may choose to change our common stock listing to an alternative market in the future in order to improve our liquidity and our access to the capital markets.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

RISK FACTORS

RISKS RELATING TO OUR CAPITAL AND LIQUIDITY NEEDS

WE HAVE A LIMITED HISTORY OF OPERATIONS AND WE HAVE A HISTORY OF OPERATING LOSSES.

Since our inception, we have been assembling our Travel Division including the acquisition of Hickory in October 2003 and TraveLeaders in December 2004, planning The Sonesta Orlando Resort at Tierra Del Sol, building travel club membership databases, and assembling our management team. We have incurred net operating losses since our inception. As of December 31, 2006, we had an accumulated deficit of $21,607,362 and negative working capital of $52,541,876. If we are unable to obtain profitable operations and/or meeting our current liabilities, we could be forced to curtail or abandon our operations, which could cause any investment in the Company to become worthless.

WE MAY NOT GENERATE ENOUGH OPERATING REVENUE OR CAPITAL TO MEET OUR OPERATING AND DEVELOPMENT COSTS.

Our costs of establishing our business models for both the Travel Division and the Resort Development Division, including acquisitions and the due diligence costs of that process, together with the un-financed development costs incurred in the Resort Development Division requires significant capital. Historically, our sources for capital have been through loans from our founding and majority shareholders as well as from loans from our capital partner, Stanford. On December 29, 2005, certain affiliates of the Company closed two (2) credit facilities with Key Bank related to the Sonesta Resort. The credit facilities consisted of a $40,000,000 revolving construction loan which we planned to use to construct Phase 1 of the Sonesta Resort (the "Construction Loan"), but which we have subsequently elected not to open and a $14,850,000 term loan used to finance the acquisition of the property for the Resort and to pay certain related costs (the "Land Loan"). Since we have not decided to move forward with the Construction Loan financing, we will need to obtain alternative financing for the construction of Phase 1 of the Sonesta Resort, which may be on less favorable terms than the Construction Loan, if such financing is available at all. We are currently hope to close additional financing in the second quarter of 2006, of which there can be no assurance. If we are unable to enter into an alternative funding arrangement in connection with the construction of Phase 1 of the Sonesta Resort, generate enough operating revenue to satisfy our capital needs, or if we cannot obtain future capital from our founding and majority shareholders or from Stanford, and/or if we are not able to repay the Land Loan, it will have a material adverse effect on our financial condition and results of operation.

WE OWE A SIGNIFICANT AMOUNT OF MONEY TO KEYBANK IN CONNECTION WITH THE LAND LOAN, WHICH MONEY WE DO NOT CURRENTLY HAVE, AND WHICH LOANS ARE SECURED BY THE SONESTA RESORT.

The occurrence of any one or more "events of default" under the Land Loan would allow KeyBank to pursue certain remedies against us including taking possession of the Sonesta Resort project; withholding further disbursement of the proceeds of the loan and/or terminate KeyBank's obligations to make further disbursements thereunder; and/or declaring the note evidencing the loans to be immediately due and payable. We do not currently have cash on hand sufficient to repay the approximately $14,352,900 which had been borrowed from KeyBank pursuant to the Land Loan as of December 31, 2006. The Land Loan is due for repayment on June 28, 2007, and we do not currently have sufficient cash to repay such loan when due. Furthermore, we currently anticipate the need for a significant amount of additional funding to complete the construction of Phase 1 of the Sonesta Resort, and as such, we will likely not have sufficient cash to repay the Land Loan or any future loan in connection with the funding of Phase 1 of the Sonesta Resort, assuming such financing is obtained, until the completion of the units in the Sonesta Report, without additional financing. If we do not repay the amounts owing under the Land Loan or any subsequent loans when due, KeyBank may take possession of the Sonesta Resort project, and we may be forced to curtail or abandon our current business plans, which could cause the value of our securities to become worthless.

Furthermore, we have established a relationship with GMAC Bank, through Millennium Capital Mortgage, to provide construction financing to the individual purchasers of the Sonesta Resort town homes, which funding we believe will enable all town homes and amenities at Tierra del Sol to be built through this program. Additionally, we are in the process of obtaining alternate financing for the construction of the condominiums and/or for the clubhouse in Phase 1 of the Sonesta Resort. We anticipate that such loan will be evidenced by a firm commitment during the second quarter of 2007, but we can provide no assurances that a commitment will be obtained on favorable terms, if at all. Assuming we are able to enter into a subsequent funding arrangement, we believe that we will have sufficient funds to provide for the completion of Phase 1, assuming there are no material cost overruns, delays or further increases in material costs. We plan to finance Phase 2 separately.

A SIGNIFICANT AMOUNT OF OUR LIABILITIES ARE CURRENT LIABILITIES WHICH ARE DUE WITHIN THE NEXT TWELVE MONTHS, AND WHICH WE DO NOT CURRENTLY HAVE SUFFICIENT CASH ON HAND TO REPAY.

As of December 31, 2006, we had a total of $56,631,757 in current liabilities, which liabilities are payable within the next twelve months. Included in those liabilities was the Land Load, which currently has a balance of approximately $14,352,900 and is due on June 28, 2007, the amended Reedy Creek Loan in the principal amount of $13,420,000 along with any accrued and unpaid interest, which was due and payable on December 31, 2006, but which has since been extended until June 30, 2007, the Bankers Credit loan in the amount of $7,860,000 is due and payable, along with any accrued and unpaid interest on February 1, 2008, as well as various other loans and notes payables. As we do not currently have sufficient cash on hand to repay these amounts as of the filing of this report, we anticipate the need to raise substantial funding in the next six to twelve months to repay these notes, which funding, if available, could be on unfavorable terms and which could cause immediate and substantial dilution to our then existing shareholders. If we are unable to repay our substantial current liabilities when due, we could be forced to curtail or abandon our business operations, which could cause the value of our securities to become worthless.

WE HAVE RECEIVED $4,355,000 OF CONVERTIBLE DEBT FINANCING FROM STANFORD, WHICH IS SECURED BY MORTGAGES ON OUR PROPERTY AND LIENS ON OUR ASSETS.

We have received an aggregate of $4,355,000 of convertible debt financing from Stanford. The terms of our financial arrangements with Stanford are secured by the following mortgages on our properties and liens on our assets:

- Our $3,000,000 credit facility is secured by collateral assignments of our stock in American Leisure Marketing & Technology, Inc., Orlando Holidays, Inc, American Leisure, Inc, Welcome To Orlando, Inc., American Travel & Marketing Group, Inc. and Hickory Travel Systems, Inc.

- Our $1,355,000 credit facility is secured by all of the issued and outstanding stock of our subsidiaries American Leisure Marketing & Technology, Inc., Orlando Holidays, Inc, American Leisure, Inc., Welcome To Orlando, Inc., American Travel & Marketing Group, Inc. and Hickory Travel Systems, Inc. This facility is non-recourse to the Company but for the assets and revenues of those subsidiaries.

If we fail to comply with the covenants in our credit facilities, Stanford can elect to accelerate the amounts due under the credit facilities and may foreclose on our assets and property that secures the loans.

BUSINESS ACQUISITIONS OR JOINT VENTURES MAY DISRUPT OUR BUSINESS, DILUTE SHAREHOLDER VALUE OR DISTRACT MANAGEMENT ATTENTION.

As part of our business strategy, we may consider the acquisition of, or investments in, other businesses that offer services and technologies complementary to ours. If the analysis used to value acquisitions is faulty, the acquisitions could have a material adverse affect on our operating results and/or the price of our common stock. Acquisitions also entail numerous risks, including:

- difficulty in assimilating the operations, products and personnel of the acquired business;
- potential disruption of our ongoing business;
- unanticipated costs associated with the acquisition;
- inability of management to manage the financial and strategic position of acquired or developed services and technologies;
- the diversion of management's attention from our core business;
- inability to maintain uniform standards, controls, policies and procedures;
- impairment of relationships with employees and customers, which may occur as a result of integration of the acquired business;
- potential loss of key employees of acquired organizations;
- problems integrating the acquired business, including its information systems and personnel;
- unanticipated costs that may harm operating results; and
- risks associated with entering an industry in which we have no (or limited) prior experience.

If any of these occur, our business, results of operations and financial condition may be materially adversely affected.

RISKS RELATED TO OUR RESORT DEVELOPMENT DIVISION

WE OWE A SIGNIFICANT AMOUNT OF MONEY TO KEYBANK, NATIONAL ASSOCIATION, WHICH WE DO NOT CURRENTLY HAVE FUNDS TO RE-PAY, AND WHICH LOANS INCLUDE LIENS ON OUR PROPERTIES.

In December 2005, we closed two credit facilities with KeyBank, National Association ("KeyBank") related to the Sonesta Resort. The credit facilities consisted of a $40,000,000 revolving credit line (the "Construction Loan") and a $14,850,000 term loan to be used to finance the acquisition of the property for the resort (the "Land Loan"). We have since decided not to move forward with the Construction Loan, however we have approximately $14,352,900 outstanding under the Land Loan to date. The Land Loan bears interest at the rate of the daily London Interbank Offered Rate ("LIBOR") plus 3.10%, respectively, currently 8.27%, with the LIBOR equal to approximately 5.17% as of March 7, 2007. The maturity date of the Land Loan is June 28, 2007. The Land Loan is secured by a first lien on the land within Phase 2 of the Sonesta Resort, including any improvements, easements, and rights of way; a first lien and security interest in all fixtures and personal property, an assignment of all leases, subleases and other agreements relating to the property; an assignment of construction documents; a collateral assignment of all contracts and agreements related to the sale of each condominium unit; a collateral assignment of all purchase deposits and any management and/or operating agreement. As of the date of this filing, we have borrowed $14,352,900 under the Land Loan, which amount we do not currently have funds on hand to repay. Our business plan includes retiring that debt with a construction

loan to build Phase 2 of the Sonesta Resort, assuming that we raise sufficient funding to complete the construction of Phase 1 of the Sonesta Resort first, of which there can be no assurance.

WE NEED SIGNIFICANT ADDITIONAL FINANCE FACILITIES TO BEGIN AND COMPLETE THE DEVELOPMENT OF PHASE 2 OF THE SONESTA RESORT, TO CONTINUE THE VERTICAL CONSTRUCTION OF PHASE 1 OF THE SONESTA RESORT AND TO BEGIN AND COMPLETE OUR PLANNED CONSTRUCTION OF THE REEDY CREEK PROPERTY.

As we have decided not to move forward with the Construction Loan, we currently anticipate the need for a significant amount of additional funding to complete the development of Phase 1 of the Sonesta Resort. Additionally, we do not currently have sufficient capital to begin or complete Phase 2 of the Sonesta Resort and/or our planned development of the Reedy Creek Property (as described above). We are currently in discussions with several parties regarding obtaining financing for the vertical construction of Phase 1 of the Sonesta Resort, and hope to finalize such funding in the second quarter of 2007, of which there can be no assurance. Our plan for the financing of the Phase 2 town homes is to use a program from a national mortgage lender to employ construction loans issued to each purchaser that will, upon completion, convert to permanent, conventional mortgages. The finance plan for the Phase 2 amenities is to employ a line of credit secured by a segment of the profits from the sale of the residential units. We will employ a conventional construction loan for the condominium units. As of this date, the Company has not yet secured the line of credit for the amenities or the construction loan for the condominium units. It is impossible at this time for us to estimate the cost of completing Phase 1 or Phase 2 of the Sonesta Resort and/or the development of the Reedy Creek Property, however, based upon the size of the projects, we would anticipate such costs to be substantial. We will not begin the construction of Phase 1 or Phase 2 until we have capitalized the construction appropriately. If we cannot obtain the appropriate financing, we may have to delay the commencement of the construction of Phase 1 and/or Phase 2 until such time as we have adequate funding available. We may never have sufficient capital to begin or complete the development of Phase 1 or Phase 2 of the Sonesta Resort which could force us to modify or abandon the development plan for the Sonesta Resort. Our business plan for the development of the Reedy Creek Property is to enter into a partnership agreement with an experienced and high credit development partner, and as such, we do not expect to raise capital or incur debt to begin or complete that project. At present, the Company has not yet chosen such partner although we are in receipt of proposals from qualified developers that are consistent with our business plan.

THE CONSTRUCTION OF THE SONESTA RESORT IS SUBJECT TO DELAYS AND COST OVERRUNS, WHICH COULD CAUSE THE ESTIMATED COST OF THE RESORT TO INCREASE AND WHICH COULD CAUSE US TO CURTAIL OR ABANDON THE CONSTRUCTION OF THE SONESTA RESORT.

All construction projects, especially construction projects as large as our planned Sonesta Resort are subject to delays and cost overruns. We have experienced very significant cost increases and overruns since sales commenced in 2004, due to significant price increases in construction materials, which have been exacerbated by the hurricanes of 2004 and 2005, as well as to a lesser extent the threat of hurricanes in 2006 and 2007. The increased costs have impacted construction throughout the southeastern United States and are not unique to us. Because of the significant cost increases, we are evaluating and plan to implement a program to revise upwards the price of sold and unsold units or to cancel contracts on units because of cost overruns. If we continue to experience substantial delays or additional cost overruns during the construction of Phase 1 of the Sonesta Resort and/or Phase 2, we could be forced to obtain additional financing to complete the projects, which could be at terms worse than our then current funding, assuming such funding is available to us at all, of which there can be no assurance, and could force us to curtail or abandon our current plans for Phases 1 and 2 of the Sonesta Resort. As a result, sales of our town homes and condominiums could be severely effected, which could force us to curtail or abandon our business plans and/or could make it difficult if not impossible to repay the significant amount of money due to KeyBank and Stanford (as explained above), which as a result could cause the value of our securities to become worthless.

EXCESSIVE CLAIMS FOR DEVELOPMENT-RELATED DEFECTS IN ANY REAL ESTATE PROPERTIES THAT WE PLAN TO BUILD THROUGH OUR RESORT DEVELOPMENT DIVISION COULD ADVERSELY AFFECT OUR LIQUIDITY, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We will engage third-party contractors and have additionally engaged Resorts Development Group, LLC, which is owned by our Chief Executive Officer and Chairman, Malcolm J. Wright, to construct portions of our resorts. However, our customers may assert claims against us for construction defects or other perceived development defects including, but not limited to, structural integrity, the presence of mold as a result of leaks or other defects, electrical issues, plumbing issues, or road construction, water or sewer defects. In addition, certain state and local laws may impose liability on property developers with respect to development defects discovered in the future. To the extent that the contractors do not satisfy any proper claims as they are primarily responsible, and to the extent claims are not satisfied by third-party warranty coverage, claims for development-related defects could be brought against us. To the extent that claims brought against us are not covered by insurance, our payment of those claims could adversely affect our liquidity, financial condition, and results of operations.

MALCOLM J. WRIGHT, WHO SERVES AS OUR CHIEF EXECUTIVE OFFICER AND AS CHAIRMAN OF THE BOARD OF DIRECTORS, IS INVOLVED IN OTHER BUSINESSES THAT HAVE CONTRACTED WITH US AND IS ALSO INVOLVED WITH PROPERTY DEVELOPMENT PROJECTS THAT MAY BE IN COMPETITION WITH US.

Malcolm J. Wright is the President of American Leisure Real Estate Group, Inc., a real estate development company with which we have contracted for the development of our resorts including The Sonesta Orlando Resort at Tierra Del Sol ("ALREG") and Reedy Creek Property. Mr. Wright has a 100% interest in ALREG. Additionally, Mr. Wright is an officer of Xpress Ltd., with which we have contracted for exclusive sales and marketing for The Sonesta Orlando Resort at Tierra Del Sol and Reedy Creek. Mr. Wright is also an officer and shareholder of Inovative Concepts, Inc., which does not have any operations, M J Wright Productions, Inc., which does not have any operations, but which owns our Internet domain names, Resorts Development Group, LLC which develops resort properties in Orlando including Bella Citta, Los Jardines Del Sol, The Preserve, Tortuga Cay and Sherberth Development LLC, Resorts Construction, LLC with whom we have contracted to construct part of the Sonesta Resort as described above, Resorts Concepts, LLC which operates a design business, and Titan Manufacturing, LLC from whom we intend to purchase roof tiles for our developments. Because Mr. Wright is employed by us and the other party to these transactions, Mr. Wright might profit from a transaction when we do not.

Management believes that these transactions are in the best interest of, or not detrimental to, the Company, and are as good or better than could be achieved, if even possible to achieve, by contracting with a wholly unrelated party. Additionally, the transactions were negotiated by us in a manner akin to an arms length transaction. Additionally, from time to time, Mr. Wright pursues real estate investment and sales ventures that may be in competition with ventures that we pursue or plan to pursue. Mr. Wright, however, has personally guaranteed our debts, and has encumbered his personal assets to secure financing for the above described projects.

BECAUSE MALCOLM J. WRIGHT, WHO SERVES AS OUR CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN OF THE BOARD OF DIRECTORS, IS INVOLVED IN A NUMBER OF OTHER BUSINESSES, HE MAY NOT BE ABLE OR WILLING TO DEVOTE A SUFFICIENT AMOUNT OF TIME TO OUR BUSINESS OPERATIONS.

Malcolm J. Wright is the President of ALREG, Xpress Ltd., Inovative Concepts, Inc., M J Wright Productions, Inc., Resorts Development Group, LLC, Resorts Construction, LLC, Titan Manufacturing LLC, Tortuga Cay Resort, LLC, Osceola Business Managers, Inc., Florida World, Inc., SBR Holding LLC (a non trading holding company which formerly held South Beach Resorts, LLC), RDG LLC, and SunGate Resort Villas, Inc. Mr. Wright is engaged full-time as the Company's Chairman and as a senior executive officer. Although Mr. Wright has not indicated any intention to reduce his activities on behalf of the Company, we do not have an employment agreement with Mr. Wright and he is under no requirement to spend a specified amount of time on our business. If Mr. Wright does not spend sufficient time serving our company, it could have a material adverse effect on our business and results of operations.

WE MAY PROVIDE THE EXECUTIVE OFFICERS OF OUR SUBSIDIARIES AN AGGREGATE BONUS OF UP TO 19% OF THE PRE-TAX PROFITS OF THE SUBSIDIARY IN WHICH THEY SERVE AS OUR EXECUTIVE OFFICERS, WHICH WOULD REDUCE ANY PROFITS THAT WE MAY EARN.

We may provide the executive officers of each of our subsidiaries an aggregate bonus of up to 19% of the pre-tax profits, if any, of the subsidiaries in which they serve as executive officers. For example, Malcolm J. Wright would receive 19% of the pre-tax profits of Leisureshare International Ltd, Leisureshare International Espanola SA, American Leisure Homes, Inc., Advantage Professional Management Group, Inc., Tierra Del Sol Resort, Inc., and Wright Resorts Villas & Hotels, Inc. However, we do not have any agreements with our officers regarding the bonus other than our agreement with L. William Chiles. Mr. Chiles is entitled to receive 19% of the profits of Hickory up to a maximum payment over the life of his contract of $2,700,000. As Mr. Chiles' bonus is limited, it is not subject to the buy-out by us described below. The executive officers of our other subsidiaries would share a bonus of up to 19% of the pre-tax profits of the subsidiary in which they serve as executive officers. We would retain the right, but not the obligation to buy out all of the above agreements after a period of five years by issuing such number of shares of our common stock equal to the product of 19% of the average after-tax profits for the five-year period multiplied by one-third of the price-earnings ratio of our common stock at the time of the buyout divided by the greater of the market price of our common stock or $5.00. If we pay bonuses in the future, it will reduce our profits and the amount, if any, that we may otherwise have available to pay dividends to our preferred and common stockholders. Additionally, if we pay bonuses in the future it will take away from the amount of money we have to repay our outstanding loans and the amount of money we have available for reinvestment in our operations and as a result, our future results of operations and business plan could be affected by such bonuses, and we could be forced to curtail or abandon our current business plan and plans for future expansion.

WE HAVE EXPERIENCED DELAYS IN OBTAINING SIGNATURES FOR AGREEMENTS AND TRANSACTIONS, WHICH HAVE PREVENTED THEM FROM BEING FINALIZED AND/OR DISCLOSED IN OUR FILINGS.

We have experienced delays in obtaining signatures for various agreements and transactions in the past. In some cases, we have either disclosed the terms of these agreements and transactions in our periodic and other filings with the SEC and/or filed such agreements with only the limited signatures which we could obtain by the required filing dates of such reports, with the intention to re-file such agreements at a later date once we are able to obtain all of the required signatures; however, these agreements and transactions are not final. Until they are finalized, their terms are subject to change although we do not have any present intention to do so. If the terms of these agreements and transactions were to change, we may be required to amend our prior disclosures and any revisions could be substantial.

WE RELY ON KEY MANAGEMENT AND IF WE LOSE ANY OF THEM, IT COULD HAVE A MATERIAL ADVERSE AFFECT ON OUR BUSINESS AND RESULTS OF OPERATIONS.

Our success depends, in part, upon the personal efforts and abilities of Malcolm J. Wright. Mr. Wright is the Chairman of the Company and the Company's Chief Executive Officer. Our ability to operate and implement our business plan is dependent on the continued service of Mr. Wright. We are in the process of entering into a written employment agreement with Mr. Wright. If we are unable to retain and motivate him on economically feasible terms, our business and results of operations will be materially adversely affected. In addition, the absence of Mr. Wright may force us to seek a replacement who may have less experience or who may not understand our business as well.

WE OWE A SUBSTANTIAL AMOUNT OF MONEY TO MALCOLM J. WRIGHT, OUR CHIEF EXECUTIVE OFFICER AND CHAIRMAN FOR HIS SERVICES AS AN EXECUTIVE OFFICER AND A DIRECTOR, AND IF WE DO NOT EVENTUALLY PAY HIM THESE ACCRUED AMOUNTS, WE COULD LOSE HIS SERVICES.

We currently accrue $500,000 per year which is payable to Malcolm J. Wright for his services as an executive officer and an additional $18,000 per year for his services as a Chairman as of the filing of this report, which accrued amount bears interest at the rate of 12% per annum until paid, compounded annually. Although we paid Mr. Wright an aggregate of $1,540,500 in June 2006, consisting of $1,275,000 of the principal amount he was owed in salary and $265,500 of interest on such amount, we still owe Mr. Wright approximately $2,225,000 as of the date of this filing. Furthermore, we may pay Mr. Wright a bonus of up to 19% of the pre-tax profits, if any, of various subsidiaries as discussed above. We have made payments to entities controlled by Mr. Wright in consideration for substantial valuable services that those entities have provided to us for The Sonesta Orlando Resort at Tierra Del Sol. If we do not have sufficient cash on hand to pay Mr. Wright for his salary, Director's compensation and bonus in the future, he may determine to spend less of his time on our business or to resign his positions as an officer and a Director.

COMPANIES AFFILIATED WITH OUR CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD, MALCOLM J. WRIGHT ARE PAID A SUBSTANTIAL AMOUNT OF OUR REVENUES IN CONNECTION WITH SERVICES RENDERED.

Certain companies controlled by our Chief Executive Officer and Chairman, Malcolm J. Wright, including American Leisure Real Estate Group, Inc. ("ALRG"), which entered into an exclusive Development Agreement with our subsidiary, Tierra del Sol Resort, Inc. ("TDSR") and Xpress, Ltd. ("Xpress"), which entered into an exclusive sales and marketing agreement with TDSR in November 2003, are paid substantial fees in connection with services rendered to us in connection with such agreements. In connection with ALRG's Development Agreement with TDSR, we are required to pay ALRG a fee in the amount of 4% of the total costs of the development of the Sonesta Resort paid by ALRG. As of December 31, 2006, the total costs and fees paid by ALRG amounted to $35,086,913, of which 4% of such amount is equal to approximately $1,403,777. In connection with Xpress' sales and marketing agreement, we agreed to pay Xpress a sales fee in the amount of 3% and a marketing fee of 1.5% of the total sales prices received by TDSR in connection with sales of units in the Sonesta Resort, which shares are payable in two installments, one-half of the sales fee and all of the marketing fee when the rescission period has elapsed in a unit sales agreement and the other half of the sales fee upon the actual conveyance of the unit. As of December 31, 2006, total sales of units in the Sonesta Resort were approximately $229,590,043, and as a result, TDSR was obligated to pay Xpress a fee of $6,887,701 in connection with sales and a fee of $3,443,851 in marketing fees, and as of December 31, 2006, $6,887,701 had been paid to Xpress, which number includes fees paid on cancelled sales, which fees Xpress is able to keep. These payments represent a significant portion of our non-restricted current cash and equivalents and as a result of such payments, we could have less cash on hand than we will require for our operations and upcoming liabilities. Additionally, as a result of such payments, we may be forced to curtail or scale back our business plan, which could have a material adverse effect on the trading value of our common stock. We believe, however, that the transactions with ALRG and Xpress are in the best interest of the Company and provide efficiencies and savings not otherwise available in the open market.

RISKS RELATED TO OUR TRAVEL DIVISION

WE NEED APPROXIMATELY $2,500,000 OF CAPITAL THROUGH THE END OF THE 2007 FISCAL YEAR FOR OUR TRAVEL DIVISION OPERATIONS AND THE OPERATIONS OF HICKORY, WHICH MAY NOT BE AVAILABLE TO US ON FAVORABLE TERMS, IF AT ALL.

We anticipate needing to raise approximately $2,000,000 through the end of the 2007 fiscal year for the working capital needs for the Travel Division, as well as approximately $500,000 for the operations of Hickory, which includes Hickory's requirement to cover its seasonal losses, and TraveLeaders' requirements during its reorganization to adopt our business models. If we do not receive a sufficient amount of additional capital on acceptable terms, or at all, we may be unable to fully implement our business plan. We have identified sources of additional working capital, but we do not have any written commitments from third parties or from our officers, Directors or majority shareholders. Additional capital may not be available to us on favorable terms, if at all. If we cannot obtain a sufficient amount of additional capital, we will have to delay, curtail or scale back some or all of our travel operations, any of which would materially adversely affect our travel businesses. In addition, we may be required to delay the acquisition of additional travel agencies and restructure or refinance all or a portion of our outstanding debt.

OUR COMMISSIONS AND FEES ON CONTRACTS WITH SUPPLIERS OF TRAVEL SERVICES FOR OUR TRAVEL DIVISION MAY BE REDUCED OR THESE CONTRACTS MAY BE CANCELLED AT WILL BY THE SUPPLIERS BASED ON OUR VOLUME OF BUSINESS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL CONDITION OR RESULTS OF OPERATIONS.

Our suppliers of travel services including airline, hotel, cruise, tour and car rental suppliers may reduce the commissions and fees that we earn under contract with them based on the volume of business that we generate for them. These contracts generally renew annually and in some cases may be cancelled at will by the suppliers. If we cannot maintain our volume of business, our suppliers could contract with us on terms less favorable than the current terms of our contracts or the terms of their contracts with our competitors, exclude us from the products and services that they provide to our competitors, refuse to renew our contracts, or, in some cases, cancel their contracts with us at will. In addition, our suppliers may not continue to sell services and products through global distribution systems on terms satisfactory to us. If we are unable to maintain or expand our volume of business, our ability to offer travel service or lower-priced travel inventory could be significantly reduced. Any discontinuance or deterioration in the services provided by third parties, such as global distribution systems providers, could prevent our customers from accessing or purchasing particular travel services through us. If these suppliers were to cancel or refuse to renew our contracts or renew them on less favorable terms, it could have a material adverse effect on our business, financial condition or results of operations.

OUR SUPPLIERS OF TRAVEL SERVICES TO OUR TRAVEL DIVISION COULD REDUCE OR ELIMINATE OUR COMMISSION RATES ON BOOKINGS MADE THROUGH US BY PHONE AND OVER THE INTERNET, WHICH COULD REDUCE OUR REVENUES.

We receive commissions paid to us by our travel suppliers such as hotel chains and cruise companies for bookings that our customers make through us by phone and over the Internet. Consistent with industry practices, our suppliers are not obligated by regulation to pay any specified commission rates for bookings made through us or to pay commissions at all. Over the last several years, travel suppliers have substantially reduced commission rates and our travel suppliers have reduced our commission rates in certain instances. Future reductions, if any, in our commission rates that are not offset by lower operating costs or increased volume could have a material adverse effect on our business and results of operations.

FAILURE TO MAINTAIN RELATIONSHIPS WITH TRADITIONAL TRAVEL AGENTS FOR OUR TRAVEL DIVISION COULD ADVERSELY AFFECT OUR BUSINESS AND RESULTS OF OPERATIONS.

Hickory has historically received, and expects to continue to receive, a significant portion of its revenue through relationships with traditional travel agents. Maintenance of good relationships with these travel agents depends in large part on continued offerings of travel services in demand, and good levels of service and availability. If Hickory does not maintain good relations with its travel agents, these agents could terminate their memberships and use of Hickory's products and services, which would have a material adverse effect on our business and results of operations.

DECLINES OR DISRUPTIONS IN THE TRAVEL INDUSTRY COULD SIGNIFICANTLY REDUCE OUR REVENUE FROM THE TRAVEL DIVISION.

Potential declines or disruptions in the travel industry may result from any one or more of the following factors:

- price escalation in the airline industry or other travel related industries;
- airline or other travel related strikes;
- political instability, war and hostilities;
- long term bad weather;
- fuel price escalation;
- increased occurrence of travel-related accidents; and/or
- economic downturns and recessions.

OUR TRAVEL REVENUES MAY FLUCTUATE FROM QUARTER TO QUARTER DUE TO SEVERAL FACTORS INCLUDING FACTORS THAT ARE OUTSIDE OF OUR CONTROL, AND IF BECAUSE OF THESE FACTORS, OUR REVENUES ARE BELOW OUR EXPECTATIONS IT WOULD LIKELY HAVE A MATERIAL ADVERSE EFFECT ON OUR RESULTS OF OPERATIONS.

We may experience fluctuating revenues because of a variety of factors, many of which are outside of our control. These factors may include, but are not limited to, the timing of new contracts; reductions or other modifications in our clients' marketing and sales strategies; the timing of new product or service offerings; the expiration or termination of existing contracts or the reduction in existing programs; the timing of increased expenses incurred to obtain and support new business; changes in the revenue mix among our various service offerings; labor strikes and slowdowns at airlines or other travel businesses; and the seasonal pattern of TraveLeaders' business and the travel agency members of Hickory. In addition, we make decisions regarding staffing levels, investments and other operating expenditures based on our revenue forecasts. If our revenues are below expectations in any given quarter, our operating results for that quarter would likely be materially adversely affected.

GLOBAL TRAVEL DISTRIBUTION SYSTEM CONTRACTS THAT WE MAY ENTER INTO GENERALLY PROVIDE FOR FINANCIAL PENALTIES FOR NOT ACHIEVING PERFORMANCE OBJECTIVES.

We are seeking to enter into multi-year global distribution system contracts. These contracts typically cover a five-year period and would require us to meet certain performance objectives. If we do not structure a global distribution system contract effectively, it may trigger financial penalties if the performance objectives are not met. In the event that we enter into global distribution system contracts and are unable to meet the performance objectives, it would have a material adverse effect on our business, liquidity and results of operations.

OUR CONTRACTS WITH CLIENTS OF THE TRAVELEADERS BUSINESS DO NOT GUARANTEE THAT WE WILL RECEIVE A MINIMUM LEVEL OF REVENUE, ARE NOT EXCLUSIVE, AND MAY BE TERMINATED ON RELATIVELY SHORT NOTICE.

Our contracts with clients of the TraveLeaders business do not ensure that we will generate a minimum level of revenue, and the profitability of each client may fluctuate, sometimes significantly, throughout the various stages of our sales cycles. Although we will seek to enter into multi-year contracts with our clients, our contracts generally enable the client to terminate the contract, or terminate or reduce customer interaction volumes, on relatively short notice. Although some contracts require the client to pay a contractually agreed amount in the event of early termination, there can be no assurance that we will be able to collect such amount or that such amount, if received, will sufficiently compensate us for our investment in any canceled sales campaign or for the revenues we may lose as a result of the early termination. If we do not generate minimum levels of revenue from our contracts or our clients terminate our multi-year contracts, it will have a material adverse effect on our business, results of operation and financial condition.

WE RECEIVE CONTRACTUALLY SET SERVICE FEES AND HAVE LIMITED ABILITY TO INCREASE OUR FEES TO MEET INCREASING COSTS.

Most of our travel contracts have set service fees that we may not increase if, for instance, certain costs or price indices increase. For the minority of our contracts that allow us to increase our service fees based upon increases in cost or price indices, these increases may not fully compensate us for increases in labor and other costs incurred in providing the services. If our costs increase and we cannot, in turn, increase our service fees or we have to decrease our service fees because we do not achieve defined performance objectives, it will have a material adverse effect on our business, results of operations and financial condition.

THE TRAVEL INDUSTRY IS LABOR INTENSIVE AND INCREASES IN THE COSTS OF OUR EMPLOYEES COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, LIQUIDITY OR RESULTS OF OPERATIONS.

The travel industry is labor intensive and has experienced high personnel turnover. A significant increase in our personnel turnover rate could increase our recruiting and training costs and decrease operating effectiveness and productivity. If we obtain a significant number of new clients or implement a significant number of new, large-scale campaigns, we may need to recruit, hire and train qualified personnel at an accelerated rate, but we may be unable to do so. Because significant portions of our operating costs relate to labor costs, an increase in wages, costs of employee benefits, employment taxes or other costs associated with our employees could have a material adverse effect on our business, results of operations or financial condition.

OUR INDUSTRY IS SUBJECT TO INTENSE COMPETITION AND COMPETITIVE PRESSURES COULD ADVERSELY AFFECT OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

We believe that the market in which we operate is fragmented and highly competitive and that competition may intensify in the future. We compete with small firms offering specific applications, divisions of large entities, large independent firms and the in-house operations of clients or potential clients. A number of competitors have or may develop greater capabilities and resources than us. Additional competitors with greater resources than us may enter our market. Competitive pressures from current or future competitors could cause our services to lose market acceptance or result in significant price erosion, all of which could have a material adverse effect upon our business, results of operations or financial condition.

WE RELY AND PLAN TO RELY ON ONLY A FEW MAJOR CLIENTS FOR OUR REVENUES.

We plan to focus our marketing efforts on developing long-term relationships with companies in our targeted travel and vacation resort industry. As a result, we will derive a substantial portion of our revenues from relatively few clients. There can be no assurances that we will not continue to be dependent on a few significant clients, that we will be able to retain those clients, that the volumes of profit margins will not be reduced or that we would be able to replace such clients or programs with similar clients or programs that would generate a comparable profit margin. Consequently, the loss of one or more of those clients could have a material adverse effect on our business, results of operations or financial condition.

RISKS RELATING TO OUR STOCK AND GENERAL BUSINESS RISKS

RE-PRICING WARRANTS AND ISSUING ADDITIONAL WARRANTS TO OBTAIN FINANCING HAS CAUSED AND MAY CAUSE ADDITIONAL DILUTION TO OUR EXISTING STOCKHOLDERS.

In the past, to obtain additional financing, we have modified the terms of our warrant agreements to lower the exercise price per share to $.001 from $5.00 with respect to warrants to purchase 100,000 shares of our common stock and to $.001 from $2.96 with respect to warrants to purchase 1,350,000 shares of our common stock. Additionally, we have granted an additional 616,000 warrants to SIBL and affiliates to purchase shares of our common stock at $5.00 per share, 308,000 warrants to SIBL and affiliates to purchase shares of our common stock at $0.001 per share, 355,000 warrants to purchase shares of our common stock at $10 per share and 235,000 warrants to purchase shares of our common stock at $20 per share. Re-pricing of our warrants and issuing additional warrants has caused and may cause substantial additional dilution to our existing shareholders and shareholders owning shares of our common stock at the time of the exercise of such warrants described above, if exercised.

WARRANTS GRANTED TO STANFORD INTERNATIONAL BANK, LTD., IN CONNECTION WITH THE TIERRA DEL SOL LOAN AND LETTERS OF CREDIT CONTAIN ANTI-DILUTION FEATURES, WHICH COULD EFFECT THE VALUE OF OUR COMMON STOCK.

On December 29, 2005, Stanford International Bank, Ltd. ("SIBL") provided Tierra Del Sol with financial assistance to facilitate the establishment of the Land Loan and the Construction Loan. The financial assistance consisted of a loan to Tierra Del Sol of $2,100,000 (the "SIBL Tierra Del Sol Loan") however, as consideration for the purchase of our Antiguan call center and in connection with our entry into the Stock Purchase Agreement, described above, SIBL exchanged this note and $191,100 of accrued interest, and the establishment of letters of credit in favor of KeyBank in the amount of $4,000,000 and $2,000,000, respectively (the "Letters of Credit"), the fees for which amounting to $540,000 were also exchanged as part of the consideration for the purchase of the Antiguan call center. As additional consideration for this financial assistance, we granted SIBL and its affiliates warrants to purchase 308,000 shares of our common stock at an exercise price of $5.00 per share and warrants to purchase 154,000 shares of our common stock at an exercise price of $0.001 per share. Additionally, in January 2006, in connection with the SIBL Reedy Creek Loan, we granted SIBL and its affiliates warrants to purchase 308,000 shares of our common stock at an exercise price of $5.00 per share and warrants to purchase 154,000 shares of the Company's common stock at an exercise price of $0.001 per share. Additionally, in June 2006, in connection with the sale of our call center operations and in August 2006, in connection with the Vici transaction (described herein), we granted SIBL 355,000 warrants to purchase shares of our common stock at $10 per share and 235,000 warrants to purchase shares of our common stock at $20 per share, respectively. The warrants contain anti-dilution provisions, including a provision which requires us to issue additional shares under the warrants if we issue or sell any common stock at less than $1.02 per share, or grant, issue or sell any options or warrants for shares of the Company's common stock to convert into shares of our common stock at less than $1.02 per share. If we do issue or sell common stock which causes a re-pricing of the warrants issued to SIBL, it would likely have an adverse effect on the trading value of our common stock and could cause substantial dilution to our then shareholders.

THERE MAY NOT BE AN ACTIVE OR LIQUID TRADING MARKET FOR OUR COMMON STOCK, WHICH MAY LIMIT INVESTORS' ABILITY TO RESELL THEIR SHARES.

An active and liquid trading market for our common stock may not develop or, if developed, such a market may not be sustained. In addition, we cannot predict the price at which our common stock will trade. If there is not an active or liquid trading market for our common stock, investors in our common stock may have limited ability to resell their shares.

WE HAVE AND MAY CONTINUE TO ISSUE PREFERRED STOCK THAT HAS RIGHTS AND PREFERENCES OVER OUR COMMON STOCK.

Our Articles of Incorporation, as amended, authorize our Board of Directors to issue preferred stock, the relative rights, powers, preferences, limitations, and restrictions of which may be fixed or altered from time to time by the Board of Directors. Accordingly, the Board of Directors may, without approval from the shareholders of our common stock, issue preferred stock with dividend, liquidation, conversion, voting, or other rights that could adversely affect the voting power and other rights of the holders of our common stock. The preferred stock can be utilized, under certain circumstances, as a method of discouraging, delaying, or preventing a change in our ownership and management that shareholders might not consider to be in their best interests. We have issued various series of preferred stock, which have rights and preferences over our common stock including, but not limited to, cumulative dividends and preferences upon liquidation or dissolution.

WE DO NOT EXPECT TO PAY DIVIDENDS IN THE NEAR FUTURE, WHICH COULD MAKE AN INVESTMENT IN OUR COMMON STOCK LESS ATTRACTIVE FOR CERTAIN INVESTORS THAN OTHER SIMILAR COMPANIES' STOCK WHICH PAY DIVIDENDS.

We have never declared or paid dividends on our common stock. We do not anticipate paying dividends on our common stock in the near future. Our ability to pay dividends is dependent upon, among other things, future earnings as well as our operating and financial condition, capital requirements, general business conditions and other pertinent factors. We intend to reinvest in our business operations any funds that could be used to pay dividends. Our common stock is junior in priority to our preferred stock with respect to dividends. Cumulative dividends on our issued and outstanding Series A preferred stock, Series B preferred stock, Series C preferred stock and Series E preferred stock accrue dividends at a rate of $1.20, $12.00, $4.00, and $4.00, respectively, per share per annum, payable in preference and priority to any payment of any cash dividend on our common stock. We have authorized Series F preferred stock with cumulative dividends that accrue at a rate of $1.00 per share per annum and are also payable in preference and priority to any payment of any cash dividend on our common stock. Dividends on our preferred stock accrue from the date on which we agree to issue such preferred shares and thereafter from day to day whether or not earned or declared and whether or not there exists profits, surplus or other funds legally available for the payment of dividends. We have never paid any cash dividends on our preferred stock. We will be required to pay accrued dividends on our preferred stock before we can pay any dividends on our common stock. Because we do not currently pay dividends on our preferred or common stock, an investment in our Company may be less attractive to certain investors who are looking to invest in company's which pay regular dividends and as such, the trading value of our common stock may decline in value and/or be less than similar sized companies which do pay dividends on their preferred and common stock.

BECAUSE OF THE SIGNIFICANT NUMBER OF SHARES OWNED BY OUR DIRECTORS, OFFICERS AND PRINCIPAL SHAREHOLDERS, OTHER SHAREHOLDERS MAY NOT BE ABLE TO SIGNIFICANTLY INFLUENCE OUR MANAGEMENT.

Our Directors, officers, and principal shareholders beneficially own a substantial portion of our outstanding common and preferred stock. Malcolm J. Wright, who serves as our Chief Executive Officer and Chairman, and Roger Maddock, one of our majority shareholders, own, directly and indirectly, approximately an aggregate of 72% of the voting power in us. As a result, these persons control our affairs and management, as well as all matters requiring shareholder approval, including the election and removal of members of the Board of Directors, transactions with Directors, officers or affiliated entities, the sale or merger of the Company or substantially all of our assets, and changes in dividend policy. This concentration of ownership and control could have the effect of delaying, deferring, or preventing a change in our ownership or management, even when a change would be in the best interest of other shareholders.

IF WE ARE LATE IN FILING OUR QUARTERLY OR ANNUAL REPORTS WITH THE SEC, WE MAY BE DE-LISTED FROM THE OVER-THE-COUNTER BULLETIN BOARD.

Pursuant to Over-The-Counter Bulletin Board ("OTCBB") rules relating to the timely filing of periodic reports with the SEC, any OTCBB issuer which fails to file a periodic report (Form 10-QSB's or 10-KSB's) by the due date of such report (not withstanding any extension granted by the filing of a Form 12b-25), three (3) times during any twenty-four (24) month period is automatically de-listed from the OTCBB. Such removed issuer would not be re-eligible to be listed on the OTCBB for a period of one-year, during which time any subsequent late filing would reset the one-year period of de-listing. If we are late in our filings three times in any twenty-four (24) month period and are de-listed from the OTCBB, our securities may become worthless and we may be forced to curtail or abandon our business plan.

THERE IS CURRENTLY A LIMITED MARKET FOR OUR COMMON STOCK AND OUR STOCK PRICE IS VOLATILE.

There is currently a limited and volatile market for our common stock. Such market has been and will continue to be subject to wide fluctuations in response to several factors including, but not limited to:

(1) actual or anticipated variations in our results of operations;
(2) our ability or inability to generate new revenues;
(3) the number of shares in our public float;
(4) increased competition; and
(5) conditions and trends in the travel services, vacation, and/or real estate and construction markets.

Furthermore, because our common stock is traded on the NASD over the counter bulletin board, our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price of our common stock. Additionally, at present, we have a limited number of shares in our public float, and as a result, there could be extreme fluctuations in the price of our common stock. Further, due to the limited volume of our shares which trade and our limited public float, we believe that our stock prices (bid, asked and closing prices) are entirely arbitrary, are not related to the actual value of the Company, and do not reflect the actual value of our common stock (and in fact reflect a value that is much higher than the actual value of our common stock). Shareholders and potential investors in our common stock should exercise caution before making an investment in the Company, and should not rely on the publicly quoted or traded stock prices in determining our common stock value, but should instead determine value of our common stock based on the information contained in the Company's public reports, industry information, and those business valuation methods commonly used to value private companies.

ITEM 7. FINANCIAL STATEMENTS

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
American Leisure Holdings, Inc. and Subsidiaries
Orlando, Florida

We have audited the accompanying consolidated balance sheets of American Leisure Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two 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 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial position of American Leisure Holdings, Inc. and Subsidiaries as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years ended December 31, 2006 and 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the financial statements, the Company's recurring losses from operations and the need to raise additional financing in order to satisfy its vendors and other creditors and execute its Business Plan raise substantial doubt about its ability to continue as a going concern. Management's plans as to these matters are also described in Note 3. The 2006 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

LBB & Associates Ltd., LLP
Houston, Texas
March 27, 2007

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
As of December 31, 2006 and 2005

	2006	2005 As restated
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,110,000	$ 280,862
Cash - restricted	1,030,921	2,100,000
Accounts receivable, net	3,148,730	2,084,095
Other receivable	217,233	6,592,357
Prepaid expenses and other	1,775,614	99,418
Total Current Assets	7,282,498	11,156,732
PROPERTY AND EQUIPMENT, NET	9,170,540	12,574,334
LAND HELD FOR DEVELOPMENT	71,930,263	36,146,169
OTHER ASSETS		
Cash - restricted	10,364,681	11,075,354
Prepaid sales commissions	9,804,036	7,770,949
Prepaid sales commissions - affiliated entity	3,443,851	3,516,209
Investment-senior notes	-	5,170,000
Goodwill, net	4,559,134	5,925,437
Trademark, net	950,000	975,000
Other	2,638,475	5,156,193
Total Other Assets	31,760,177	39,589,142
TOTAL ASSETS	$ 120,143,478	$ 99,466,377
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and notes payable	$ 35,681,931	$ 3,652,235
Current maturities of notes payable-related parties	7,480,395	1,650,605
Accounts payable and accrued expenses	4,518,175	3,790,528
Accrued expenses - officers	2,795,000	3,393,500
Other	6,156,256	285,443
Total Current Liabilities	56,631,757	12,772,311
Long-term debt and notes payable, net of current maturities	21,583,106	39,587,421
Notes payable - related parties, net of current maturities	3,353,252	2,195,969
Put liability	985,000	985,000
Deposits on unit pre-sales	37,465,685	37,666,368
Total Liabilities	120,018,800	93,207,069

Commitments and contingencies				
STOCKHOLDERS' EQUITY:				
Preferred stock; 1,000,000 shares authorized; $.001 par value;				
1,000,000 Series "A" shares issued and outstanding at				
December 31, 2006 and 2005		10,000		10,000
Preferred stock; 100,000 shares authorized; $.01 par value;				
2,825 Series "B" shares issued and outstanding at				
December 31, 2006 and 2005		28		28
Preferred stock, 28,000 shares authorized; $.01 par value;				
27,189 Series "C" shares issued and outstanding at				
December 31, 2006 and 2005		272		272
Preferred stock; 50,000 shares authorized; $.001 par value;				
32,249 and 25,926 Series "E" shares issued and outstanding at				
December 31, 2006 and 2005		32		25
Preferred stock; 150,000 shares authorized; $.01 par value;				
0 Series "F" shares issued and outstanding at				
December 31, 2006 and 2005		-		-
Common stock, $.001 par value; 100,000,000 shares authorized;				
10,877,974 and 10,334,974 shares issued and outstanding at				
December 31, 2006 and 2005		10,878		10,335
Additional paid-in capital		21,710,830		19,697,114
Accumulated deficit		(21,607,362)		(13,458,466)
Total Stockholders' Equity		124,678		6,259,308
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	120,143,478	$	99,466,377

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2006 and 2005

	2006	2005 As restated
Revenues		
Service revenues	$ 14,590,886	$ 7,758,081
Undeveloped land sales	13,129,247	12,020,000
Total revenue	27,720,133	19,778,081
Costs		
Cost of service revenues	(12,647,116)	(5,513,367)
Cost of undeveloped land sales	(9,796,634)	(8,122,562)
Total costs	(22,443,750)	(13,635,929)
Gross margin	5,276,383	6,142,152
Operating expenses:		
Depreciation and amortization	(784,155)	(827,237)
General and administrative expenses	(3,609,487)	(5,028,139)
Write off of advances and receivables from Around the World Travel, Inc.	(6,588,579)	-
Total operating expenses	(10,982,221)	(5,855,376)
Income (loss) from continuing operations	(5,705,838)	286,776
Interest expense	(5,183,620)	(3,317,033)
Loss from continuing operations before income taxes	(10,889,458)	(3,030,257)
Provision for income taxes	(4,376)	(5,004)
Net loss from continuing operations	(10,893,834)	(3,035,261)
Gain (loss) from discontinued operations (including gain on disposal of business of $2,998,082 and $0)	2,744,938	(1,050,564)
Net loss	$ (8,148,896)	$ (4,085,825)
Net loss per share:		

Basic and diluted	$	(0.76)	$	(0.41)
Weighted average shares outstanding				
Basic and diluted		10,725,227		10,070,467

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31,

	Preferred Stock		Capital Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance-December 31, 2004	1,056,051	$ 10,343	9,977,974	$ 9,978	$ 15,636,322	$ (9,372,641)	$ 6,284,002
Issuance of Series F preferred stock in connection with the acquisition of certain assets and assumumption of certain liabilities of Around the World Travel	(1,936)	(19)	-	-	(193,629)	-	(193,648)
Issuance of common stock in connection with the exercise of warrants by an affiliate	-	-	160,000	160	-	-	160
Purchase of Tierra Del Sol, Inc minority interest	-	-	197,000	197	416,726	-	416,923
Issuance of warrants in connection with debt	-	-	-	-	3,837,696	-	3,837,696
Net loss	-	-	-	-	-	(4,085,825)	(4,085,825)
Balance-December 31, 2005 (As restated)	1,054,115	10,324	10,334,974	10,335	19,697,115	(13,458,466)	6,259,308
Issuance of common stock in connection with							

the exercise of warrants	-	-	308,000	308	-	-	308
Issuance of warrants as compensation	-	-	-	-	190,809	-	190,809
Issuance of warrants in connection with debt	-	-	-	-	1,073,146	-	1,073,146
Issuance of common stock and warrants in connection with purchase of note receivable	-	-	235,000	235	749,765	-	750,000
Issuance of Series E preferred stock in connection with the purchase of certain assets of Around the World Travel, Inc.	8,148	8	-	-	(5)	-	3
Net loss	-	-	-	-	-	(8,148,896)	(8,148,896)
Balance-December 31, 2006	1,062,263	$ 10,332	10,877,974	$ 10,878	$ 21,710,830	$ (21,607,362)	$ 124,678

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2006 and 2005

	2006	2005 As restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (8,148,896)	$ (4,085,825)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	1,434,519	1,680,336
Write-off investments in marketable securities	170,000	-
Non-cash interest expense	2,102,276	1,887,623
Non-cash preferred stock and warrant compensation	190,812	-
Bad debt expense	73,910	-
Gain on sale of subsidiary	(2,988,082)	-
Write-off of advances and receivables from Around the World Travel, Inc.	6,588,579	-
Changes in assets and liabilities:		
(Increase) decrease in restricted cash	710,673	(11,075,354)
(Increase) decrease in accounts receivable and other receivables	(1,138,545)	1,455,292
Increase in prepaid expenses and other	(56,780)	(7,564,683)
Increase in prepaid sales commissions	(1,960,729)	(2,655,267)
Increase in land held for development	(35,784,094)	(7,782,776)
Increase in notes payable	-	71,823
Increase (decrease) in deposits on unit pre-sales	(200,683)	20,997,022
Increase in accounts payable and accrued expenses	8,313,134	6,468,380
Net cash provided (used) by operating activities	(30,693,906)	(603,429)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	(275,100)	(175,689)
Acquisition of AWT assets	-	(3,185,547)
Advances to Caribbean Media Group	-	(141,400)
Acquisition of SBR assets	-	55,807
Investment in Reedy Creek	-	(901,705)
(Increase) decrease in restricted cash	1,069,079	(2,100,000)
Net cash provided (used) in investing activities	793,979	(6,448,534)

CASH FLOWS FROM FINANCING ACTIVITIES:				
Payment of debt		(2,556,778)		(7,308,532)
Proceeds from notes payable		33,285,535		13,077,537
Proceeds from exercise of warrants		308		-
Payments of notes payable - related parties		-		(943,947)
Proceeds of notes payable - related parties		-		241,725
Net cash provided (used) by financing activities		30,729,065		5,066,783
Net increase (decrease) in cash		829,138		(1,985,180)
CASH AT BEGINNING PERIOD		280,862		2,266,042
CASH AT END OF PERIOD	$	1,110,000	$	280,862
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	$	489,482	$	1,010,308
Cash paid for income taxes	$	-	$	-
SUPPLEMENTAL DISCLOSURE OF NON CASH TRANSACTIONS:				
Purchase of promissory note for equity	$	750,000	$	-
Stock and warrants issued in connection with acquisition	$	-	$	416,923
Issuance of warrants to acquire common stock for				
debt issuance costs	$	1,073,146	$	3,837,696
Purchase of minority interest of TDS in exchange for				
notes payable of $2,062,206, put liability				
of $985,000, common stock valued at $183,210				
and warrants valued at $233,713	$	-	$	3,464,129

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - THE COMPANY

American Leisure Holdings, Inc., a Nevada corporation, was incorporated in May 2002. American Leisure, through its subsidiaries, is involved in the development of vacation real estate in Orlando, Florida and the supplying of products related to the travel and leisure business throughout the United States of America. The consolidated entity is hereinafter referred to as "American Leisure", “the Company” or “AMLH".

The Company operates in three segments, real estate, where we are developing vacation real estate in Orlando Florida; travel, where we provide travel related services and products (ticketing, reservations, travel packages, corporate meetings and events etc.) and hospitality, where we operate a hotel in South Beach Florida. We had operated a call center through June 2006 when it was sold.

Principles of Consolidation

In determining whether American Leisure has a direct or indirect controlling financial interest in affiliates, consideration is given to various factors, including common stock ownership, possession of securities convertible into common stock and the related conversion terms, voting rights, representation on the board of directors, rights or obligations to purchase additional ownership interests as well as the existence of contracts or agreements that provide control features. When American Leisure determines that its ownership, direct or indirect, exceeds fifty percent of the outstanding voting shares of an affiliate, American Leisure will consolidate the affiliate. Furthermore, when American Leisure determines that it has the ability to control the financial or operating policies through its voting rights, board representation or other similar rights, American Leisure will consolidate the affiliate.

For those affiliates that American Leisure does not have the ability to control the operating and financial policies thereof, the investments are accounted for under the equity or cost method, as appropriate. American Leisure applies the equity method of accounting when it has the ability to exercise significant influence over operating and financial policies of an investee in accordance with APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." In determining whether American Leisure has the ability to exercise significant influence, consideration is given to various factors including the nature and significance of the investment, the capitalization structure of the investee, representation on the board of directors, voting rights, veto rights and other protective and participating rights held by investors and contractual arrangements.

American Leisure applies accounting principles generally accepted in the United States of America and interpretations when evaluating whether it should consolidate entities. Typically, if American Leisure does not retain both control of the assets transferred to the entities, as well as the risks and rewards of those assets, American Leisure will not consolidate such entities. In determining whether the securitization entity should be consolidated, American Leisure considers whether the entity is a qualifying special purpose entity, as defined by Statement of Financial Accounting Standards ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities-a replacement of FASB Statement No. 125."

The consolidated financial statements include the accounts of American Leisure Holdings, Inc. and its subsidiaries owned and/or controlled by American Leisure as follows:

Company	Percentage
American Leisure Corporation, Inc. (ALC)	100.00%
Florida Golf Group, Inc.(FGG)	100.00%
American Leisure Equities Corporation (ALEC)	100.00%
American Leisure Homes, Inc. (ALH)	100.00%
I-Drive Limos, Inc. (ID)	100.00%
Orlando Holidays, Inc. (OH)	100.00%
Welcome to Orlando, Inc. (WTO)	100.00%
American Leisure, Inc. (ALI)	100.00%
Pool Homes Managers, Inc. (PHM)	100.00%
Advantage Professional Management Group, Inc. (APMG)	100.00%
Leisureshare International Ltd (LIL)	100.00%
Leisureshare International Espanola S.A. (LIESA)	100.00%
American Travel & Marketing Group, Inc. (ATMG)	81.00%
	100.00%

American Leisure Marketing and Technology, Inc.	
Tierra Del Sol, Inc. (TDS)	100.00%
Hickory Travel Systems, Inc. (Hickory)	50.83%
American Travel Club, Inc.	100.00%
American Access Telecommunications Corporation	100.00%
American Switching Technologies, Inc.	100.00%
Affinity Travel Club, Inc.	100.00%
Club Turistico Latinoamericano, Inc.	100.00%
Affinity Travel, Inc.	100.00%
Pool Homes, Inc.	100.00%
American Sterling Corp.	100.00%
American Sterling Motorcoaches, Inc.	100.00%

Comtech Fibernet, Inc.	100.00%
TDS Amenities, Inc.	100.00%
TDS Clubhouse, Inc	100.00%
Costa Blanca Real Estate, Inc.	100.00%
Ameritel, Inc.	100.00%
American Leisure Travel Group, Inc.	100.00%
Luxshare, Inc.	100.00%
AAH Kissimmee LLC	100.00%
Castlechart Ltd.	100.00%
Reedy Creek Acquisition Corp.	100.00%
Wright Resorts Villas & Hotels	100.00%
South Beach Resorts, LLC	100.00%

Minority interests are reflected in the consolidated statements of operations to the extent income or losses are allocated to the minority interest shareholders. Losses in excess of the minority shareholders' basis are not allocated to the minority interest shareholders.

All significant inter-company accounts and transactions have been eliminated in the consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of American Leisure is presented to assist in understanding American Leisure's financial statements. The financial statements and notes are representations of American Leisure's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

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 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 materially differ from those estimates.

Concentration of Risk

American Leisure places its cash and temporary cash investments with established financial institutions. At various times during the year, the Company maintained cash balances in excess of FDIC insurable limits. Management feels this risk is mitigated due to the longstanding reputation of these banks. No losses have been incurred by the Company related to this risk.

In the normal course of business, the Company extends unsecured credit to the majority of its travel business customers. Management periodically reviews its outstanding accounts receivable and establishes an allowance for doubtful accounts based on historical collection trends and other criteria.

Fair Value of Financial Instruments

The Company's short-term financial instruments consist of cash, restricted cash, accounts receivable, accounts payable, accrued expenses and debt. The carrying amounts of these financial instruments approximate fair value because of their short-term maturities. Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and accounts receivable.

The Company does not hold or issue financial instruments for trading purposes nor does it hold or issue interest rate or leveraged derivative financial instruments.

Equity Investments

AMLH holds various minority equity investments in companies that meet AMLH’s investment criteria. AMLH applies the equity method of accounting for minority investments when AMLH has the ability to exert significant influence over the operating and financial policies of an investment. In the absence of such ability, AMLH accounts for these minority investments under the cost method. Certain investments carry restrictions on immediate disposition. Declines in value that are judged to be other than temporary are reported in other income and expense.

Long-Lived Assets

Long-lived assets are stated at cost. Maintenance and repairs are expensed as incurred. Depreciation is determined using the straight-line method over the estimated useful lives of the assets, which is three to seven years.

Where an impairment of a property's value is determined to be other than temporary, an allowance for the estimated potential loss is established to record the property at its net realizable value.

When items of land, building or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. The Company does not have any long-lived tangible assets that are considered to be impaired as of December 31, 2006 and 2005.

Land Held for development

Land held for development includes the initial cost of acquisition of the land and all subsequent capitalized construction and development costs.

Construction and development costs include all expenditures incurred in readying certain construction and development related assets of the Company for their intended use. These expenditures consist of direct costs such as land, financing costs, interest, legal fees, consulting fees, surveying, engineering, architects, contractors, real estate taxes, permits, licenses, fees, insurance, photos, copies, printing, general and administrative, and sales and marketing costs.

Interest costs are capitalized during the capitalization period, which commences when i) expenditures for the asset have been made, ii) activities that are necessary to get the asset ready for its intended use are in progress, and iii) interest cost is being incurred, and continues as long as these three conditions are present. The amount capitalized in an accounting period shall be determined by applying an interest rate(s) (the “capitalization rate") to the average amount of accumulated expenditures for the asset during the period. The capitalization rates are based on the rates applicable to borrowings, both directly and indirectly associated with the subject asset, outstanding during the period.

For the periods ending December 31, 2006 and 2005, interest capitalized totaled $2,110,015 and $2,198,853, respectively. As of December 31, 2006 and 2005, $187,271 and $1,240,403, respectively, of interest expense was accrued and unpaid.

All capitalized construction costs are subject to write-down inasmuch as the Company’s construction and development assets are carried at the lower of cost or net realizable value.

The Company defers costs directly relating to the acquisition of new properties and resort businesses that, in management's judgment, have a high probability of closing. If the acquisition is abandoned, any deferred costs are expensed immediately. These costs are capitalized as land held for development upon closing

Intangibles with Finite Lives

In June 2001, the Financial Accounting Standards Board issued "Statement of Financial Accounting Standards, ("FAS") No. 142 "Goodwill and Other Intangible Assets", effective for fiscal years beginning after December 15, 2001. FAS No. 142 addressed the recognition and measurement of intangible assets acquired individually or with a group of other assets and the recognition and measurement of goodwill and other intangible assets subsequent to their acquisition. Under these rules, goodwill and intangible assets with indefinite lives are no longer amortized, but are subject to annual or more frequent impairment testing. Other intangible assets deemed to have a finite life continue to be amortized over their useful lives.

The Company amortizes the following intangible assets with finite lives using straight-line method.

Trademarks	40 Years
Customer List	5 Years

These intangible assets with finite lives are reviewed for potential impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. During 2006 and 2005 management determined that no impairment adjustment related to these intangibles was necessary.

Income Taxes

American Leisure accounts for income taxes using the asset and liability method. The differences between the financial statement and tax basis of assets and liabilities are determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the period in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce deferred tax asset accounts to the amounts that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the period, plus or minus the net change in the deferred tax asset and

liability accounts.

Goodwill

American Leisure adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets". This statement requires that goodwill and intangible assets deemed to have indefinite lives not be amortized, but rather be tested for impairment on an annual basis. Finite-lived intangible assets are required to be amortized over their useful lives and are subject to impairment evaluation under the provisions of SFAS No. 144. The intangible assets relate to 1) the acquisition goodwill for the controlling interest of HTS, and 2) the net assets purchased from Around The World Travel, Inc. pursuant to the Asset Purchase Agreement between Around The World Travel, Inc. and American Leisure Equity Corporation.

American Leisure reduced goodwill that resulted from the purchase of assets from Around the World Travel, Inc. in 2006 for the release of an assumed liability of $1,366,303.

Cash and Cash Equivalents and Restricted Cash

American Leisure considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The restricted cash classified as long-term represents funds held in escrow for deposits received for condo and townhome sales for the units at Tierra Del Sol Resorts. The escrowed funds will be applied to the purchase price by the buyer at closing. Restricted cash classified as current are the escrowed funds that are the equity requirements from KeyBank of $1.03 million as part of the credit facilities. The funds are not readily available to the Company and can only be disbursed with the consent of KeyBank to be used for the construction of Tierra Del Sol Resorts.

Accounts Receivable, Net

At December 31, 2006 and 2005, accounts receivable, net consisted of the following:

	2006	2005
Trade receivables	$ 3,064,849	$ 2,184,936
Miscellaneous receivables	201,090	13,000
	3,265,939	2,197,936
Less: reserve for doubtful accounts	117,209	113,841
	$ 3,148,730	$ 2,084,095

Allowance for Doubtful Accounts

Our reported balance of accounts receivable, net of the allowance for doubtful accounts, represents our estimate of the amount that ultimately will be realized in cash. We review the adequacy of our allowance for doubtful accounts on an ongoing basis, using historical payment trends and the age of the receivables and knowledge of our individual customers. When our analyses indicate, we increase or decrease our allowance accordingly. However, if the financial condition of our customers were to deteriorate, additional allowances may be required.

Shares for Services and Other Assets

The Company adopted the provisions of SFAS No. 123(R) in the first quarter of 2006 which requires all share-based payments to employees and directors to be recognized in the financial statements based on their fair values, using prescribed option-pricing models. The Company used the modified prospective method of adoption and continues to use the Black-Scholes option pricing model to value share-based payments. The modified prospective method requires companies to recognize compensation cost beginning with the effective date of adoption based on (a) the requirements for all share-based payments granted after the effective date of adoption and (b) the requirements for all unvested awards granted to employees prior to the effective date of adoption.

Prior to 2006 American Leisure accounted for non-cash stock-based compensation issued to employees in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, “Accounting for Stock Issued to Employees,” and complies with the disclosure provisions of SFAS No. 123, “Accounting for Stock-Based Compensation,” issued by the Financial Accounting Standards Board and EITF No. 96-18, “Accounting for Equity (deficit) Investments That Are Issued to Non-Employees for Acquiring, or in Conjunction with Selling, Goods or Services.” Under APB No. 25, compensation cost was recognized over the vesting period based on the difference, if any, on the date of grant between the fair value of American Leisure's stock and the amount an employee must pay to acquire the stock. Common stock issued to non-employees and consultants was based upon the value of the services received or the quoted market price, whichever value is more readily determinable. Accordingly, no compensation expense was recognized for grants of options to employees with the exercise prices at or above market price of the Company's common stock on the measurement dates.

Had compensation expense been determined based on the estimated fair value at the measurement dates of awards under those plans consistent with the method prescribed by SFAS No. 123, the Company's December 31, 2005, net loss would have been changed to the pro forma amounts indicated below.

		2005
Net loss as reported	$	(4,085,825)
Less: stock based compensation under intrinsic		-
Stock based compensation under fair value method		(129,573)
Pro forma	$	(4,215,398)
Net loss per share - basic and diluted		
As reported	$	(0.41)
Pro forma	$	(0.42)

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk free rate of 1.5% for 2006 and 2005; volatility of 131% to 146% for 2006 and 196% for 2005 with no assumed dividend yield; and expected lives of five years for 2006 and 2005.

Revenue Recognition

Revenues from Hickory are recognized as earned, which is primarily at the time of delivery of the related service, publication or promotional material. Fees from advertisers to be included in the hotel book and web service operated by Hickory are recognized upon the annual publication of the book or when performance levels are achieved. Revenue from the delivery of services is recognized upon performance.

One of our sources of revenue is associated with access to the travel portals that provide a database of discounted travel services. Annual renewals occur at various times during the year. Costs and revenue related to portal usage charges are incurred in the month prior to billing. Customers are charged additional fees for hard copies of the site access information. Occasionally these items are printed and shipped at a later date, at which time both revenue and expenses are recognized.

Revenues and expenses from our TraveLeaders business, for the period from January 1, 2005 through July 31, 2006 (the "Period") are not included in our results as the same are borne by Around The World Travel, Inc., the former third party manager of the business. We recognized as revenue only the net operating results of TraveLeaders operations after deducting the management fee paid to Around the World Travel of 10% of net earnings before interest expense, taxes, depreciation and amortization during the period.

Thereafter, gross revenues are recognized by our wholly owned subsidiary ALEC. Specifically, commission revenues for cruises, hotel and car rentals are recognized upon completion of travel, hotel stay or car rental. Commission fees for ticketing are recognized at the time of departure.

We have entered into approximately 606 pre-construction sales contracts for units in the Sonesta Orlando Resort at Tierra Del Sol. We will recognize revenue when title is transferred to the buyer.

Revenues also include undeveloped land sales, which are recognized at closing when title has passed.

Resort Unit Pre-sales

American Leisure receives deposits between 5% and 20% of the sales price and these amounts are recorded as deposits on unit pre-sales. Certain amounts received are restricted and recorded in restricted cash. American Leisure prepays brokers commissions up to 6% and prepays Xpress, Ltd. a commission of 1.5% and the amounts are recorded as prepaid commissions and are expensed when the revenue from the sale is recognized. Xpress, Ltd. is majority owned by Malcolm J. Wright and members of his family.

Managed Assets - TraveLeaders

Through one of our wholly owned subsidiaries, ALEC we acquired the tradename of TraveLeaders, as well as substantially all of the assets and certain other liabilities of the TraveLeaders operations, on December 31, 2004 from Around the World Travel ("AWT").

Concurrent with this acquisition, ALEC entered into a management agreement with AWT, whereby AWT manages the TraveLeaders franchise and employs the personnel necessary to operate the TraveLeaders retail locations. The risk of loss from this operation is that of AWT, as all agreements and licenses are in its name. AWT is paid a management fee of 10% of earnings before interest, taxes, and depreciation and amortization. The management agreement was terminated on August 1, 2006.

Revenues were $1,113,562 and $973,610 under this agreement for the years ended December 31, 2006 and 2005, respectively.

Loss Per Share

American Leisure is required to provide basic and dilutive earnings (loss) per common share information.

The basic net loss per common share is computed by dividing the net loss applicable to common stockholders by the weighted average number of common shares outstanding.

Diluted net loss per common share is computed by dividing the net loss applicable to common stockholders, adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities.

For the period ended December 31, 2006 and 2005, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share. Total shares issuable upon the exercise of warrants and the conversion of preferred stock for the years ended December 31, 2006 and 2005, were 19,419,199 and 17,223,230, respectively.

Recent Accounting Pronouncements

In November 2004, the FASB ratified the consensus reached by the Emerging Issues Task Force (“EITF”), on Issue NO. 03-13. “Applying the Conditions in Paragraph 42 of FASB Statement No. 144 on Determining Whether to Report Discontinued Operations”. The Issue provides a model to assist in evaluating (a) which cash flows should be considered in the determination of whether cash flows of the disposal component have been or will be eliminated from the ongoing operations of the entity and (b) the types of continuing involvement that constitute significant continuing involvement in the operations of the disposal component. Should significant continuing ongoing involvement exist, then the disposal component shall be reported in the results of continuing operations or the consolidated statements of operations and cash flows. We are currently evaluating the premises of EITF No. 03-13 and will adopt it as required.

In July 2006, the FASB issued FASB Interpretation (“FIN”) No. 48 “Accounting for Uncertainly in Income Taxes - An Interpretation of FASB Statement No. 109.” FIN 48 prescribes detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise’s financial statements in accordance with SFAS No. 109, Accounting for Income Taxes. Tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. FIN 48 will be effective for fiscal years beginning after December 15, 2006, and the provisions of FIN 48 will be applied to all positions upon the adoption of the Interpretation. The cumulative effect of this applying the provisions of this Interpretation will be reported as an adjustment to the opening balance of retained earnings for that fiscal year. Management is currently evaluating the impact of FIN 48 on the financial statements but does not believe that its adoption will have a material effect on the Companies’ financial position, results of operations, or cash flows.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements" when Quantifying Misstatements in Current Year Financial Statements ("SAB 108"). SAB 108 requires companies to evaluate the materiality of identified unadjusted errors on each financial statement and related financial statement disclosure using both the rollover approach and the iron curtain approach, as those terms are defined in SAB 108. The rollover approach quantifies misstatements based on the amount of the error in the current year financial statement, whereas the iron curtain approach quantifies misstatements based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year, irrespective of the misstatement's year(s) of origin. Financial statements would require adjustment when either approach results in quantifying a misstatement that is material. Correcting prior year financial statements for immaterial errors would not require previously filed reports to be amended. If a Company determines that an adjustment to prior year financial statements is required upon adoption of SAB 108 and does not elect to restate its previous financial statements, then it must recognize the cumulative effect of applying SAB 108 in fiscal 2006 beginning balances of the affected assets and liabilities with a corresponding adjustment to the fiscal 2006 opening balance in retained earnings. SAB 108 is effective for interim periods of the first fiscal year ending after November 15, 2006. The Company does not expect the adoption of this interpretation to have an impact on its financial position or results of operations.

On October 10, 2006, the FASB issued FSP No. FAS 123(R)-5, titled "Amending Guidance for Accounting for Modifications of Instruments in Connection with Equity Restructuring" ("Fsp Fas 123(R)-5"). Fsp Fas 123(R)-5 addresses whether a modification of an instrument in connection with an equity restructuring should be considered a modification for purposes of applying FSP FAS 123(R)-1. It stipulates that for instruments that were originally issued as employee compensation and then modified solely to reflect an equity restructuring that occurs when the holders are no longer employees, that there is no change in the recognition or measurement of those instruments if (a) there is no increase in fair value of the award and (b) all holders of the same class of instruments are treated in the same manner. The guidance in FSP FAS 123(R)-5 is effective in the first reporting period beginning after October 10, 2006. Early application is permitted in periods for which financial statements have not been issued. Management is currently evaluating the impact of FSP FAS 123(R)-5 on the financial statements but does not believe that its adoption will have a material effect on the Companies' financial position, results of operations, or cash flows.

FSP FAS 123(R)-6 was issued to make several technical corrections to SFAS 123(R). These include exemption for non-public entities from disclosing the aggregate intrinsic value of outstanding fully vested share options, revision to the computation of the minimum compensation cost that must be recognized, indication that at the date the illustrative awards were no longer probable of vesting, any previously recognized compensation cost should have been reversed, and changes to the definition of short-term inducement to exclude an offer to settle an award. The guidance in FSP FAS 123(R)-6 is effective in the first reporting period beginning after October 20, 2006. Early application is permitted in periods for which financial statements have not yet been issued. Management is currently evaluating the impact of FSP FAS 123(R)-6 on the financial statements but does not believe that its adoption will have a material effect on the Companies' financial position, results of operations, or cash flows.

In February 2006, the FASB issued SFAS No. 155, "" ("SFAS No. 155") which amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") and SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("SFAS No. 140"). SFAS No. 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 also clarifies and amends certain other provisions of SFAS No. 133 and SFAS No. 140. SFAS No. 155 is effective for all financial

instruments acquired, issued or subject to a re-measurement event occurring in fiscal years beginning after September 15, 2006. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. SFAS No. 155 will be effective for the Company in the first quarter of fiscal 2007 and is not expected to have an impact on the Company's financial statements.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management is currently evaluating the impact SFAS No. 157 will have on the Company’s financial position, results of operations, and cash flows.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB statement No. 115.” This Statement permits all entities to choose, at specified election dates, to measure eligible items at fair value (the “fair value option”). A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. If an entity elects the fair value option for a held-to-maturity or available-for-sale security in conjunction with the adoption of this Statement, that security shall be reported as a trading security under Statement 115, but the accounting for a transfer to the trading category under paragraph 15(b) of Statement 115 does not apply. Electing the fair value option for an existing held-to-maturity security will not call into question the intent of an entity to hold other debt securities to maturity in the future. This statement is effective as of the first fiscal year that begins after November 15, 2007. The Company is currently analyzing the effects SFAS 159 will have on the Company's financial condition and results of operations.

RECLASSIFICATIONS

Certain amounts in the December 31, 2005 financial statements have been reclassified to conform to the December 31, 2006 financial statement presentation.

NOTE 3 - FINANCIAL CONDITION AND GOING CONCERN

American Leisure's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. American Leisure has a working capital deficiency of $49,349,259 and is seeking adequate financing to complete the Orlando Resort property. American Leisure incurred a net loss of $8,148,896 during 2006 and a net loss of $4,085,825 during 2005; there is substantial doubt as to American Leisure’s ability to achieve profitable operations until it delivers the 508 townhomes and 144 condominiums, expected in November 2007 through the summer of 2008.

American Leisure's management intends to raise additional operating funds through equity and/or debt offerings. However, there can be no assurance management will be successful in its endeavors. Ultimately, American Leisure will need to achieve profitable operations in order to continue as a going concern.

American Leisure has insufficient capital to maintain its operations. The proceeds from the sale of a parcel of Orlando Resort property, the cash received from the pre-sales of the Company’s Orlando Resort units, the land loans funded in 2005 and 2006 and the Community Development District Bond in January 2006 financed through KeyBank, N.A., have provided American Leisure with funds to continue its operations until the balance of the financing is obtained for the construction of the Orlando Resort property.

There are no assurances that American Leisure will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placement, public offerings and/or bank financing necessary to support American Leisure's working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, American Leisure will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to American Leisure. If adequate working capital is not available, American Leisure may be required to curtail its operations.

NOTE 4 - ACQUISITIONS AND DIVESTMENTS

On December 31, 2005, the Company through its subsidiary Tierra Del Sol, Inc. (“TDS”) acquired the remaining 19% minority interest held by Raster Investments in TDS for a note payable of $1,432,046 which was paid in August 2006, and 197,000 of American Leisure common stock shares valued at $183,210 and 300,000 warrants with an exercise price at $5.00 per share valued at $233,713, and two 3 bedroom condominiums to be built in Phase II of the Orlando Resort valued at $630,160. After January 2007, Raster can sell the American Leisure shares back to American Leisure for $985,000, which is recorded as a put liability. The put option is void if AMLH’s stock price is greater than $5.00 per share for 30 consecutive days in 2007. The Company accounted for this acquisition using the purchase method of accounting and allocated the purchase price to the land held for development. Full ownership gives the Company the ability to recognize all of the profits on the development of the Orlando Resort property.

Effective June 30, 2006, we sold our subsidiary, Caribbean Leisure Marketing Limited ("CLM), to Stanford International Bank Limited ("SIBL"), a minority shareholder and creditor, under a stock purchase agreement. CLM owns a 49% in Caribbean Media Group, Ltd. ("Caribbean Media Group"), which owns and operates a call center in Antigua. In exchange for the common stock of CLM, SIBL exchanged certain promissory notes in the amounts of $1,250,000 and $2,100,000, fees and accrued interest of $2,313,175 or $5,663,274. The sale resulted in a gain of $2,988,082. We also issued 355,000 warrants with an exercise price of $10.00 expiring on April 30, 2008.

SIBL was expanding their call center business in the Caribbean and CLM would provide them with both synergies and effective economies of scale (in terms of operations and sales force) for expansion into other markets.

The results of operations for CLM are reported as gain (loss) from discontinued operations and these results are reported under the Call Center segment as noted in Note 18 below. The following table reports the results of the component of the Company’s operations reported as discontinued operations:

Results of Operations for discontinued operations for the year ended December 31:

	2006	2005
Call center services revenues	$ -	$ -
Revenue from discontinued operations	-	-
Operating expenses	371,122	757,363
Net loss on discontinued operations	(371,122)	(757,363)
Interest expense	(12,266)	-
Equity in operations of unconsolidated sub.	140,244	(293,201)
Gain on sale of discontinued operations	2,988,082	-
Gain (loss) on discontinued operations	$ 2,744,938	$ (1,050,564)

In accordance with the provisions of Statement of Financial Accounting Standard, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS No. 144"), the results of operations of the disposed assets and the losses related to this sale have been classified as discontinued operations for all periods presented in the accompanying consolidated statements of operations.

On July 5, 2005, the Company acquired a 1% interest in Reedy Creek Acquisition Company, LLC ("Reedy Creek") for $901,705 that was recorded in other assets. Reedy Creek owns 40.68 acres of undeveloped land in Osceola County, Florida located 1.5 miles west of Walt Disney World Orlando Maingate Entrance. The property will be used in the development of vacation second homes with resort amenities. On January 3, 2006, The Company acquired an additional 99% interest in Reedy Creek (total ownership of 100%) for a purchase price of $12,400,000. The Company is holding this land for future development.

On December 22, 2006 the Company acquired 100% of South Beach Resorts, LLC ("SBR") for $1,120,000 plus 25% participation interest to Stanford International Bank Limited in the net proceeds realized by SBR upon the disposition of its Boulevard Hotel property located in Miami Beach, Florida. The $1,120,000 was provided as a loan from Stanford International Bank Limited to Reedy Creek Acquisition Corporation. SBR was owned by SBR Holdings, LLC that is owned equally by Malcolm Wright (CEO, CFO and Director of the Company) and Frederick Pauzar (COO, President and Director of the Company). At the date of acquisition, the Boulevard Hotel was encumbered with a mortgage due to LaSalle Bank, National Association, as Trustee of Marathon Real Estate CDO 2006-1 Grantor Trust, successor-in-interest to marathon Structured Finance Fund L.P. ("LaSalle") in the amount of $7,498,900 that matured on January 11, 2007. The mortgage has matured and remains unpaid; however, the mortgage is not in default and a forbearance agreement is in place with LaSalle. The Company is actively seeking to replace the debt with a new lender. SBR was acquired by Malcolm Wright and Frederick Pauzar in July 2005 and the financial statement presentation has been restated to present SBR as a subsidiary since that acquisition date.

The financial statements at December 31, 2005 have been restated to include SBR and to record the sale of CLM as discontinued operations as follows:

	As originally filed	Adjustment	As restated
Balance Sheet:			
Current Assets:			
Cash	$ 225,055	$ 55,807	$ 280,862
Accounts receivable, net	2,043,141	40,954	2,084,095
Other receivables	6,587,357	5,000	6,592,357
Total current assets	11,054,971	101,761	11,156,732
Property and equipment	4,583,853	7,990,481	12,574,334
Land held for development	34,695,281	1,450,888	36,146,169
Total assets	89,923,247	9,543,130	99,466,377
Current Liabilities:			
Accounts payable and accrued expenses	3,782,822	7,706	3,790,528
Total current liabilities	12,764,605	7,706	12,772,311
Long-term debt and notes payable	32,288,920	7,298,501	39,587,421
Notes payable -- related parties, net of current maturity	-	2,195,969	2,195,969
Total liabilities and stockholders' equity	89,923,247	9,543,130	99,466,377
Statements of Operations:			
Operating revenues	$ 7,361,284	$ 396,797	$ 7,758,081
Cost of operating revenues	5,157,524	355,843	5,513,367
Gross margin	6,101,198	40,954	6,142,152
Operating expenses:			
Depreciation and amortization	(1,476,326)	649,089	(827,237)
General and administrative	(5,136,413)	108,274	(5,028,139)
Income (loss) from continuing operations	(511,541)	798,317	286,776
Interest expense	(3,317,033)	-	(3,317,033)
Equity in operations of unconsolidated subsidiary	(293,201)	293,201	-
Loss from continuing operations	(4,121,775)	1,091,518	(3,030,257)
Provision for income taxes	(5,004)	-	(5,004)
Net loss from continuing operations	(4,126,779)	1,091,518	(3,035,261)
	-	(1,050,564)	(1,050,564)

Gain (loss) from discontinued operations			
Net loss	$ (4,126,779)	$ 40,954	$ (4,085,825)
Statements of Cash Flows:			
Cash flows from operating activities:			
Net loss	$ (4,126,779)	$ 40,954	$ (4,082,825)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	1,496,246	(40,954)	1,455,292
Cash flows from investing activities:			
Acquisition of SBR	-	55,807	55,807
Net cash from investing activities	(6,504,341)	55,807	(6,448,534)

The SBR transaction was recorded at the shareholders original basis and at their original date of purchase which was July 2005. The transaction was recorded like a “pooling of interest” based on the shareholders ownership percentages of both entities. The following table summarizes the net assets acquired and liabilities assumed in the SBR transaction as reportedin July 2005:

Cash	$	55,807
Other receivables		5,000
Property and equipment, net		7,990,481
Land held for development		1,450,888
Accounts payable		(7,706)
Notes payable - related parties		(2,195,969)
Long-term debt		(7,298,501)
	$	-

NOTE 5 - OTHER RECEIVABLES

Other receivables consist of the following

		2006		2005
Advances to Frederick Pauzar	$	100,000	$	-
Advances to Around the World Travel		-		4,536,312
Due from West Villas, Inc., Maingate Towers, Inc. and Orlando Tennis Village, Inc		-		1,828,390
Employee advances		37,791		5,000
Due from other third parties		79,442		222,655
	$	217,233	$	6,592,357

The due from West Villas, Inc., Maingate Towers, Inc. and Orlando Tennis Village, Inc. of $1,828,390 is from the sale of the 40 acres described in Note 7. The amounts due from Around the World Travel, Inc. (AWT) of $4,536,312 are predominantly from advances and from amounts earned by the Company in connection with the management agreement, under which AWT managed the assets acquired December 31, 2004. The Company earned $1,113,561 for the period from January 1, 2006 through July 31, 2006 and $973,610 in 2005 under the management agreement. The Management Agreement and Licensing Agreement with AWT were cancelled as of August 1, 2006. The advances and other amounts due from AWT were deemed uncollectible and the receivable of $6,588,579 was written off in December 2006.

NOTE 6 - PROPERTY AND EQUIPMENT, NET

At December 31, 2006 and 2005, property and equipment consisted of the following:

	Useful Lives	2006	2005
		$	$
Computer equipment	3-5	451,008	419,683
Furniture & fixtures	5-7	1,988,851	1,898,511
Automobiles	5	-	63,230
Leasehold improvements	5	3,100	31,919
Telecommunications equipment	7	3,536,664	6,764,848

Hotel building	35	7,990,481	7,990,481
		13,970,104	17,168,672
Less: accumulated depreciation and amortization		4,799,564	4,594,338
		$ 9,170,540	$ 12,574,334

Depreciation expense was $1,434,519 and $1,603,854 for 2006 and 2005, respectively.

NOTE 7 - LAND HELD FOR DEVELOPMENT

American Leisure is developing a 972-unit resort in Orlando, Florida on 122 acres of undeveloped land. Pre-construction sales commenced in February 2004.

As of December 31, 2006, Xpress, Ltd., a related party, see Note 20, has pre-sold approximately 600 vacation homes in a combination of contracts on town homes and reservations on condominiums for a total sales volume of approximately $230 million. In connection with the sales, the Company has received deposits totaling approximately $36,836,000 and has prepaid sales commissions and advances to various brokers and agents of approximately $9,804,000 and has prepaid sales commissions of approximately $3,444,000 to Xpress, Ltd., a related party.

On January 11, 2006, the Company sold 42 acres in the Sonesta Resort for $9,090,130 to the District and an additional $4,039,116 in connection with reimbursements for site improvements. The land sold to the District will be used for public infrastructure for the Sonesta Resort, including the creation of roads and for water collection.

On December 28, 2005, The Company completed the sale of 41 acres of its development property located in Polk County, Florida (adjacent to the Orlando Resort property) for $8,000,000 and realized a profit of $3,324,736 on the sale. The sale was brokered through American Leisure Real Estate Group, Inc, an entity controlled by Malcolm Wright (American Leisure's CEO); the broker commission on the sale amounted to $400,000. The Company had approximately $1,823,000 due from the buyers West Villas, Inc., Maingate Towers, Inc. and Orlando Tennis Village and included in other receivables at December 31, 2005. The amount was paid off in 2006. These entities are related to a shareholder.

On March 8, 2005, American Leisure sold 13.5 acres of commercial property for $4,020,000, plus the reimbursement of expenses in the amount of $157,219. The Company realized a gain on the sale of approximately $968,000.

The Boulevard Hotel property located in Miami Beach, Florida is undergoing remodeling and refurbishing to convert the property into a timeshare facility. As of December 31, 2006, $3,405,418 has been incurred in the remodeling and refurbishment and, as of December 31, 2005, $1,450,888 has been incurred.

NOTE 8 - INVESTMENT IN SENIOR SECURED NOTES AND CONTINGENT LIABILTY

During 2004, AMLH acquired senior secured notes receivable paper (the "Notes") for 340,000 shares of AMLH stock and the assumption of a non-recourse note payable to CNG Hotels (CNG Note) for $5,000,000. The Notes are secured by substantially all of the assets of Around the World Travel ("AWT"), the maker. The purpose of the Company's acquisition of the Notes was to allow AMLH to get in a senior secured position in AWT at the time AMLH was evaluating purchase of the assets of AWT.

The approximately $24,000,000 balance of the Notes includes unpaid interest of approximately $6,000,000. The Notes are in default and no interest is being accrued by AMLH relating to these Notes. The Company's projection of discounted future cash flows from the Notes at the time of purchase exceeded the $5,170,000 carrying value, based primarily on the net realizable value of the collateral assets.

Repayment of the $5,000,000 CNG Note is contingent, and equal to, the proceeds received by the Company on the investment in the Notes. The Company's obligation will not exceed $5,000,000 under this contingency, even in the event proceeds from the investment in the note receivable exceed that amount.

In December 2004, the Company acquired substantially all of the assets of AWT (See Note 4). This acquisition had the effect of impairing the Notes, in that the collateral was no longer security for the Notes; however, AWT was managing these operations from January 1, 2005 through July 31, 2006 under a management agreement with ALEC. After the cancellation of the management agreement, the Company determined that the expected discounted future cash flow from the investment in the Notes that the Company can reasonably expect is $0. Effective December 30, 2006, the Company recorded an impairment charge of $5,170,000 related to these Notes.

In conjunction with the net realizable value of the Notes being reduced to zero, the future obligation under the CNG Note could not be reasonably estimated, and the likelihood of any required repayment became remote. Accordingly, because of the contingent nature of repayment being based on an asset with no estimated future value, the CNG Note was adjusted to $0 at December 30, 2006, and the Company recognized a gain on forgiveness of debt in the amount of $5,000,000, the amount of debt previously recorded.

Because of the economic interdependence of the above-described impairment charge and gain on debt forgiveness, the two amounts are netted in the statement of operations for the year ended December 31, 2006, and the net charge of $170,000 is included in general and administrative expenses.

NOTE 9 - OTHER ASSETS

Other assets include the following at December 31:

	2006	2005
Deferred financing Costs	$ 2,102,725	$ 4,192,988
Deposits and Other	35,750	61,500
Investment in Promissory Note	500,000	-
Investment in Reedy Creek	-	901,705
Total other assets	$ 2,638,475	$ 5,156,193

On August 16, 2006, pursuant to Purchase Agreement between the Company and Stanford International Bank Limited (a minority shareholder and creditor of the Company), a promissory note in the principal amount of $750,000 made by Scott Roix in favor of Stanford International Bank Limited was purchased for 235,000 shares of common stock of the Company and a five year warrant to purchase 235,000 share of the Company's stock at an exercise price of $20 per share. The note will be repaid in full on July 1, 2007. As of December 31, 2006, $250,000 of the note had been repaid and the investment in promissory note had a balance of $500,000.

NOTE 10 - LONG-TERM DEBT AND NOTES PAYABLE

Below is a summary of Long-term debt and notes payable as of December 31, 2006 and 2005:

	Collateral	Maturity Date	Interest rate	2006	2005
Note Payable, Lending Institution	Personal Guarantees	12/31/03	8%	$250,000	$250,000
Individual	Unsecured	On Demand	10%	-	30,000
Equipment, Third Party Entities	Equipment	3/31/05	18%	-	9,029
Financial Institution	Lien on property, assets and stock of the company & personal guarantees	9/30/06	8%	-	1,250,000
Financial Institution	Lien on property, assets and stock of the company	1/11/07	8%	7,498,900	7,298,501
Financial Institution	1st lien on 53 acres of undeveloped land & personal guarantees	6/28/07	12% (libor +310 basis)	14,352,900	10,250,376
Financial Institution	Lien on property, assets and stock of the company& personal guarantees	6/30/07	8%	8,000,000	-
Financial Institution	Lien on property, assets and stock of the company& personal guarantees	6/30/07	12%	5,056,000	-
Financial Institution	Lien on property, assets and stock of the company & personal	12/27/07	8%	-	2,100,000

	guarantees				
Note Payable, Credit Line	Assets of the Company and Personal Guarantees	1/08	8.75%	51,463	51,000
Financial Institution	Lien on property, assets and stock of the company & personal guarantees	1/1/08	8%	3,000,000	3,000,000
Financial Institution	Lien on property, assets and stock of the company & personal guarantees	1/1/08	8%	1,355,000	1,355,000
Financial Institution	Lien on property, assets and stock of the company	1/1/08	8%	305,000	289,000

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Financial Institution	Lien on property, assets and stock of the company& personal guarantees	2/1/08	15%	7,000,000	-
Financial Institution	Lien on property, assets and stock of the company& personal guarantees	6/22/08	8%	1,229,861	-
Individual	Personal guarantees	7/1/08	12%	630,160	2,062,206
Financial Institution	Lien on property, assets and stock of the company & personal guarantees	12/31/08	6%	6,000,000	6,000,000
Note payable, Third Party	Lien on assets	2/23/09	5%	-	5,000,000
Auto Loan	Vehicle	3/10/10	9.39%	-	30,942
Third Party notes assumed from assets purchased from Around The World Travel, Inc.	Secured by Common Stock of Around The World Travel, Inc.	4/1/11	4%	2,174,481	3,893,915
Note Payable, Lending Institution	Assets of the Company and Personal Guarantees	5/1/33	4%	361,272	369,687
				57,265,037	43,239,656
Less: current portion of long-term debt and notes payable				(35,681,931)	(3,652,235)
Long-term debt and notes payable				$21,583,106	$39,587,421

* Effective December 31, 2006, Stanford International Bank Limited, an Antiguan banking corporation, further modified the terms of the notes due to extend the maturity dates of the notes and accrue the unpaid interest from October 1, 2006 and thereafter as follows:

· The maturity date of the $6,000,000 Note is extended to January 1, 2008. Interest on the $6,000,000 Note has been paid through September 30, 2006. The principal amount of the Note, together with all interest accrued from October 1, 2006 to the maturity date shall be due and payable on that date.

· The maturity date of the $3,000,000 Note is extended to January 1, 2008. Interest on the $3,000,000 Note has been paid through September 30,

2006. The principal amount of the Note, together with all interest accrued from October 1, 2006 to the maturity date shall be due and payable on that date.

- The maturity date of the $1,355,000 Note is extended to January 1, 2008. Interest on the $1,355,000 Note has been paid through September 30, 2006. The principal amount of the Note, together with all interest accrued from October 1, 2006 to the maturity date shall be due and payable on that date.

- The maturity date of the $305,000 Note is extended to January 1, 2008. Interest on the $305,000 Note has been paid through September 30, 2006. The principal amount of the Note, together with all interest accrued from October 1, 2006 to the maturity date shall be due and payable on that date.

The weighted average interest rate on long-term debt and notes payable was 8.8% and 6.4% for 2006 and 2005, respectively. The maximum amount outstanding was $57,265,037 and $43,239,656 for 2006 and 2005, and the average amount outstanding was approximately $45,691,050 and $27,165,215 during 2006 and 2005. The effective interest rate, including the amortization of the deferred financing costs was 11.3% and 12.2% in 2006 and 2005.

Principal repayments for the next years are as follows:

	Amount
2007	$ 35,681,931
2008	19,927,164
2009	355,681
2010	355,682
2011	355,683
Thereafter	588,896
	$ 57,265,037

NOTE 11 - NOTES PAYABLE - RELATED PARTIES

	Collateral	Maturity Date	Interest Rate	2006	2005
Related Party	Unsecured	Demand	12%	$117,300	$131,945
Related Party	Unsecured	Demand	12%	293,000	306,500
Related Party	Unsecured	Demand	12%	180,000	180,000
Related Party	Unsecured	Demand	12%	20,000	20,000
Related Party	Unsecured	Demand	12%	122,390	327,028
Related Party	Unsecured	12/31/08	12%	3,353,252	2,195,969
Related Party	Unsecured	Demand	12%	5,875,444	-
Shareholder	Unsecured	Demand	12%	394,198	178,366
Related Party	Unsecured	Demand	10%	193,063	97,504
Related Party	Unsecured	Demand	10%	285,000	285,000
Related Party	Unsecured	Demand	12%	-	124,262
Less: current portion of notes payable -- related parties				10,833,647	3,846,574
Notes payable -- related parties				7,480,395	1,650,605
				$3,353,252	$2,195,969

The weighted average interest rate on notes payable - related parties was 11.8% and 11.1% for 2006 and 2005, respectively. The maximum amount outstanding was $10,833,647 and $3,846,574 for 2006 and 2005, and the average amount outstanding was approximately $7,277,980 and $2,579,079 during 2006 and 2005. The effective interest rate was 12% and 11% in 2006 and 2005.

NOTE 12 - STOCKHOLDERS EQUITY AND REDEEMABLE PREFERRED STOCK

Common Stock and Mandatory Redeemable Preferred Stock

On August 16, 2006, pursuant to Purchase Agreement between the Company and SIBL (a minority shareholder and creditor of the Company), a promissory note in the principal amount of $750,000 made by Scott Roix in favor of SIBL was purchased for 235,000 shares of common stock of the Company and a five year warrant to purchase 235,000 share of the Company’s stock at an exercise price of $20 per share. The note will be repaid in full on July 1, 2007.

In August 2006, Tierra del Sol Resorts, Inc. entered into a guaranteed maximum price construction contract with Resorts Construction, LLP ("Resorts Construction") to construct and develop part of the Sonesta Resort and its town home properties. Resorts Construction is 50% owned by Malcolm J. Wright, the Company's Chief Executive Officer and Chairman. Pursuant to the contract with Resorts Construction, we agreed to pay Resorts Construction a contractor's fee equal to 5% of the total cost of the construction performed by Resorts Construction and 7.5% for general conditions. Any payments owed under the Resorts Construction contract which are not paid when due bear interest at the rate of 12% per annum. We provided Resorts Construction a non-refundable payment of $4,000,000 upon our entry into the construction agreement with Resorts Construction, which funds Resorts Construction have been used to begin construction of Phase 1 of the Sonesta Resort.

Effective June 30, 2006, pursuant to Stock Purchase Agreement between the Company and SIBL (a minority shareholder and creditor of the Company), the Call Center operations (Caribbean Leisure Marketing, Ltd.) was sold. Promissory notes in the amounts of $1,250,000 and $2,100,000 were exchanged along with $2,313,175 of fees and accrued interest for total consideration of $5,663,175. This sale resulted in a gain of $2,988,082 attributable to the recapture of depreciation and interest expense from prior periods. The Stock Purchase Agreement also cancelled the equity conversion feature that was to expire on April 30, 2007, of an outstanding loan with SIBL and provided for the issuance of 355,000 warrants with an exercise price of $10.00 expiring on April 30, 2007.

On June 30 2005, 160,000 shares of common stock were issued upon the exercise of warrants at $0.001 per share (or $160).

Preferred Stock

American Leisure is authorized to issue up to 10,000,000 shares in aggregate of preferred stock:

	Total Series Authorized	Stated Value	Voting	Annual Dividends per Share	Conversion Rate
Series A	1,000,000	$ 10.00	Yes	$ 1.20	10 to 1
Series B	100,000	100.00	Yes	12.00	20 to 1
Series C	28,000	100.00	Yes	4.00	20 to 1
Series E	50,000	100.00	Yes	4.00	6.66 to 1
Series F	150,000	100.00	Yes	1.00	2 to 1

Series A have voting rights equal to 10 common shares to 1 Series A preferred share.

Series A are redeemable at the American Leisure's option after 10 years if not converted by the holder. The conversion period is 10 years from the date of issue. The redemption amount per share will equal the liquidation value plus accrued but unpaid dividends.

Conversion is at a fixed amount of 10 for 1, except for an adjustment if the common stock market price is below $1.00 for any thirty (30) consecutive days. In the event that the average market price of the common stock for any thirty (30) consecutive trading days is below $1.00 and the market price of the common stock remains below $1.00 through the trading day immediately prior to the conversion date, then the conversion rate shall be the lower of (i) the Liquidation Value divided by the average market price of the common stock for the ten (10) consecutive trading days immediately prior to the conversion date, or (ii) 10 for 1.

Upon any conversion, the holder, by converting, waives his right to the payment of cash for such accrued but unpaid dividends. In lieu of a cash dividend the holder shall receive such number of shares of Common Stock equal to (A) the amount of accrued but unpaid dividends on such Preferred Stock surrendered for conversion by such holder, divided by (B) the market value of common stock on the conversion date.

Dividends are payable if funds are available. Accrued but unpaid dividends do not pay interest.

Series B have voting rights equal to 20 common shares to 1 Series B preferred share.

Series B are redeemable at the American Leisure's option after 5 years if not converted by the holder. The conversion period is 5 years from the date of issue. The redemption amount per share will equal the liquidation value plus accrued but unpaid dividends.

Conversion is not less than 20 for 1 nor more than 12.5 for 1 based on the market price. Conversion is calculated by dividing the liquidation value by the market price but such conversion shall not be greater than 20 shares of common stock for 1 preferred share or not lower than 12.5 shares of common stock for 1 preferred share. The maximum shares (20 to 1) will be issued when the market price of common stock is $5 or below $5 and the minimum conversion (12.5 to 1) will be when the market price of common stock is $8 or above $8. Upon any conversion, the holder, by converting, waives his right to the payment of cash for such accrued but unpaid dividends. In lieu of a cash dividend the holder shall receive such number of shares of Common Stock equal to (A) the amount of accrued but unpaid dividends on such Preferred Stock surrendered for conversion by such holder, divided by (B) the market value of common stock on the conversion date.

Dividends are payable if funds are available. Accrued but unpaid dividends do not pay interest.

Series C are redeemable after 5 years if not converted by the holder. The conversion period expires 5 years from the date of issue. The redemption amount per share will equal the liquidation value plus accrued but unpaid dividends.

Conversion is not less than 20 for 1 nor more than 12.5 for 1 based on the market price. Conversion is calculated by dividing the liquidation value by the market price but such conversion shall not be greater than 20 shares of common stock for 1 preferred share or not lower than 12.5 shares of common stock for 1 preferred share. The maximum shares will be issued when the market price of common stock is $5 or below and the minimum conversion will be when the market price of common stock is $8 or higher. Upon any conversion, the holder, by converting, waives his right to the payment of cash for such accrued but unpaid dividends. In lieu of a cash dividend the holder shall receive such number of shares of Common Stock equal to (A) the amount of accrued but unpaid dividends on such Preferred

Stock surrendered for conversion by such holder, divided by (B) the market value of common stock on the conversion date.

Series E are redeemable after 5 years if not converted by the holder. The conversion period expires 5 years from the date of issue. The redemption amount per share will equal the liquidation value plus accrued but unpaid dividends.

Conversion is at a maximum of 6.66 for 1 or if the market price is above $15.00 then the conversion is $100 divided by the market price at the date of conversion, for example $100/$20 or 5 common shares for 1 preferred share. Upon any conversion, the holder, by converting, waives his right to the payment of cash for such accrued but unpaid dividends. In lieu of a cash dividend the holder shall receive such number of shares of Common Stock equal to (A) the amount of accrued but unpaid dividends on such Preferred Stock surrendered for conversion by such holder, divided by (B) the market value of common stock on the conversion date.

Series E have voting rights equal to 6.66 common shares to 1 Series E preferred share.

In February 2006, we issued Joseph and Helena Palumbo 1,655 shares of our Series E Preferred Stock, which shares of Preferred Stock we had previously agreed to issue pursuant to and in connection with our purchase of the assets of AWT in December 2004. We claim an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, since the foregoing issuance did not involve a public offering, the recipients took the securities for investment and not resale and we took appropriate measures to restrict transfer. No underwriters or agents were involved in the foregoing issuance and no underwriting discounts or commissions were paid by us.

In February 2006, we issued 170 shares of Series E Preferred Stock to Gregory Wasik, which shares of Preferred Stock we had previously agreed to issue pursuant to and in connection with our purchase of the assets of AWT in December 2004. We claim an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, since the foregoing issuance did not involve a public offering, the recipient took the securities for investment and not resale and we took appropriate measures to restrict transfer. No underwriters or agents were involved in the foregoing issuance and no underwriting discounts or commissions were paid by us.

In February 2006, we issued William and Margaret Applebee 2,840 shares of our Series E Preferred Stock, which shares of Preferred Stock we had previously agreed to issue pursuant to and in connection with our purchase of the assets of AWT in December 2004. We claim an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, since the foregoing issuance did not involve a public offering, the recipients took the securities for investment and not resale and we took appropriate measures to restrict transfer. No underwriters or agents were involved in the foregoing issuance and no underwriting discounts or commissions were paid by us.

In February 2006, we issued Randy Haddad 2,852 shares of our Series E Preferred Stock, which shares of Preferred Stock we had previously agreed to issue pursuant to and in connection with our purchase of the assets of AWT in December 2004. We claim an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, since the foregoing issuance did not involve a public offering, the recipients took the securities for investment and not resale and we took appropriate measures to restrict transfer. No underwriters or agents were involved in the foregoing issuance and no underwriting discounts or commissions were paid by us.

In February 2006, we issued 631 shares of our Series E Preferred Stock to various individuals in fulfillment of prior commitments. We claim an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, since the foregoing issuance did not involve a public offering, the recipients took the securities for investment and not resale and we took appropriate measures to restrict transfer. No underwriters or agents were involved in the foregoing issuance and no underwriting discounts or commissions were paid by us.

Series F issuance was retracted in 2005 in connection with the purchase price adjustment of the Around the World, Inc. assets.

Dividends are payable if funds are available. Accrued but unpaid dividends do not pay interest.

American Leisure has not declared dividends as of December 31, 2006, however cumulative and unpaid dividends are as follows:

	December 31, 2006	December 31, 2005
Series A	$ 6,294,049	$ 5,094,049
Series B	174,752	140,852
Series C	412,975	304,219
Series E	358,912	261,824
	$ 7,240,688	$ 5,800,944

American Leisure would be required to issue up to 10,818,633 and 10,760,793 shares of common stock if all preferred shares were converted at their most favorable conversion terms at December 31, 2006 and 2005.

Warrants

In 2006, American Leisure issued 2,175,000 warrants of which 1,035,000 were issued in connection with loan guarantees and financing, 550,000 were issued for services, 355,000 were issued for the sale of a subsidiary and 235,000 were issued for the acquisition of a promissory note.

In 2005, American Leisure issued 4,354,032 warrants of which 3,854,032 were issued in connection with loan guarantees and financing, 200,000 were issued to directors and 300,000 were issued for the acquisition of the minority interest in Tierra Del Sol, Inc.

Warrants for Loan Guarantees and Financing Costs

2006

During 2006, American Leisure issued 1,035,000 warrants valued at $865,518. The warrants were issued in connection with loan guarantees and in connection with obtaining additional financing and recorded as deferred financing costs. These warrants are exercisable from $1.02 and have terms of 5 years. The estimated fair value of the warrants was valued using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility ranging from 131% to 146%, risk-free interest rate of 1.5% and expected lives of 60 months.

In January 2006, the Company authorized the issuance of warrants to Malcolm Wright, a director of the Company and the Company's Chief Executive Officer to purchase 450,000 shares of our common stock at an exercise price of $1.02 per share.

In December 2006, the Company authorized the issuance of warrants to Mr. Wright to purchase 585,000 shares of our common stock at an exercise price of $1.02 per share. The Company is under a continued obligation to issue warrants at $1.02 to Mr. Wright for guarantees he may be required to give on the Company's behalf going forward. The warrants were recorded as deferred financing costs.

2005

During 2005, American Leisure issued 3,854,032 warrants valued at $3,837,696. The warrants were issued in connection with loan guarantees and in connection with obtaining additional financing and recorded as deferred financing costs. These warrants are exercisable from $0.001 to $5 and have terms ranging from 3 to 5 years. The estimated fair value of the warrants was valued using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility of 195%, risk-free interest rate of 1.5% and expected lives of 36 to 60 months.

In July 2005, the Company authorized the issuance of warrants to Malcolm Wright, a director of the Company and the Company's Chief Executive Officer and Bill Chiles, a director of the Company to purchase 347,860 shares and 168,672 shares, respectively, of our common stock at an exercise price of $1.02 per share.

In December 2005, the Company authorized the issuance of warrants to Mr. Wright to purchase 2,008,500 shares of our common stock at an exercise price of $1.02 per share. The Company is under a continued obligation to issue warrants at $1.02 to Messrs Chiles and Wright for guarantees they may be required to give on the Company's behalf going forward. The warrants were recorded as deferred financing costs. In addition, in December 2005, the Company authorized the issuance of warrants to Stanford International Bank, Stanford Venture Capital Holdings and their executives to purchase 924,000 shares of our common stock. These warrants are exercisable from $0.001 to $5 and have terms of 3 years of which 308,000 warrants were exercised in 2006.

Warrants for Services

2006

During 2006, American Leisure issued 550,000 warrants valued at $502,454. The warrants were issued to executives and vendors for services. These warrants are exercisable from $1.02 and have terms ranging from 3 to 5 years. The estimated fair value of the warrants was valued using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility ranging from 131% to 146%, risk-free interest rate of 4.0% and expected lives of 36 to 60 months.

2005

During 2005, American Leisure issued 200,000 warrants valued at $144,057. The warrants were issued to members of the board of directors. These warrants are exercisable from $1.02 and have terms of 3 years. The estimated fair value of the warrants was valued using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility of 158%, risk-free interest rate of 1.5% and expected lives of 36 months.

Warrants for Sale of Subsidiary

During 2006, American Leisure issued 355,000 warrants valued at $83,894 in connection with the sale of our subsidiary, Caribbean Leisure Marketing Limited ("CLM), to SIBL under a stock purchase agreement. These warrants are exercisable at $10.00 and expire on April 30, 2008. The estimated fair value of the warrants was valued using the black-scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility of 120%, risk-free interest rate of 1.5% and expected lives of 22 months. In connection with the agreement, SIBL agreed to amend the due date of certain notes, described in greater detail in Note 11. The warrants contain certain anti-dilution clauses, whereby if we grant any options or sell any shares of common stock for less than $1.02 per share, the exercise price of the 355,000 warrants will reset to such lower price.

Warrants for Purchase of Promissory Note

On August 16, 2006, pursuant to Purchase Agreement between the Company and Stanford International Bank Limited (a minority shareholder and creditor of the Company), a promissory note in the principal amount of $750,000 made by Scott Roix in favor of Stanford International Bank Limited was purchased for 235,000 shares of common stock of the Company and a five year warrant to purchase 235,000 shares of the Company’s stock at an exercise price of $20 per share. The estimated fair value of the warrants was valued at $122,336 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility of 127%, risk-free interest rate of 1.5% and expected life of 60 months. The note will be repaid in full on July 1, 2007.

Warrants Issued for Minority Interest

During 2005, American Leisure issued 300,000 warrants valued at $233,713. The warrants were issued in connection with the acquisition of minority interest in Tierra Del Sol, Inc. The warrants are exercisable at $5 and have term of 5 years. The estimated fair value of the warrants was valued using the black-scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility of 158%, risk-free interest rate of 1.5% and an expected life of 60 months.

At December 31, 2006, there are 8,658,246 warrants outstanding (including 8,383,246 that were exercisable) with exercise prices ranging from $0.001 to $20.00 that expire between 2008 and 2011.

Stock Based Compensation

The does not maintain a formal stock option plan, however, the Company has granted warrants to officers and directors.

Effective January 1, 2006, the Company adopted SFAS No. 123 (revised 2004) using the modified prospective transition method and, as a result did not retroactively adjust results from prior periods. Under this transition method, stock-based compensation expense for the year ended December 31, 2006 includes compensation expense for all stock options granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and expense related to all stock options granted on or subsequent to January 1, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123 (revised 2004). Stock-based compensation expense totaled approximately $191,000 for the year ended December 31, 2006.

During 2006, the Company granted 550,000 non-qualified warrants to certain employees pursuant to employment agreements and for services. The warrants all have an exercise price of $1.02 and lives ranging from 3 to 5 years.

100,000 options vested 100% on the date of grant and the other options vest 50% at issuance and 25% over the next two years.

The Company utilizes the Black-Scholes valuation model in determining the fair value of stock-based grants. The resulting compensation expense is recognized over the requisite service period, which is generally the warrant vesting term of up to 2 years. The weighted average fair value at the grant date for options issued during the years ended December 31, 2006 and 2005 was $0.91 and $0.72 per warrant, respectively. The fair value of warrants at the date of grant was estimated using the following assumptions during the years ended December 31, 2006 and 2005, respectively: (a) no dividend yield on the Company’s stock, (b) expected stock price volatility of approximately 146% and 195%, (c) a risk-free interest rate of approximately 4%, and 1.5%, and (d) an expected warrant term of 3 to 5 years.

The expected term of the warrants granted in 2006 is calculated using the simplified method as prescribed by Staff Accounting Bulletin No. 107. The expected term for each warrant grant represents the vesting term plus the original contract term divided by two. For 2006, expected stock price volatility represent the one year historical annualized volatility calculated using daily closing market prices for the Company’s common stock. The risk-free interest rate is based on the five year U.S. Treasury yield at the date of grant. The Company has not paid dividends in the past and does not currently anticipate paying any dividends in the near future.

The following summarizes warrant activity during the two years ended December 31, 2006:

	Shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding, December 31, 2004	525,000	$ 1.02		
Granted	200,000	1.02		
Exercised	-	-		
Canceled or expired	-	-		
Outstanding, December 31, 2005	725,000	1.02		
Granted	550,000	1.02		
Exercised	-	-		
Canceled or expired	-	-		
Outstanding, December 31, 2006	1,275,000	$ 1.02	2.11	$ -
Exercisable, December 31, 2006	1,000,000	$ 1.02	3.9	$ -

The following summarizes non vested stock options as of December 31, 2005 and changes through the year ended December 31, 2006:

	Shares	Weighted average grant date fair value
Non-vested at December 31, 2004	262,500	.88
Granted	200,000	.72
Vested	(231,250)	.72
Non-vested at December 31, 2005	231,250	.91
Granted	550,000	.91
Vested	(506,250)	.81
Canceled	-	-
Non-vested at December 31, 2006	275,000	$ .91

The aggregate intrinsic value in the table above represents the intrinsic value (the difference between the Company closing stock price on December 31, 2006 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2006. No warrants were exercised in 2006 and 2005. The total fair value of shares vesting during the years ended December 31, 2006 and 2005 was approximately $.88 and $.87, respectively. As of December 31, 2006, total unrecognized stock-based compensation expense related to non-vested stock options was approximately $300,000 which is expected to be recognized over a weighted average period of approximately 2.5 years.

NOTE 13 - NET LOSS PER SHARE

Dividends have not been declared on the Company's cumulative preferred stock. The accumulated dividends are deducted from Net Loss to arrive at Net loss per share as follows:

Description	2006	2005
Net Loss (as reported)	$ (8,148,896)	$ (4,085,825)
Less Undeclared Preferred Stock Dividend	(1,439,743)	(1,439,405)
Net Loss after Preferred Stock Dividend	$ (9,588,639)	$ (5,525,230)
Net Income (Loss) per share Basic and Diluted	$ (0.89)	$ (0.55)

NOTE 14 - INCOME TAXES

Deferred taxes are determined based on the temporary differences between the financial statement and income tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse.

The components of deferred income tax assets (liabilities) at December 31, 2006 and 2005, were as follows:

	2006	2005
Net operating loss carry forwards	$ 6,500,000	$ 3,700,000
Valuation allowance	(6,500,000)	(3,700,000)

Net deferred tax assets	$ -	$ -

American Leisure follows Statement of Financial Accounting Standards Number 109 (SFAS 109), "Accounting for Income Taxes." SFAS No. 109 requires a valuation allowance, if any, to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management has determined that a valuation allowance of $6,500,000 at December 31, 2006 is necessary to reduce the deferred tax assets to the amount that will more than likely than not be realized. The change in valuation allowance for 2006 was approximately $2,800,000.

At December 31, 2006, American Leisure had a net operating loss carry forward for Federal income tax purposes totaling approximately $17,100,000 which, if not utilized, will expire in the year 2026.

In June 2002, American Leisure had a change in ownership, as defined by Internal Revenue Code Section 382, which has resulted in American Leisure's net operating loss carry forward being subject to certain utilization limitations in the future.

The federal statutory tax rate reconciled to the effective tax rate for 2006 is as follows:

	2006	2005
Tax at U.S. statutory rate	34.0%	34%
State tax rate, net of federal benefits	0.0	0.0
Change in valuation allowance	(34.0)%	(34.0)%
Effective tax rate	0.0%	0.0%

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Lease Commitments

American Leisure leases office facilities under non-cancelable operating lease agreements. Future minimum rental payments are as follows:

December 31,	
2007	$ 748,633
2008	643,900
2009	510,799
2010	52,455
	$ 1,955,787

Rent expense totaled $913,023 and $243,509 for 2006 and 2005, respectively.

Employment Agreements

The Company has various employment agreements with select members of their management. These agreements provide for a base salary plus bonuses of up to 19% of the
profits of each subsidiary company based upon the Company's operating earnings as defined in each agreement.

Litigation

In the ordinary course of its business, the Company may from time to time become subject to claims or proceedings relating to the purchase, subdivision, sale and/or financing of its real estate or its operations.

We are a party in an action that was filed in Orange County, Florida and styled as Rock Investment Trust, P.L.C. and RIT, L.L.C. vs. Malcolm J. Wright, American Vacation Resorts, Inc., American Leisure, Inc., Inversora Tetuan, S.A., Sunstone Golf Resort, Inc., and Sun Gate Resort Villas, Inc., Case No. CIO-01-4874, Ninth Judicial Circuit, Orange County, Florida. In June, 2001, after almost 2 years from receiving notice from Malcolm Wright that one Mr. Roger Smee, doing business under the names Rock Investment Trust, PLC (a British limited company) and RIT, LLC (a Florida limited liability company) (collectively, the Smee Entities) had defaulted under various agreements to loan or to joint venture or to fund investment into various real estate enterprises founded by Mr. Wright, the Smee Entities brought the Lawsuit against Mr. Wright, American Leisure, Inc. (ALI) and several other entities. The gravamen of the initial complaint is that the Smee Entities made financial advances to Wright with some expectation of participation in a Wright real estate enterprise. In general, the suit requests either a return of the Smee Entities alleged advances of $500,000 or an undefined ownership interest in one or more of the defendant entities. Mr. Wright, American Leisure, Inc., and Inversora Tetuan, S.A., have filed a counterclaim and cross complaint against the Smee Entities and Mr. Smee denying the claims and such damages in the amount of $10 million for the tortuous acts of the Smee entities. In the unlikely event the matter ever proceeds to trial and the court rules that Mr. Wright is liable under his guarantee of the American Leisure, Inc. obligation to Smee, it is believed that such a ruling would not directly affect American Leisure Holdings, Inc. The litigation has been in abeyance, with no activity by the Smee entities for one year, and is not currently set for trial. We expect that this case will either be dismissed for lack of activity or will result in a judgment in favor of Malcolm Wright.

In March 2004, Manuel Sanchez and Luis Vanegas as plaintiffs filed a lawsuit against American Leisure Holdings, Inc. American Access Corporation, Hickory Travel Systems, Inc., Malcolm J. Wright and L. William Chiles, et al., seeking a claim for securities fraud, violation of Florida Securities and Investor Protection Act, breach of their employment contracts, and claims for fraudulent inducement. All defendants have denied all claims and have a counterclaim against Manuel Sanchez and Luis Vanegas for damages. The litigation commenced in March 2004. No material activity has occurred in this case, and we do not expect any activity in the near future. The claims are without merit and the claims are not material to us. We intend to vigorously defend the lawsuit.

In early May 2004, Around The World Travel, Inc. substantially all of the assets of which we purchased, filed a lawsuit in the Miami-Dade Florida Circuit Court against Seamless Technologies, Inc. and e-TraveLeaders, Inc. alleging breach of contract and seeking relief that includes monetary damages and termination of the contracts. They were granted leave to intervene as plaintiffs in the original lawsuits against Seamless and e-TraveLeaders. On June 28, 2004, the above named defendants brought suit against Around The World Travel and American Leisure Holdings, Inc. in an action styled Seamless Technologies, Inc. et al. v. Keith St. Clair et al. This suit alleges that Around The World Travel has breached the contracts and also that American Leisure Holdings, Inc. and Around The World Travel's Chief Executive Officer were complicit with certain officers and directors of Around The World Travel in securing ownership of certain assets for American Leisure Holdings, Inc. that were alleged to have been a business opportunity for Around The World Travel. This lawsuit involves allegations of fraud against Malcolm J. Wright. The lawsuit filed by Seamless has been abated and consolidated with the original lawsuit filed by Around The World Travel. In a related matter, Seamlesss attorneys brought another action entitled Peter Hairston v. Keith St. Clair et al. This suit mimics the misappropriation of business opportunity claim, but it is framed within a shareholder derivative action. The relief sought against American Leisure Holdings, Inc. includes monetary damages and litigation costs. We intend to vigorously support the original litigation filed against Seamless and defend the counterclaim and allegations against us. On February 9, 2007, the court heard AMLH, ALEC, and Mr. Wright's motion to dismiss the various counts of the complaint. The court dismissed with prejudice the E-Traveleaders / Seamless claims for rescission, constructive trust, and civil conspiracy. It dismissed without prejudice the claims for tortuous interference and priority as against TraveLeaders, and allowed the breach of contract claims to continue. We believe that with further discovery, the court will dismiss or grant to AMLH, ALEC, and Mr. Wright summary judgment on all remaining or repleaded counts.

On May 4, 2005, Simon Hassine, along with members of his family, filed a lawsuit against us and Around The World Travel in the Circuit Court of Dade County, Florida, Civil Division, Case Number 05-09137CA. The plaintiffs are the former majority shareholders of Around The World Travel and former owners of the assets of TraveLeaders. The plaintiffs allege that that they have not been paid for i) a subordinated promissory note in the principal amount of $3,550,000 plus interest on such note which they allege was issued to them by Around The World Travel in connection with their sale of 88% of the common stock of Around The World Travel; and ii) subordinated undistributed retained earnings and accrued bonuses in an aggregate amount of $1,108,806 which they allege were due to them as part of the sale. The plaintiffs allege that the note was issued to them net of $450,000 of preferred stock of Around The World Travel that they further allege they never received. The plaintiffs also allege that in December 2004 they entered into a settlement agreement with the Company regarding these matters. The plaintiffs are pursuing a claim of breach of the alleged settlement agreement with damages in excess of $1,000,000, interest and costs as well as performance under the alleged settlement agreement or, in the alternative, a declaratory judgment that the promissory note, undistributed retained earnings and accrued bonuses are not subordinated to the Galileo Debt and full payment of the promissory note, undistributed retained earnings and accrued bonuses plus prejudgment interest, stated interest on the note, costs and reasonable attorneys fees. The plaintiffs are also pursuing a claim for breach of contract regarding the preferred stock of Around The World Travel and seeking $450,000 plus interest, costs and reasonable attorneys fees. The plaintiffs are also pursuing claims of fraudulent transfer regarding our acquisition of interests in the debt and equity of Around The World Travel and seeking unspecified amounts. Our counsel filed various motions including a motion to dismiss the complaint in its entirety as against us and Malcolm J. Wright due to the failure by the plaintiffs to comply with a provision in the underlying document that grants exclusive jurisdiction to

the courts located in Cook County, Illinois. The parties are currently in discussions regarding a cessation of the litigation while the plaintiffs seek relief from unrelated parties.

On August 10, 2006, Patsy Berman and Berman Mortgage Corporation served a complaint against Tierra del Sol Resort, Inc., Malcolm Wright, our Chief Executive Officer and Chairman, and a non-existent entity, Vantage Circa 39 Condotel Limited Partnership ("Vantage"), in the 11th Judicial Circuit in and for Miami-Dade County, Florida. The complaint alleges that Tierra del Sol and Vantage sought loans, that the plaintiffs offered to make loans, that Mr. Wright guaranteed the loans, that valid contracts were formed, and that because such loans did not close, the plaintiffs claim $3,550,000 in damages, representing funding fees, brokerage fees, and interest. We have concluded that the plaintiffs' complaint is wholly frivolous. We filed a Motion to Dismiss and a Motion for sanctions against the plaintiffs of the lawsuit, for failure to state a good faith claim in law or fact and the court granted the motion to dismiss without prejudice. Berman filed an amended complaint, and we responded with another motion to dismiss and motion to strike the request for a jury trial. The motions will be heard by the court in May 2007.

Lufthansa City Center, et al ("LCC") v. Hickory Travel Systems, Inc. LCC has sued for Breach of Contract or, alternatively, Breach of a Settlement Agreement. Hickory and LCC entered an agreement whereby LCC would exclusively use Hickory's hotel program and Hickory would pay $110,000 per year to LCC. LCC did not bring the promised value to the deal. Additionally, LCC entered an agreement with a competitor for hotel services prior to termination of the agreement. Hickory vigorously disputes the allegations in the complaint and intends to counterclaim to recoup the damages from LCC's breach of the agreement.

In the ordinary course of our business, we may from time to time become subject to routine litigation or administrative proceedings, which are incidental to our business.

We are not aware of any proceeding to which any of our directors, officers, affiliates or security holders are a party adverse to us or have a material interest adverse to us.

NOTE 16 - EMPLOYEE BENEFITS

The Company's subsidiaries, HTS and ALEC, maintain qualified 401(k) profit sharing plans covering substantially all of its full time employees who have completed ninety days of service. Eligible employees may voluntarily contribute a percentage of their compensation up to established limits imposed by the Internal Revenue Service. At the discretion of the Board of Directors, the Company may make a matching contribution equal to a percentage of each employee's contribution. There were no matching contributions made for the year ended December 31, 2006.

NOTE 17 - SELF-INSURED HEALTH INSURANCE

The Company's subsidiary, HTS, was partially self-insured for benefits provided under an employee health insurance plan through Great West Life Insurance Company through May 2006. Benefits included medical, prescription drug, dental and group term life insurance. The plan provided for self-insurance up to $30,000 per employee per year. Accordingly, there exists a contingent liability for unprocessed claims in excess of those reflected in the accompanying consolidated financial statements. Since June 2006, HTS has been insured through a traditional health insurance plan that does not include any self-insured components.

NOTE 18 - OPERATING SEGMENTS

The Company has adopted the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". At December 31, 2006, the Company's four business units have separate management teams and infrastructures that offer different products and services. The business units have been aggregated into four reportable segments.

As noted in Note 7, Tierra Del Sol, Inc. is planning to construct a 972-unit resort in Orlando, Florida on 122 acres of undeveloped land. Development is scheduled to commence in the spring of 2006. Presales commenced in February 2004.

Through June 30, 2006, American Leisure operated a call center where revenues were recognized upon the completion of the earning process from the completion of the travel of the customer, the trip to the properties for the potential purchase, or the appropriate event based on the agreement with American Leisure's client as to the ability to be paid for the service.

Travel Unit ("Travel") provides travel related services.

Travel Unit ("Travel") provides travel related services. On and effective as of August 1, 2006, the Management Agreement and the License Agreement was terminated. The net receivable due from AWT of $6,588,579 is composed of $2,087,168 for cumulative earnings from January 1, 2005 and $4,501,411 for working capital advances made from ALEC to AWT. These amounts are individually and unconditionally guaranteed by Jim Tolzien, the President of AWT, and Keith St. Clair, its controlling owner. Collection of the $6,588,579 receivable is not expected and it has been written-off as of December 31, 2006.

Hospitality segment is the Boulevard Hotel Property located in Miami Beach, Florida, which is undergoing remodeling and refurbishing to convert the property into a condominium and timeshare facility from a hotel.

For the year ending December 31, 2006:

In (000's)	Real Estate	Call Center *	Travel	Hospitality	Elim.	Consol.
Revenue Services	$ 2,071	$ -	$ 13,509	$ 1,168	$ (2,157)	$ 14,591
Undeveloped land	$ 13,129	$ -	$ -	$ -	$ -	$ 13,129
Segment income (loss)	$ (4,228)	$ -	$ (4,967)	$ 162	$ (1,861)	$ (10,894)
Equity in unconsolidated affiliate	$ -	$ 140	$ -	$ -	$ -	$ 140
Gain from discontinued operations	$ -	$ 2,605	$ -	$ -	$ -	$ 2,605
Total income (loss)	$ (1,240)	$ (243)	$ (4,967)	$ 162	$ (1,861)	$ (8,149)

Total Assets	$ 109,055	$ -	$ 8,154	$ 12,742	$ (9,807)	$ 120,144
Capital Expenditures	$ 28	$ -	$ 269	$ 7	$ (29)	$ 275
Depreciation	$ 783	$ 324	$ 328	$ 1	$ -	$ 1,435

* Call center was sold as of June 30, 2006, results are through June 30, 2006
** Depreciation is included in cost of operating revenues.

For the year ending December 31, 2005 (as restated):

In (000's)	Real Estate	Call Center	Travel	Hospitality	Elim.	Consol.
Revenue Services	$ 1,851	$ -	$ 7,074	$ 386	$ (1,563)	$ 7,758
Undeveloped land	$ 12,020	$ -	$ -	$ -	$ -	$ 12,020
Segment income (loss)	$ (1,929)	$ -	$ (466)	$ -	$ (640)	$ (3,035)
Equity in Unconsolidated Affiliate	$ -	$ (293)	$ -	$ -	$ -	$ (293)
Loss from discontinued operations	$ -	$ (758)	$ -	$ -	$ -	$ (758)
Total income (loss)	$ (1,929)	$ (1,051)	$ (466)	$ -	$ (640)	$ (4,086)
Total Assets	$ 94,150	$ 2,898	$ 12,366	$ 11,204	$ (21,152)	$ 99,466
Capital Expenditures	$ 5	$ -	$ 171	$ -	$ -	$ 176
Depreciation	$ 720	$ 649	$ 311	$ -	$ -	$ 1,680

· Depreciation is included in cost of operating revenues.

The accounting policies of the reportable segments are the same as those described in Note 2. The Company evaluates the performance of its operating segments based on our net loss.

Note 19 - RELATED PARTY TRANSACTIONS

We accrue salaries payable to our Chief Executive Officer, President and Chief Financial Officer, Malcolm J. Wright. As of December 31, 2006 and 2005, the aggregate amount of unpaid salaries payable to Mr. Wright was $2,225,000 and $2,700,000. The Company accrues interest at a rate of 12% compounded annually on the salaries payable to Mr. Wright. As of December 31, 2006 and 2005, the aggregate amount of interest accrued on salaries payable to Mr. Wright was $477,000 and $454,500.

We accrue salaries payable to L. William Chiles, the President of Hickory, at $100,000 per year as for his services. Mr. Chiles also receives paid compensation for his services from Hickory. As of December 31, 2006 and 2005, the aggregate amount of salaries payable to Mr. Chiles was $300,000 and $200,000. The Company accrues interest at a rate of 12% compounded annually on the salaries payable to Mr. Chiles beginning in January 2005. As of December 31, 2006 and 2005, the aggregate amount of interest accrued on salaries payable to Mr. Chiles was $45,000 and $16,500.

We pay or accrue directors' fees to each of our directors in an amount of $18,000 per year for their services as directors. During the last two fiscal years the Company has not paid director fees and accrued $130,500. The balance of fees due to directors as of December 31, 2006 and 2005 is $260,500 and $135,000.

The Company entered into an agreement with Mr. Wright and Mr. Chiles whereby the Company agreed to indemnify Mr. Wright and Mr. Chiles against all losses, costs or expenses relating to the incursion of or the collection of the Company's indebtedness against Mr. Wright or Mr. Chiles or their collateral. This indemnity extends to the cost of legal defense or other such reasonably incurred expenses charged to or assessed against Mr. Wright or Mr. Chiles. In the event that Mr. Wright or Mr. Chiles make a personal guarantee for the Company's benefit in conjunction with any third-party financing, and Mr. Wright or Mr. Chiles elect to provide such guarantee, then Mr. Wright and/or Mr. Chiles shall earn a fee for such guarantee equal to three per cent (3%) of the total original indebtedness and two per cent (2%) of any collateral posted as security. This fee is to be paid by the issuance of warrants to purchase the Company's common stock at a fixed strike price of $1.02 per share, when the debt is incurred. In July 2005, the Company authorized the issuance of warrants to Mr. Wright and Mr. Chiles to purchase 347,860 shares and 168,672 shares, respectively, of our common stock at an exercise price of $1.02 per share and in December 2005, the Company authorized the issuance of warrants to Mr. Wright to purchase 2,008,500 shares of our common stock at an exercise price of $1.02 per share. In January 2006, the Company authorized the issuance of warrants to Malcolm Wright, a director of the Company and the Company's Chief Executive Officer to purchase 450,000 shares of our common stock at an exercise price of $1.02 per share. In December 2006, the Company authorized the issuance of warrants to Mr. Wright to purchase 585,000 shares of our common stock at an exercise price of $1.02 per share. The Company is under a continued obligation to issue warrants at $1.02 to Mr. Wright for guarantees he may be required to give on the Company's behalf going forward. The warrants were valued using the Black-Scholes option pricing model and recorded as deferred financing costs.

The Company has generally agreed to provide the executive officers of each of its subsidiaries a bonus of up to 19% of the profits, if any, of the subsidiary in which they serve as our executive officers. The bonus will be paid for the five-year period beginning on the date that the Company enters into such an agreement with the subsidiary. Pursuant to this general agreement, Malcolm J. Wright is entitled to receive up to 19% of the profits of Leisureshare International Ltd, Leisureshare International Espanola SA, TDSR, American Leisure Homes, Inc., Advantage Professional Management Group, Inc., and American Leisure Hospitality Group Inc. and any new company formed for the development and sale of vacation homes, hospitality management, and vacation ownership . In 2005, $182,647 was accrued to Malcolm Wright from the profits of Advantage Professional Management Group, Inc. L. William Chiles is entitled to receive 19% of the profits of Hickory up to a maximum payment of $2,700,000. Although Mr. Chiles' bonus is limited, it is not subject to the buy-out by the Company as discussed below as it will cease as soon as the $2,700,000 amount has been paid to him. The executive officers of other the Company's other subsidiaries are entitled to share a bonus of up to 19% of the profits of the subsidiary in which they serve as our executive officers. The Company has the right to buy-out of these agreements after a period of five years by issuing such number of shares of its common stock equal to the product of the average after-tax profits for the five-year period multiplied by one-third (1/3) of the P/E ratio of the Company's common stock at the time of the buyout divided by the greater of the market price of the Company's common stock or $5.00. The Company has not paid bonus as of the filing of this report. There were no such accruals in 2006.

Malcolm J. Wright is the President and 81% majority shareholder of American Leisure Real Estate Group, Inc. (ALRG). On November 3, 2003 TDSR, entered into an exclusive development agreement with ALRG to provide development services for the development of the Sonesta Orlando Resort. Pursuant to this development agreement, ALRG is responsible for all development logistics and TDSR is obligated to reimburse ALRG for all of ALRG's costs and to pay ALRG a development fee in the amount of 4% of the total costs of the project paid by ALRG. During the fiscal years ended December 31, 2006 and 2005, ALRG administered operations and paid bills in the amount of $23,117,280 and $8,007,899 and received a fee of 4% (or approximately $980,691 and $320,316) under the development agreement. Total fees earned amount to $1,387,615 and $466,561 for the years ended December 31, 2006 and 2005.

Malcolm J. Wright and members of his family are the majority shareholders of Xpress. On November 3, 2003, TDSR entered into an exclusive sales and marketing agreement with Xpress to sell the units being developed by TDSR. This agreement provides for a sales fee in the amount of 3% of the total sales prices received by TDSR plus a marketing fee of 1.5%. During the period since the contract was entered into and ended December 31, 2006 and 2005 the total sales made by Xpress amounted to approximately $229,590,043 and $234,413,949. As a result of the sales through December 31, 2006 and 2005, TDSR is obligated to pay Xpress a total sales fee of $6,887,701 and $7,032,418 and a marketing fee of $3,443,851 and $3,516,209. As of December 31, 2006 and 2005, the Company has paid Xpress $6,887,701 and $4,458,269 of cash. Issued Xpress 120,000 shares of Series A Preferred Stock valued at $1,200,000 in 2004, and transferred to Xpress a 1913 Mercedes Benz valued at $500,000 in 2005.

M J Wright Productions, Inc., of which Mr. Wright is the President, owns our Internet domain names.

The Company and Mr. Wright have agreed to terms in principle of an employment agreement pursuant to which Mr. Wright will serve as our Chief Executive Officer. The Company will provide the terms of a definitive employment agreement in a future filing with the Commission.

In September 2006, the Company (through its subsidiaries TDS Town Homes (Phase 1), LLC and TDS Town Homes (Phase 2), LLC) contracted with Resorts Construction, LLC to furnish construction administration and management services at the Tierra Del Sol Resort property. Resorts Construction, LLC will provide all labor, materials, equipment and services necessary to construct 540 town homes. Malcolm Wright, CEO and Director of the Company, owns a 50% membership interest in Resorts Construction, LLC. The Company was required to pay to Resorts Construction, LLC $4 million with the execution of the contract as a payment for material required to begin construction, which amount shall be credited against reduction in retainage upon completion of 50% of the work. The contract has a lump sum price of $106,283,274 subject to certain increases. In addition, Resorts Construction, LLC will construct stem wall foundations for the town homes at the rate of $235.00 per linear foot which is in addition to the lump sum price of $106,283,274.

In September 2006, the Company (through its subsidiaries TDS Clubhouse, Inc.; TDS Amenities, Inc., and Costa Blanca I Real Estate, LLC) contracted with Resorts Construction, LLC to furnish construction administration and management services at the Tierra Del Sol Resort property. Resorts Construction, LLC will provide all labor, materials, equipment and services necessary to construct the Club House (Phase i), five Costa Blanca Condominium Buildings (Phase 2) and Water Park, Sports Bar, Additional Pool, Flow Rider and Other Amenities (Phase 3). Malcolm Wright, CEO and Director of the Company, owns a 50% membership interest in Resorts Construction, LLC. The Company was required to pay to Resorts Construction, LLC a non-refundable $500,000 payment with the execution of the contract as a payment for commitment and mobilization, which amount shall be credited against reduction in retainage upon completion of 50% of the work. The contract is stated at costs incurred plus 5%.

Through December 31, 2006, Resorts Construction, LLC has been paid $8,220,187.

On December 22, 2006 the Company acquired 100% of South Beach Resorts, LLC (“SBR”) for $1,120,000 plus 25% participation interest to Stanford International Bank Limited in the net proceeds realized by SBR upon the disposition of its Boulevard Hotel property located in Miami Beach, Florida. The $1,120,000 was provided as a loan from Stanford International Bank Limited to Reedy Creek Acquisition Corporation. SBR was owned by SBR Holdings, LLC that is owned equally by Malcolm Wright (CEO, CFO and Director of the Company) and Frederick Pauzar (COO, President and Director of the Company). At the date of acquisition, the Boulevard Hotel was encumbered with a mortgage due to LaSalle Bank, National Association, as Trustee of Marathon Real Estate CDO 2006-1 Grantor Trust, successor-in-interest to marathon Structured Finance Fund L.P. in the amount of $7,498,900 that matured on January 11, 2007. The mortgage has matured and remains unpaid however, the mortgage is not in default and a forbearance agreement is in place with LaSalle Bank, National Association, as Trustee of Marathon Real Estate CDO 2006-1 Grantor Trust, successor-in-interest to marathon Structured Finance Fund L.P. The Company is actively seeking to replace the debt with a new lender. SBR was acquired by Malcolm Wright and Frederick Pauzar in July 2005 and the financial statement presentation has been restated to present SBR as a subsidiary since that acquisition date.

NOTE 20 - SUBSEQUENT EVENTS

Forbearance Agreement

On January 11, 2007 the mortgage due from South Beach Resorts LLC (SBR) to LaSalle Bank, National Association, as Trustee of Marathon Real Estate CDO 2006-1 Grantor Trust, successor-in-interest to marathon Structured Finance Fund L.P. (Lender) became due and has not been paid. A Forbearance Agreement was executed with Lender to waive the default until April 11, 2007 provided SBR continues to make monthly interest payments on the debt outstanding up to $9,000,000 of which $7,498,900 has been drawn as of December 31, 2006 and a principal payment of $750,000 is made on February 8, 2007. An additional forbearance to July 11, 2007 is allowed provided that an additional $500,000 principal payment is made on or before July 3, 2007.

Applebee Loan and Preferred Stock Issuance

On January 30, 2007 AMLH entered executed a promissory note with Applebee Holding Company in the amount of $150,000 at 4% for seven years. As part of the agreement, 2,840 shares of AMLH Series E Convertible Preferred Stock were issued bearing a 4% per annum cumulative preferred dividend rate, par value of $.001 and convertible into AMLH common stock at a strike price of $15.00 per share.

International Property Investors AG Loan

On February 9, 2007 South Beach Resorts, LLC (SBR) entered into a 180 day, $750,000 loan agreement at the Wall Street Journal prime rate plus 1% with International Property Investors AG, a corporation organized under the laws of Liechtenstein, secured by SBR's property. The proceeds of the loan were used solely for the payment of fees owed by SBR to Lender pursuant to the Forbearance Agreement.

Litigation with E-Traveleaders/Seamless

On February 9, 2007, the court heard AMLH, ALEC, and Mr. Wright's motion to dismiss the various counts of the complaint. The court dismissed with prejudice the E-Traveleaders/Seamless claims for rescission, constructive trust, and civil conspiracy. It dismissed without prejudice the claims for tortuous interference and priority as against TraveLeaders, and allowed the breach of contract claims to continue. We believe that with further discovery, the court will dismiss or grant to AMLH, ALEC, and Mr. Wright summary judgment on all remaining or repleaded counts.

Put Option Extension

On December 31, 2005, the Company through its subsidiary Tierra Del Sol, Inc. ("TDS") acquired the remaining 19% minority interest held by Raster Investments in TDS for a note payable of $1,432,046 which was paid in August 2006, and 197,000 of American Leisure common stock shares valued at market price on the date of the transaction or $183,210 and 300,000 warrants with an exercise price at $5.00 per share valued at $233,713 using the Black-Scholes option pricing model with the following assumptions: Risk free rate of 1.5%; volatility of 157% and no dividends, two 3 bedroom condominium to be built in Phase II of the Orlando Resort valued at $630,160 and, post January 2007, Raster can sell the American Leisure shares to American Leisure for $985,000, which is recorded as a put liability. The put option is void if AMLH's stock price is greater than $5.00 per share for 30 consecutive days in 2007. The Company accounted for this acquisition using the purchase method of

accounting and allocated the purchase price to the land held for development. Full ownership gives the Company the ability to recognize all of the profits on the development of the Orlando Resort property. The put option was amended to state that the right to exercise the Put Option during the six months commencing twelve months after January 1, 2007 and ending June 30, 2008.

Preferred Stock Issued

In March 2007, we issued Anthony Lastumbo 504 shares of our Series E Preferred Stock, which shares of Preferred Stock we had previously agreed to issue pursuant to and in connection with our purchase of the assets of AWT in December 2004. We claim an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, since the foregoing issuance did not involve a public offering, the recipients took the securities for investment and not resale and we took appropriate measures to restrict transfer. No underwriters or agents were involved in the foregoing issuance and no underwriting discounts or commissions were paid by us.

SBR Holdings, LLC Acquisition

In February 2007 the Company acquired 100% of SBR Holdings, LLC from Malcolm Wright (CEO and Director of the Company) and Frederick Pauzar (COO and President and Director of the Company) for no consideration. SBR Holdings, LLC sold South Beach Resorts, LLC to the Company in December 2006 (see Note 4 - Acquisitions). SBR Holdings, LLC's only asset was its ownership of the membership interest in South Beach Resorts, LLC. As of February 2007, the Company transferred its membership interest in South Beach Resorts, LLC to SBR Holdings, LLC.

SIBL Credit Agreement

On March 13, 2007, we entered into a $10,000,000 Credit Agreement with SIBL, whereby SIBL agreed to loan us $10,000,000 to use for the construction and development of Phase II of the Sonesta Resort. The loan was evidenced by a $10,000,000 Promissory Note, which bears interest at the rate of 10% per annum. The Promissory Note is secured by a second priority security interest and lien on the land underlying Phase II of the Sonesta Resort, all buildings, structures and other improvements on such land, and all fixtures, equipment, goods, inventory or property owned by us currently or in the future, which security interests are evidenced by a Mortgage and Security Agreement, which we and several of our wholly owned subsidiaries entered into with SIBL in connection with the Credit Agreement. The loan is due in full and payable along with any accrued and unpaid interest on March 13, 2008. Any amounts not paid when due under the loan bear interest at the rate of 15% per annum. Through March 27, 2007 $2,950,000 has been drawn from the Credit Agreement.

The Credit Agreement provides for additional advances to be made to us in an amount not to exceed $750,000, assuming that certain conditions are met by us in the future, including (a) that SIBL has received current financial information regarding our operations (as further described in the Credit Agreement) and that we have issued SIBL 26,250 warrants to purchase shares of common stock and (b) that we are able to obtain additional loans in an aggregate amount of $750,000 from parties other than SIBL; and an additional loan in an amount not to exceed $1,500,000, assuming (a) and (b) above and that we have issued additional warrants (to be determined prior to such additional advance), to SIBL.

Immediately upon our execution of the Credit Agreement, we paid SIBL a placement fee of $200,000, plus SIBL's reasonable costs and expenses incurred in connection with the closing of the Credit Agreement.

Resorts Funding Group, LLC Credit Facility

We have received $2,905,000 from Resorts Funding Group, LLC which has been matching the funds from the SIBL Credit Agreement (see above) through the end of March 2007.

We intend to enter into an agreement with Resorts Funding Group, LLC on similar terms and conditions to those of the SIBL Credit Agreement.

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

None.

ITEM 8A. CONTROLS AND PROCEDURES.

(a) Evaluation of disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this quarterly report (the "Evaluation Date"), have concluded that as of the Evaluation Date, our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

However, because we have not fully integrated and no longer plan to integrate our administrative operations, we face pressure related to recording, processing, summarizing and reporting consolidated financial information required to be disclosed by us in the reports that we file or submit under the Exchange Act in a timely manner as well as accumulating and communicating such information to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting. There were no changes in the Company's internal control over financial reporting during the fiscal quarter covered by this report that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 8B. OTHER INFORMATION.

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

OFFICERS AND DIRECTORS:

Our executive officers and Directors, and their ages and positions are as follows:

NAME	AGE	TITLE
Malcolm J. Wright	56	Chief Executive Officer and Chairman of the Board of Directors
Omar Jimenez	45	Chief Financial Officer
Frederick Pauzar	52	President, Chief Operating Officer, and Director
Michael Crosbie	38	Corporate General Counsel, Executive Vice President, and Secretary
L. William Chiles	64	Director, Chief Executive Officer, and Chairman of the Board of Directors of Hickory Travel Systems, Inc.
James Leaderer	53	Director
Jeffrey Scott	50	President of Hickory Travel Systems, Inc.

BIOGRAPHICAL INFORMATION OF CURRENT OFFICERS AND DIRECTORS

MALCOLM J. WRIGHT is the driving force behind our business model, has served as a member of our Board of Directors and as our Chief Executive Officer since June 2002. Mr. Wright served as our Secretary from June 2002 until December 28, 2005 and as our President from June 2002 until March 7, 2006. Since March 7, 2006, Mr. Wright has served as the Chairman of our Board of Directors. Between June 2002 and March 2007, Mr. Wright served as our Chief Financial Officer. Prior to joining us, Mr.

Wright successfully developed vacation properties abroad that are similar to the ones planned at The Sonesta Orlando Resort at Tierra Del Sol. Since 1998, Mr. Wright served as the President of American Leisure Inc, which we acquired in June 2002. Mr. Wright currently serves as the President of American Leisure Real Estate Group, Inc., a real estate development company with which we have contracted for the development of the resort, Xpress Ltd., with which we contracted for the exclusive sales and marketing for resort, , M J Wright Productions, Inc., which owns our Internet domain names, and Resorts Development Group, LLC, which engages in real estate development. Mr. Wright is also the President of Osceola Business Managers, Inc., Innovative Concepts, Inc. Florida World, Inc. and SunGate Resort Villas, Inc. which do not currently conduct any business operations. Since 1980, Mr. Wright has spent a considerable amount of time and money in establishing a large and effective marketing network in the United Kingdom and parts of Europe, that has been responsible for the pre-sales at The Sonesta Orlando Resort at Tierra Del Sol Mr. Wright was admitted to Associate Membership of the Institute of Chartered Accountants in England & Wales in 1974 and admitted to Fellowship of the Institute of Chartered Accountants in England & Wales in 1978.

Mr. Wright has devoted substantially all of his time over the past few years to the growth and success of the Company. In addition to providing the vision and strategy for the acquisition and integration of the various subsidiaries, Mr. Wright has taken personal responsibility for the welfare of the Company. Mr. Wright has also guaranteed certain loan facilities, without which the Company would be in a decidedly different position. He has put his personal assets at stake to advance the interests of the Company. Furthermore, Mr. Wright has accrued his salary since 2002 in an effort to preserve capital. He has led the Company to transactions that have the potential to provide greater shareholder value.

OMAR JIMENEZ, has served as our Chief Financial Officer since March 2007. Mr. Jimenez has served as the Chief Financial Officer of our wholly owned subsidiary, American Leisure Equities Corporation since December 2004. From June 2004 until December 2004, Mr. Jimenez served as a consultant to the Company. From April 2003 until June 2004, Mr. Jimenez served as the Director of Operations of US Installation Group, Inc., which specialized in home improvement installations. From April 2002 until April 2003, Mr. Jimenez served as Chief Financial Officer of Onyx Group, which specialized in finance, real estate, transportation, agriculture and insurance. From March 1998 to April 2002, Mr. Jimenez served as Chief Financial Officer of BCC Financial Management, Inc., which specialized in employee leasing and accounts receivable management services. From February 1991 until March 1998, Mr. Jimenez served as Chief Financial Officer of various insurance and finance companies.

Mr. Jimenez received a Bachelors degree in Finance and Accounting from the University of Miami in 1983, and received a Masters of Business Administration degree from Florida International University in 2002. Mr. Jimenez is a Certified Public Accountant, Chartered Property and Casualty Underwriter, a Mortgage Broker, a Member of the American Institute of Certified Public Accountants and a Member of the Florida Institute of Certified Public Accountants.

FREDERICK PAUZAR has served as our Director and Chief Operating Officer since September 1, 2005. Since March 7, 2006, Mr. Pauzar has served as our President. From December 28, 2005 until March 15, 2006, Mr. Pauzar served as our Secretary. Mr. Pauzar currently serves as Chairman of Group One Productions, Inc., a Florida-based business and real estate consulting and development firm, and has held this position since he co-founded the company in 1991. Also, Mr. Pauzar served as the Chief Executive Officer until December 2005. From January 1997 to February 2005, Mr. Pauzar served as Chief Executive Officer of Fugleberg and from February 2005 to December 2005 Mr. Pauzar served as a Director and Vice President. Mr. Pauzar received an Associate in Science degree from Excelsior College in Albany, New York. Mr. Pauzar serves on the board of the University of Central Florida Lou Frey Institute of Politics and Government.

MICHAEL CROSBIE has served as our General Counsel, Executive Vice President, and Secretary since March 15, 2006. Mr. Crosbie previously served as a Partner with Foley & Lardner, a national law firm in its Orlando, Florida, office from February 2004 until March 2006. From February 2002 until January 2004, Mr. Crosbie served as senior counsel with Foley & Lardner and from September 1998 until January 2002, he served as an associate with Foley & Lardner. Prior to joining Foley & Lardner, Mr. Crosbie served as a law clerk for United States District Judge Steven D. Merryday in Tampa, Florida, from June 1997 until August 1998. From August 1995 until May 1997, he was employed as an associate attorney with Rumberger, Kirk & Caldwell, in Orlando, Florida. Mr. Crosbie obtained his bachelors degree from the University of Central Florida in Political Science in 1992 and obtained his Juris Doctorate from the University of Florida in 1995. Mr. Crosbie is a member of The Florida Bar, the Supreme Court of Florida, the United States District Court for the Middle District of Florida, the United States Court of Appeals for the Ninth and Eleventh Circuits and is also a member of the Federalist Society.

L. WILLIAM CHILES has served as a member of our board of Directors since June 2002. Mr. Chiles served as our Chief Executive Officer from August 2002 to May 2004. Since August 1998, Mr. Chiles has served as the Chief Executive Officer and President of Hickory Travel Systems, Inc., which we acquired in October 2003. Mr. Chiles received a Masters degree in marketing and finance from the University of Colorado and a Bachelors degree in business administration from Colorado State University. Mr. Chiles has specialized education in management. He is a Member of the Young Presidents Organization, the Chicago Presidents Organization and the Minister ARC Advisory Board.

JAMES LEADERER has served as a member of our board of Directors since May 2002, and served as our President, Chief Executive Officer, Treasurer and Secretary from May 2002 to July 2002. From January 1999 to November 2003, Mr. Leaderer served as the General Principal of Momentum Securities. Mr. Leaderer received a Bachelor of Science degree in engineering from Syracuse University.

JEFFREY SCOTT was appointed as the President of Hickory Travel Systems, Inc. on March 7, 2006. Mr. Scott served as General Manager of Thor, Inc, a Cendant company. a travel services company, from November 2002 until March 2006. From August 2002 until November 2002, he served as Vice President of Sales and Client Services for Thor, Inc. From June 1990 to March 2001, he served in various positions with Worldspan L.P, including serving as Director of Customer Operations from April 1996 to March 2001; serving as Manager in the Sales and Marking Department from April 1994 to April 1996; and serving as a Regional Sales Manager of Zone Manager from June 1990 until April 1994. Mr. Scott obtained a Bachelor of Science degree in Management from National Louis University, in Atlanta, Georgia in June 2001.

There are no family relationships among our Directors, executive officers or persons nominated to become Directors or executive officers.

We are not aware of the occurrence during the last five years of any events described in Item 401(d) of Regulation S-B under the Securities Act regarding our Directors, persons nominated to become Directors, executive officers, or control persons.

Term Of Office

Our Directors are elected annually and hold office until our next annual meeting of the shareholders and until their successors are elected and qualified. Our officers are appointed by our board of Directors and hold office until they are removed by the board or they resign.

Code of Ethics

The Company has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Company will provide to any person without charge, upon request, a copy of such code of ethics. Persons wishing to make such a request should do so in writing to the Secretary at American Leisure Holdings, Inc., 2460 Sand Lake Road, Orlando, Florida, 32809.

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth information regarding the compensation that we paid to our Chief Executive Officer and each of our four other most highly compensated executive officers during the three years ended December 31, 2006 (Mr. Jimenez was appointed Chief Financial Officer subsequent to the year ended December 31, 2006, and his compensation has therefore not been disclosed below). We refer to these officers in this report as the named executive officers.

SUMMARY COMPENSATION TABLE*

Name and Principal Position	Year	Salary ($)	Bonus ($)	Other annual compensation ($)	Securities Underlying Options/SARs ($)	Total Annual Compensation ($)
Malcolm J. Wright	2006	$1,275,000(1)		$29,280 (2)(3)	$865,518 (8)	$2,169,798(4)
Chief Executive Officer	2005	$560,000(5)	$182,647(6)	$29,280 (2)(3)	$2,256,657 (8)	$3,028,584
and Chairman	2004	$545,000(5)	--	$29,280 (2)(3)	$481,015(8)	$1,055,295
L. William Chiles	2006	$241,800(9)	--	$46,500(2)(13)		$288,300 (13)
Director and the Chief	2005	$245,438(10)	--	$18,000(2)	$217,334 (12)	$480,772
Executive Officer of Hickory Travel Systems, Inc.	2004	$252,902(11)	--	$18,000(2)	$237,382 (12)	$588,284(14)
Michael Crosbie General Counsel, Executive Vice President, and Secretary	2006(14)	$165,063	--	--	$110,253(15)	$275,316
Christopher Dane Former President	2005(16)	$108,496	--	--	--	$108,496

of Hickory Travel Systems, Inc.						
Frederick Pauzar	2006	$275,000	--	$18,000(2)	--	$293,000
President, Chief Operating Officer, and Director	2005	$93,333 (17)	--	$18,000(2)	$72,029 (18)	$183,362
Charles Sieberling	2006	$125,000	--	--	--	$125,000
Secretary of Hickory	2005	$128,240	--	--	--	$128,240
Travel Systems, Inc	2004	$131,731	--	--	--	$131,731
Jeffrey Scott President of Hickory Travel Systems, Inc.	2006	$118,173	--	--	$110,253(19)	$228,426
James Leaderer Director	2006	$0	--	$18,000(2)	--	$18,000

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*Does not include perquisites and other personal benefits in amounts less than 10% of the total annual salary and other compensation listed for each individual above. There are no stock option, retirement, pension, or profit sharing plans for the benefit of our officers and Directors and no individual listed above received any restricted stock awards during the periods listed.

(1) Includes $775,000 which Mr. Wright was paid for prior years services and $500,000 in salary which was accrued during the year ended December 31, 2006.

(2) Includes $18,000 accrued per year for each Director for services rendered to the Company as member of the Company's Board of Directors, which amount bears interest at the rate of 12% per annum, compounded annually until paid.

(3) We pay $940 per month and related expenses to provide Mr. Wright with business use of a motor vehicle.

(4) Includes $202,500 of accrued interest on salary payable to Mr. Wright.

(5) Includes $500,000 and $250,000 of accrued salary for Mr. Wright's services as an executive officer for 2005 and 2004, respectively, and $60,000 and $45,000 of accrued interest on salaries payable in 2005 and 2004, respectively, at 12% per annum.

(6) Represents a bonus of $182,647 which was paid to Mr. Wright equal to 19% of the total net revenues of the Company's subsidiary, Advantage Professional Management, Inc. in connection with the terms of Mr. Wright's employment with the Company, which have not as of the date of this filing been finalized in a written employment agreement. The $182,647 bonus accrued to Mr. Wright during the year ended December 31, 2005.

(8) Includes 1,035,000 options granted to Mr. Wright during the year ended December 31, 2006; 2,365,510 options granted to Mr. Wright during the year ended December 31, 2005; and 695,720 options granted to Mr. Wright during the year ended December 31, 2004 in connection with guarantees Mr. Wright made of debts which we owed, which pursuant to the terms of a Debt Guaranty Agreement we previously entered into with Mr. Wright, provide for him to receive warrants to purchase 3% of any amount he guarantees on our behalf at an exercise price of $1.02 per share. The amount listed for the year ended December 31, 2004 also includes 100,000 options to purchase shares of our common stock at an exercise price of $1.02 per share, which were granted to him in consideration for services rendered to the Company as a Director.

(9) Mr. Chiles was paid $141,800 in salary for his services to the Company as Chief Executive Officer of Hickory Travel Systems, Inc. during the year ended December 31, 2006. He also accrued $100,000 of salary for his services to the Company as Chief Executive Officer of Hickory Travel Systems, Inc., which accrued salary bears interest at the rate of 12% per year compounded annually until paid. Mr. Chiles is provided a new insured automobile for his use during the term of his employment with Hickory, which vehicle shall have an approximate value of $80,000, and which amount is not included in the total compensation included above as the value of the use of such vehicle by Mr. Chiles does not exceed 10% of his salary for any year disclosed above.

(10) Mr. Chiles was paid $145,438 in salary for his services to the Company as Chief Executive Officer of Hickory Travel Systems, Inc. during the year ended December 31, 2005. He also accrued $100,000 of salary for his services to the Company as Chief Executive Officer of Hickory Travel Systems, Inc., which accrued salary bears interest at the rate of 12% per year compounded annually until paid.

(11) Includes $152,902 of salary paid to Mr. Chiles for his services as an executive officer of Hickory for 2004,and $100,000 of accrued salary for 2004.

(12) Represents 168,672 options granted to Mr. Chiles during the year ended December 31, 2006 and 337,000 options granted to Mr. Chiles during the year ended December 31, 2005, in connection with guarantees Mr. Chiles made of debts which we owed, which pursuant to the terms of a Debt Guaranty Agreement we previously entered into with Mr. Chiles, provide for him to receive warrants to purchase 3% of any amount he guarantees on our behalf at an exercise price of $1.02 per share. The amount listed for the year ended December 31, 2004 also includes 100,000 options to purchase shares of our common stock at an exercise price of $1.02 per share, which were granted to him in consideration for services rendered to the Company as the Company's Director.

(13) Includes $28,500 of accrued interest on amounts owed to Mr. Chiles.

(14) Mr. Crosbie was appointed as our General Counsel, Executive Vice President and Secretary on March 15, 2006.

(15) Includes 100,000 options with an exercise price of $1.02 per share, of which 50,000 options vested to Mr. Crosbie upon his appointment as our General Counsel, Executive Vice President and Secretary on March 15, 2006, and the remaining 50,000 options vest to Mr. Crosbie on the first and second anniversaries of his appointment as an officer of the Company, assuming he is still employed by the Company at that time.

(16) Mr. Dane served as president of Hickory Travel Systems, Inc. from March 1, 2005 until March 1, 2006.

(17) Mr. Pauzar was paid $93,333 for his services as the Company's Chief Operating Officer from September 1, 2005 until December 31, 2005 and for his services as the Company's Secretary from December 28, 2005 until December 31, 2005. Mr. Pauzar did not accrue any salary for the year ended December 31, 2005. Mr. Pauzar does not have an employment agreement with the Company as of the date of this filing.

(18) Includes 100,000 options with an exercise price of $1.02 per share, of which 50,000 options vested to Mr. Pauzar upon his appointment as President of the Company in September 2005, and the remaining 50,000 options vest to Mr. Pauzar on the first and second anniversaries of his appointment as President of the Company (of which 25,000 additional options have vested to date on the first anniversary of his appointment), assuming he is still employed by the Company at that time.

(19) Includes 100,000 options with an exercise price of $1.02 per share, of which 50,000 options vested to Mr. Scott upon his appointment as President of Hickory on March 2, 2006, and the remaining 50,000 options vest to Mr. Scott on the first and second anniversaries of his appointment as President of Hickory (of which 25,000 additional options have vested to date on the first anniversary of his appointment), assuming he is still employed by the Hickory at that time.

EMPLOYMENT AGREEMENTS

Mr. Wright and we are negotiating an employment agreement pursuant to which Mr. Wright will serve as our Chief Executive Officer.

Mr. Pauzar and we are negotiating an employment agreement pursuant to which Mr. Pauzar will serve as our President and Chief Operating Officer.

Effective March 15, 2006, we entered into a three year Employment Agreement with Michael Crosbie to serve as our Executive Vice President, Secretary and General Counsel. During the term of the employment agreement, Mr. Crosbie will receive a salary equal to $170,000 per year, subject to yearly increases of no less than 10% per year. Pursuant to the Employment Agreement he is also eligible for yearly bonuses. In connection with Mr. Crosbie's Employment Agreement, Mr. Crosbie received 100,000 warrants to purchase shares of our common stock at an exercise price of $1.02 per share, of which 25,000 warrants vested on March 15, 2006, and 25,000 warrants will vest to him as of March 15, 2007, 2008 and 2009 (assuming he is still employed under the Employment Agreement on those dates). Mr. Crosbie is also eligible for a vehicle allowance equal to 5% of his annual salary.

On May 18, 2004, we entered into a three-year employment agreement with L. William Chiles to serve as Chairman of our board of Directors and a separate three-year employment agreement for him to serve as the President and Chief Executive Officer of Hickory Travel Systems, Inc. ("Hickory"). Mr. Chiles ceased serving as President of Hickory on March 7, 2006 and ceased serving as the Chairman of our board of Directors on March 7, 2006. The agreements provide that Mr. Chiles will receive a base salary of $100,000 for his services as our Chairman and $150,000 for his services as the Chief executive Officer of Hickory. Under each agreement, Mr. Chiles is eligible to receive an annual incentive-based bonus based on his achievement of goals and objectives that he and our board of Directors agree upon. Mr. Chiles is entitled to one and one-half weeks of vacation at two times his base salary rate per week per $50,000 of his base salary for his services as Chairman and $75,000 of his base salary for his services as Chief Executive Officer of Hickory. Mr. Chiles is also entitled to share in the profits of Hickory in an amount not to exceed $2,700,000 over the life of his employment agreement with Hickory. Hickory is required to provide Mr. Chiles with key man life insurance equal to eight times his base salary; however, neither we nor Hickory have obtained such policy as of the date of this report. Hickory is also required to provide Mr. Chiles with one insured automobile having a value of $80,000 every year of his employment agreement. If Mr. Chiles is terminated without cause, under each agreement, he will receive thirty-six months' base salary and any incentive-based bonus that otherwise would have been payable to him through the date that we terminate his employment. We do not have an obligation to pay base salary or incentive-based bonus to Mr. Chiles under either agreement if he voluntarily terminates his employment or he is terminated for cause. For purposes of these employment agreements, "cause" means the following activities:

- Use of alcohol, narcotics or other controlled substances that prevent him from efficiently performing his duties;

- Disclosure of confidential information or competes against us in violation of the employment agreements;

- Theft, dishonesty, fraud, or embezzlement from us or a violation of the duty of loyalty to us;

- If Mr. Chiles is directed by a regulatory or governmental authority to terminate his employment with us or engages in activities that cause actions to be taken by regulatory or government authorities, that have a material adverse effect on us;

- Conviction of a felony (other than a felony resulting in a traffic violation) involving any crime of moral turpitude or any crime involving us;

- Sexual harassment or sexually inappropriate behavior;

- Materially disregards duties under the employment agreements;

- Egregious misconduct or pattern of conduct; or

- Entering into enforceable commitments on our behalf without conforming to our policies and procedures or in violation of any of our directives.

COMPENSATION DISCUSSION AND ANALYSIS

Audit Committee

We do not have an audit committee or an audit committee financial expert. We expect the nomination and acceptance of several Directorships in the future. We anticipate that we will form an audit committee when new members join our board of Directors, and anticipate that one of them will serve as an independent audit committee financial expert.

Compensation Committee

We do not have a compensation committee. We expect the nomination and acceptance of several Directorships in the future. We anticipate that we will form a compensation committee when new members join our board of Directors.

Compensation Of Directors

We pay or accrue $18,000 per year for each person who serves on the board of Directors. During the last two fiscal years we accrued all Directors salaries, which amount totaled approximately $260,500 as of December 31, 2006.

In June 2004, we granted to each of Malcolm J. Wright and L. William Chiles warrants to purchase 100,000 shares (or an aggregate of 200,000 shares) of our common stock at an exercise price of $1.02 per share for their services. Warrants to purchase 75,000 shares have vested to each of them. Warrants to purchase the remaining 25,000 shares will vest to each of them on their next anniversary dates as Directors, provided that they are still serving as Directors. They may exercise the warrants for a period of five years from the dates on which such warrants vest.

In September 2005, we granted warrants to purchase 100,000 shares of our common stock at an exercise price of $1.02 per share to Frederick Pauzar for his services as a Director. The warrants vested immediately with respect to 25% of the shares and will vest with respect to 25% of the shares on the next three anniversaries of the date on which Mr. Pauzar became a Director, provided that Mr. Pauzar is still serving as a Director on such dates.

Executive Compensation Philosophy

Our Board of Directors determines the compensation provided to our executive officers in their sole determination. Our executive compensation program is designed to attract and retain talented executives to meet our short-term and long-term business objectives. In doing so, we attempt to align our executives' interests with the interests of our shareholders by providing an adequate compensation package to such executives. This compensation package includes a base salary, which we believe is competitive with other companies of our relative size. In addition, we have previously granted certain options to our executive and non-executive employees as part of our compensation package, and our Board of Directors reserves the right to award incentive bonuses which are linked to our performance, as well as to the individual executive officer's performance in the future. This package may also include long-term, stock based compensation to certain executives which is intended to align the performance of our executives with our long-term business strategies.

Base Salary

The base salary of our executive officers, as described in the table and footnotes above, was established by evaluating the range of responsibilities of their positions, as well as the anticipated impact that such individuals could have in meeting our strategic objectives. The established base salary of each individual was then benchmarked to comparable positions within our industry and similarly sized companies. Base salaries may be adjusted to reflect the varying levels of position responsibilities and individual executive performance.

Incentive Bonus

Along with our executives' base salaries, the Board of Directors reserves the right to give incentive bonuses to our executive officers, which bonuses the Board of Directors may grant in its sole discretion, if the Board of Directors believes such bonuses are in the Company's best interest, after analyzing our current business objectives and growth, if any, and the amount of revenue we are able to generate each month, which revenue is a direct result of the actions and ability of such executives in the sole discretion of the Board of Directors.

Long-term, Stock Based Compensation

In order to attract, retain and motivate executive talent necessary to support the Company's long-term business strategy we may award certain executives with long-term, stock based compensation in the future, in the sole discretion of our Board of Directors, which we do not currently have any immediate plans to award.

Criteria for Compensation Levels

The Company has always sought to attract and retain qualified executives and employees able to positively contribute to the success of the Company for the benefit of its various stakeholders, the most important of which is its shareholders, but also including its customers, its employees, and the communities in which the Company operates.

The Board of Directors (in establishing compensation levels for the Chief Executive Officer and President, as well as other executive positions) and the Company (in establishing compensation levels for all executive and non-executives of the Company) consider many factors, including, but not limited to, the individual's abilities and executed performance that results in: the advancement of corporate goals of the Company, execution of the Company's business strategies, contributions to positive financial results, contributions to the Company's overall image and reputation in the Company's industry, and contributions to the development of the management team and other employees. An employee must demonstrate his or her ability to deliver results in his or her areas of responsibility, which can include, among other things: business development with new and existing customers, development of new products, sales and marketing, efficient management of operations and systems, implementation of appropriate changes and improvements to operations and systems, personnel management, financial management, and strategic decision making. In determining compensation levels, the Board of Directors also considers: competitiveness of compensation packages relative to other comparable companies, both inside and outside of the resort construction and travel services industries, and the experience level of each particular individual.

Compensation levels for executive officers are generally reviewed upon the expiration of such executive's employment and/or consulting agreements (if any), or annually, but may be reviewed more often as deemed appropriate by our Board of Directors.

Compensation Philosophy and Strategy

In addition to the "Criteria for Compensation Levels" set forth above, the Company has a "Compensation Philosophy" for all employees of the Company (set forth below), and a "Compensation Strategy for Key Management Personnel" (set forth below), a substantial portion of which also applies to all employees of the Company.

Compensation Philosophy

The Company's compensation philosophy is as follows:

- The Company believes that compensation is an integral component of its overall business and human resource strategies. The Company's compensation plans will strive to promote the hiring and retention of personnel necessary to execute the Company's business strategies and achieve its business objectives.

- The Company's compensation plans will be strategy-focused, competitive, and recognize and reward individual and group contributions and results. The Company's compensation plans will strive to promote an alignment of the interests of employees with the interests of the shareholders by having a portion of compensation based on financial results and actions that will generate future shareholder value.

- In order to reward financial performance over time, the Company's compensation programs generally will consist of: base compensation, and may also consist of short-term variable incentives and long-term variable incentives, as appropriate.

- The Company's compensation plans will be administered consistently and fairly to promote equal opportunities for the Company's employees.

Compensation Strategy for Key Management Personnel

The Company's compensation strategy for its key management personnel is as follows:

- Total compensation may include base salary and short-term and long-term variable incentives based on annual and long term performance, and long-term variable incentives, in each case, where appropriate.

- Compensation will be comparable to general and industry-specific compensation practices.

- Generally, base compensation, and targeted short and long-term variable compensation, if any, will be established within the range of compensation of similarly situated companies in the Company's industry. The Company's organization size and complexity will be taken into account, and therefore similarly situated companies include companies of similar size and complexity whether or not such companies are in the Company's industry or not.

- When determining compensation for officers, managers and consultants, the Company takes into account the employee's (and/or consultant's) knowledge, experience, past employment history and connections in the industry, including industry specific knowledge and experience, to the extent such knowledge and experience contributes to the Company's ability to achieve its business objectives.

- The Company reserves the right to adjust annual base salaries of employees and/or to award performance based bonuses if individual performance is at or above pre-established performance expectations.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information as of March 1, 2007, with respect to the beneficial ownership of our common stock by (i) each Director and officer of the Company, (ii) all Directors and officers as a group and (iii) each person known by the Company to own beneficially 5% or more of our common stock:

	Common Stock(1)	Preferred Stock Voting Rights(1)	Warrants(1)	Total Voting Shares(1)	Total Percentage of Beneficial Voting Shares(1)
Roger Maddock	2,447,616(2)	5,050,000(3)	513,000(4)	8,010,616(2)(3)(4)	48.7%(5)
Malcolm J. Wright CEO and Chairman	1,565,675(6)	3,900,000(7)	4,196,230(8)	9,661,905(6)(7)(8)	50.9%(9)
Omar Jimenez	-	-	100,000(24)	100,000(24)	0.1%

CFO					
Stanford Venture Capital Holdings, Inc.	845,733(10)	-	708,000(11)	1,553,733(10)(11)	13.4%(12)
Stanford International Bank Limited	1,560,500(13)	477,000(14)	744,000(15)	2,781,500(13)(14)(15)	22.2%(16)
L William Chiles Director	850,000	-	606,016(17)	1,456,016(17)	12.7%(18)
James Leaderer Director	10,000	-		10,000	0.1%(19)
Frederick Pauzar Director	1,000	-	75,000(20)	75,000(20)	0.7%(21)
Michael Crosbie General Counsel Executive Vice President and Secretary	-	-	75,000(22)	75,000(22)	0.7%(23)
(All officers and Directors as a group six persons)	**2,426,675**	**3,900,000(7)**	**5,052,246(8)(17)**	**11,378,921(6)(7)(8)(20)(22)(17)(20)(22)**	**57.3%(25)**

(1) The number of shares of common stock owned are those "beneficially owned" as determined under the rules of the Commission, including any shares of common stock as to which a person has sole or shared voting or investment power and any shares of common stock which the person has the right to acquire within sixty (60) days through the exercise of any option, warrant or right. As of March 1, 2007, there were 10,877,974 shares of common stock outstanding.

(2) Includes 2,102,268 shares of common stock owned by Arvimex, Inc., whose president is Mr. Maddock and 345,348 shares of common stock owned directly by Mr. Maddock.

(3) Includes 30,000 shares of Series A Preferred Stock, which are convertible into 300,000 shares of common stock, owned directly by Mr. Maddock and 475,000 shares of Series A Preferred Stock, which are convertible into 4,750,000 shares of common stock held by Arvimex, Inc., whose president is Mr.

Maddock.

(4) Includes 270,000 warrants to purchase shares of the Company's common stock which were granted to Avirmex, Inc., whose president is Mr. Maddock, in January, 2004 and 243,000 warrants to purchase shares of the Company's common stock at $1.02 per share, which warrants were issued to Mr. Maddock in connection with his guaranty of the Company's $8,100,000 credit facility from Stanford International Bank, Ltd.

(5) Using 16,440,974 shares outstanding, which assumes the conversion of Mr. Maddock's 5,050,000 shares of Series A Preferred Stock and the exercise of all 513,000 warrants which he beneficially owns.

(6) Includes 845,733 shares of common stock held individually by Mr. Wright and 719,942 shares held by Xpress, Ltd. ("Xpress"), of which Mr. Wright serves as president.

(7) Includes 55,000 shares of Series A Preferred Stock which are convertible into 550,000 shares of the common stock, which are owned individually by Mr. Wright and 335,000 shares of Series A Preferred Stock owned directly by Xpress, which Mr. Wright is the president of, which are convertible into 3,350,000 shares of common stock. Mr. Wright has pledged 845,733 shares of common stock to Stanford as collateral for an aggregate of $6,000,000 of financing that Stanford has provided to us. Mr. Wright disclaims beneficial ownership of 302,000 shares of common stock owned directly by James Hay Trustees, Ltd. as Mr. Wright does not have voting or investment power over these shares, which the trust is holding for the benefit of Mr. Wright's pension.

(8) Includes 4,196,230 warrants to purchase shares of the Company's common stock at $1.02 per share.

(9) Using 18,974,204 shares of common stock outstanding, assuming the conversion of Mr. Wright's 390,000 shares of Series A Preferred Stock and the exercise of all 4,196,230 warrants held by Mr. Wright.

(10) Includes 845,733 shares of common stock pledged by Mr. Wright, see footnote (7) above. However, this amount does not include the shares of common stock directly owned by four Stanford employees or shares issuable upon exercise of the warrants owned by such employees, as there are no contracts, agreements or understandings pursuant to which Stanford has or shares voting power, which includes the power to vote, or direct the voting of, or investment power, which includes the power to dispose or direct the disposition of, in connection with the shares held by the Stanford employees.

(11) Includes 708,000 warrants to purchase shares of the Company's common stock at $5.00 per share.

(12) Using 11,585,974 shares of common stock outstanding, which amount assumes the exercise by Stanford of all 708,000 warrants which it holds.

(13) Includes 1,125,000 shares of common stock held by Stanford International Bank, Ltd., and an aggregate of $4,355,000 in convertible promissory notes convertible into shares of common stock at $10 per share, which are convertible into an aggregate of 435,500 shares of common stock at the option of Stanford International Bank, Ltd.

(14) Includes 23,850 shares of Series C Preferred Stock held by Stanford International Bank, Ltd., which are convertible into 477,000 shares of common stock.

(15) Includes warrants to purchase 231,000 shares of the Company's common stock at $0.001 per share and warrants to purchase 154,000 shares of the Company's common stock at $5.00 per share.

(16) Using 12,099,044 shares outstanding, which amount includes the conversion of all 23,850 shares of Series C Preferred Stock held by Stanford International Bank, Ltd., and the exercise of warrants to purchase 744,000 shares which Stanford International Bank, Ltd. holds.

(17) Includes 606,026 warrants held by Mr. Chiles, 437,374 of which have an exercise price of $1.02 per share and 168,672 of which have an exercise price of $2.96 per share.

(18) Using 11,483,990 shares of common stock outstanding, which amount assumes the exercise by Mr. Chiles of all 606,016 warrants which he holds to purchase shares of the Company's common stock.

(19) Using 10,877,974 shares of common stock outstanding as of March 1, 2007.

(20) Includes 75,000 warrants to purchase shares of the Company's common stock at $1.02 per share.

(21) Using 10,952,974 shares of common stock outstanding, which amount assumes the exercise by Mr. Pauzar of all 75,000 warrants which he holds to purchase shares of the Company's common stock.

(22) Includes 75,000 warrants to purchase shares of the Company's common stock at $1.02 per share.

(23) Using 10,952,974 shares of common stock outstanding, which amount assumes the exercise by Mr. Crosbie of all 75,000 warrants which he holds to purchase shares of the Company's common stock.

(24) Mr. Jimenez was granted 100,000 warrants to purchase shares of our common stock in December 2006, which warrants vested immediately.

(25) Using 19,730,220 shares of common stock outstanding, which amount assumes the exercise by the officers and Directors of all shares of Preferred Stock which they hold, as described in footnote (7) and the exercise of all warrants to purchase shares of the Company's common stock held by the officers and Directors, as described in footnotes (8),(15),(17)(20) and (22).

Change in Control

We are unaware of any arrangement or understanding that may, at a subsequent date, result in a change of control of our Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We believe that all prior related party transactions have been entered into upon terms no less favorable to us than those that could be obtained from unaffiliated third parties. Our reasonable belief of fair value is based upon proximate similar transactions with third parties or attempts to obtain the services from third parties, if such transaction would be available from third parties. All past, ongoing and future transactions with such persons, including any loans from or compensation to such persons, have been or will in the future be approved by a majority of disinterested members of the Board of Directors.

We accrue $500,000 per year as salary payable to Malcolm J. Wright, our Chief Executive Officer. Prior to 2004, we accrued $250,000 per year as salary payable to Mr. Wright. We accrue interest at a rate of 12% compounded annually on the salary owed to Mr. Wright. As of December 31, 2006, the aggregate amount of salary payable and accrued interest owed to Mr. Wright was $2,225,000. We also accrue $100,000 per year as salary payable to L. William Chiles, a Director of the Company and the President of Hickory, for his services, and interest at a rate of 12% compounded annually beginning in 2005. As of December 31, 2006, the aggregate amount of salary payable to Mr. Chiles was $300,000.

We pay or accrue Directors' fees to each of our Directors in an amount of $18,000 per year for their services as Directors. During the last three fiscal years, we have accrued approximately $260,500 in Directors’ fees, which amount has not been paid to date.

We may provide the executive officers of each of our subsidiaries an aggregate bonus of up to 19% of the pre-tax profits, if any, of the subsidiaries in which they serve as executive officers. Malcolm J. Wright will receive 19% of the pre-tax profits of Leisureshare International Ltd, Leisureshare International Espanola SA, American Leisure Homes, Inc., APMG, TDSR, and American Leisure Hospitality Group, Inc. We do not have any agreements with our officers regarding the bonus other than with L. William Chiles. Mr. Chiles is entitled to receive 19% of the profits of Hickory up to a maximum payment over the life of his contract of $2,700,000. As Mr. Chiles' bonus is limited, it is not subject to the buy-out by us (discussed below) as it will cease as soon as the $2,700,000 amount has been paid to him. The executive officers of our other subsidiaries would share a bonus of up to 19% of the pre-tax profits of the subsidiary in which they serve as executive officers. We would retain the right, but not have the obligation to buy-out all of the above agreements after a period of five years by issuing such number of shares of our common stock equal to the product of 19% of the average after-tax profits for the five-year period multiplied by one-third of the price to earnings ratio of our common stock at the time of the buyout divided by the greater of the market price of our common stock or $5.00. We have not paid or accrued any bonus as of the filing of this report. While the terms of Mr. Wright's bonus agreement have been agreed to, such terms have not been memorialized in a formal agreement as of the date of this filing.

Since the reverse merger in July of 2002, we have relied almost exclusively upon Malcolm J. Wright for the experience and energy required to cultivate opportunities for us in vacation real estate development. We have accrued salary and other compensation to Mr. Wright up to this point. Therefore, we have entered into agreements with entities owned or controlled by Mr. Wright to secure advancement of our real estate development projects.

Malcolm J. Wright is the President and 81% majority shareholder of American Leisure Real Estate Group, Inc. ("ALREG"). We do not own any interest in ALREG. On November 3, 2003, we entered into an exclusive development agreement with American Leisure Real Estate Group to provide development services for the development of The Sonesta Orlando Resort at Tierra Del Sol. Pursuant to this development agreement, it is responsible for all development logistics and we are obligated to reimburse it for all of its costs and to pay it a development fee in the amount of 4% of the total costs of the project paid by it. As of December 31, 2006, it had administered operations and paid bills in the amount of $23,117,280 and accrued a fee of 4% (or approximately $980,691) under the development agreement.

Mr. Wright is also an officer and shareholder of, M J Wright Productions, Inc., which owns our Internet domain names, Resorts Development Group, LLC which develops resort properties in Orlando including Bella Citta, Los Jardines Del Sol, The Preserve, Tortuga Cay and Sherberth Development LLC, Resorts Construction, LLC with whom we intend to contract to construct part of the Sonesta Resort as described above, Titan Manufacturing, LLC with whom we intend to purchase roof tiles for our developments, Malcolm J. Wright and members of his family are the majority shareholders of Xpress Ltd., a company that has experience marketing vacation homes in Europe. On November 3, 2003, we entered into an exclusive sales and marketing agreement with Xpress to sell the units in The Sonesta Orlando Resort at Tierra Del Sol being developed by us. This agreement provides for a sales fee in the amount of 3% of the total sales prices received by us plus a marketing fee of 1.5%. Pursuant to the terms of the agreement, one-half of the sales fee is payable upon entering into a sales contract (with deposits paid as required by the sales contract) for a unit in the resort and the other half is due upon closing the sale. For the fiscal year ended December 31, 2006, the total sales made by Xpress amounted to approximately $229,590,043. As a result of the sales, we were obligated to pay Xpress a total sales fee of $6,887,701, which has been paid to date and a marketing fee of $3,443,851, which has not been paid to date. As of December 31, 2006, we had paid Xpress $6,887,701 of cash, issued Xpress 120,000 shares of Series A Preferred Stock valued at $1,200,000, and transferred to Xpress a 1913 Benz automobile valued at $500,000 in connection with sales fees.

In February 2004, Malcolm J. Wright, individually and on behalf of Xpress, and Roger Maddock, individually and on behalf of Arvimex, Inc., entered into contracts with us to purchase an aggregate of 32 town homes for $13,356,800. Mr. Wright and Mr. Maddock paid an aggregate deposit of $2,327,360 and were given a 10% discount that we otherwise would have had to pay as a commission to a third-party real estate broker. Roger Maddock is directly (and indirectly through Arvimex) the beneficial owner of more than 5% of our common stock.

In November 2003, Malcolm Wright, our Chief Executive Officer and Chairman, Gillian Wright our former Director, and our subsidiary, American Leisure, Inc., sold 82.5% of the ownership interests of American Vacation Resorts, Inc. ("AVR"), a vacation club to our current President and Director, Frederick Pauzar, in consideration for an aggregate of $1,500,000 in promissory notes, pursuant to the terms of a Stock Purchase Agreement. In April 2004, pursuant to an amendment to the stock purchase agreement, the parties agreed to substitute seventeen (17) vacation properties located in Kissimmee, Florida, as consideration for the purchase of the interests of AVR, in place of the payment of $1,500,000 in promissory notes.

In June 2004, we granted warrants to each of Malcolm J. Wright and L. William Chiles for their services as Directors to purchase 100,000 shares (or an aggregate of 200,000 shares) of our common stock at an exercise price of $1.02 per share. Warrants to purchase 75,000 shares have vested to each of them. Warrants to purchase the remaining 25,000 shares will vest to each of them on the next anniversary date of each of their terms as a Director, provided they are then serving in said capacity. While the terms of these warrants have been agreed to, they have not been memorialized in a formal agreement as of the date of this filing.

On February 1, 2005, Gillian Wright resigned as one of our Directors.

M J Wright Productions, Inc., of which Mr. Wright is the President, owns our Internet domain names.

Mr. Wright and we are negotiating an employment agreement pursuant to which Mr. Wright will serve as our Chief Executive Officer. We will provide the terms of the employment agreement when it is finalized. In June 2005, we entered into an indemnification agreement with Mr. Wright.

In March 2005, we closed on the sale of 13.5 acres of commercial property in Davenport, Polk County, Florida at the corner of U.S. Hwy. 27 and Sand Mine Road. The property was sold for $4,020,000. We paid-off secured debt on the property of $1,300,000 plus accrued interest and other costs. We used the net proceeds for working capital and to pay $1,948,411 of notes payable to related parties attributable to the acquisition and retention of the property. Profits on the sale of this property amounted to approximately $968,000.

Thomas Cornish has previously served as a member of our advisory board, which we no longer have. He is the President of the Seitlin Insurance Company. Our board of Directors has authorized Seitlin to place a competitive bid to provide insurance for The Sonesta Orlando Resort at Tierra del Sol. During 2004 and 2005, Mr. Cornish provided services on our advisory board in consideration for $1,500 and $3,000, respectively. David Levine has served as a member of our advisory board, which we no longer have. He provided services on our advisory board during 2004 and 2005 in consideration for $3,000 and $1,500, respectively. We reimbursed Mr. Levine for travel expenses in the amount of $1,613 and $8,521 during 2004 and 2005, respectively. Charles J. Fernandez, a member of our advisory board provided services on our advisory board during 2005 for which he was paid $3,000. We authorized warrants to each of Thomas Cornish, Charles J. Fernandez and David Levine to purchase 100,000 shares (or an aggregate of 300,000 shares) of our common stock at an exercise price of $1.02 per share in consideration for their services as advisors. The warrants vested immediately with respect to the purchase of 50,000 shares by each of them. Warrants to purchase the remaining 50,000 shares will vest to by each of them in equal amounts on their next two anniversary dates as advisors. While the terms of these warrant agreements have been agreed to, they have not been memorialized in a formal agreement as of the date of this filing. We previously announced Messrs Cornish, Levine and Fernandez as Director nominees, however we currently have no present intention for such individuals to serve on our Board of Directors.

In June 2005, Arvimex, Inc., which is controlled by our significant shareholder, Roger Maddock, exercised warrants to purchase 160,000 shares of our common stock at $0.001 per share, for aggregate consideration of $160.

In July 2005, we issued 171 shares of Series E preferred stock to The Martin Topolsky Trust in exchange for an equity interest in Around The World Travel Holdings, Inc., consisting of 13,500 shares of its Series A preferred stock and 21,687 shares of its common stock.

On July 1, 2005, we granted warrants to L. William Chiles, a Director, to purchase 168,672 shares of our common stock at an exercise price of $1.02 per share and warrants to Malcolm J. Wright, our Chief Executive Officer and Chairman, to purchase 347,860 shares of our common stock at an exercise price of $1.02 per share. We issued the warrants to Mr. Chiles and Mr. Wright as consideration for them renewing their personal guarantees regarding the loan with Grand Bank & Trust of Florida in connection with our renewal of that loan.

South Beach Resorts, LLC, contracted with one of the Company's subsidiaries Wright Resort Villas & Hotels, Inc. to receive hotel management services for a hotel which it owns and is redeveloping. Mr. Pauzar, Mr. Wright and Mr. Maddock controlled the membership interests of the limited liability company SBR Holdings, LLC which owns and controls South Beach Resorts, LLC.

On December 28, 2005 we granted warrants to Malcolm J. Wright, our Chief Executive Officer and Chairman, to purchase 2,008,500 shares of our common stock at an exercise price of $1.02 per share. We issued the warrants to Mr. Wright as consideration for his personal guarantee regarding the construction and land loans with KeyBank, N.A. While the terms of these warrants have been agreed to, they have not been memorialized in a formal agreement as of the date of this filing.

In December 2005, in connection with the Stanford Credit Facility, the Company granted SIBL and its designees warrants to purchase 308,000 shares of the Company's common stock at an exercise price of $5.00 per share and warrants to purchase 154,000 shares of the Company's common stock at an exercise price of $0.001 per share, which warrants expire five years from their grant date. (The Stanford Credit Facility and warrants are described in greater detail above).

In December 2005 in connection with their guaranty of the Stanford Credit Facility pursuant to the Irrevocable and Unconditional Guaranty, the Company agreed to issue an aggregate of 405,000 warrants to purchase shares of the Company's common stock to certain third party entities. The warrants have an exercise price of $1.02 and expire 5 years from the expiration date of the third parties guaranties. (the Stanford Credit Facility and Irrevocable and Unconditional Guaranty are described in greater detail above). While the terms of these warrants have been agreed to, they have not been memorialized in a formal agreement as of the date of this filing.

On January 9, 2006, with an effective date of June 14, 2002, the Company entered into an Amended Debt Guarantor Agreement ("Amended Debt Agreement") with Malcolm J. Wright, its Chief Executive Officer and Chairman and L. William Chiles, a Director of the Company (collectively, Mr. Wright and Mr. Chiles are referred to herein as the "Guarantors"). Pursuant to the Amended Debt Agreement, the Company and the Guarantors agreed to amend the terms of the prior Debt Guarantor Agreement entered into between the parties. The original Debt Guarantor Agreement provided for the Guarantors to receive warrants to purchase shares of the Company's common stock at $2.96 per share in an amount equal to 3% of any Company indebtedness that they personally guarantee. The Amended Debt Agreement decreased the exercise price of the warrants to be issued in connection with any of the Guarantor's guarantees to $1.02 per share (the "Guarantor Warrants"). Under the Amended Debt Agreement, the warrants issued to the Guarantors are exercisable until five years after the date the Guarantor is no longer obligated to personally guarantee such Company indebtedness. Additionally, under the Amended Debt Agreement, the fee which the Guarantors receive for a pledge of personally owned collateral to secure Company indebtedness was increased from 1% of such total indebtedness guaranteed (as was provided under the original Debt Guarantor Agreement), to 2% of the total amount of indebtedness guaranteed. The 2% fee is paid to the Guarantors in Guarantor Warrants with the same terms and conditions as provided above.

Mr. Wright pledged to Stanford 845,733 shares of our common stock which he holds. Stanford is currently in possession of the shares of our common stock that Mr. Wright pledged; however, Mr. Wright retained the power to vote (or to direct the voting) and the power to dispose (or direct the disposition) of those shares. Mr. Chiles had personally guaranteed $2,000,000 of the $6,000,000 received from Stanford and pledged to Stanford 850,000 shares of our common stock held by Mr. Chiles. Stanford released Mr. Chiles from the personal guarantee and released his common stock from the pledge when we closed the $6,000,000 credit facility. Mr. Wright and Mr. Chiles have each also given a personal guarantee regarding a loan in the principal amount of $6,000,000 that was made to Tierra Del Sol Resort Inc. by Grand Bank & Trust of Florida. We have authorized the grant of warrants to Mr. Wright and Mr. Chiles to purchase 695,720 shares and 337,344 shares, respectively, of our common stock at an exercise price of $1.02 per share. We are under a continuing obligation to issue warrants at $1.02 to Messrs. Wright and Chiles for guarantees that they may be required to give on our behalf going forward.

In January 2006, in connection with the SIBL Reedy Creek Loan, the Company granted SIBL warrants to purchase 154,000 shares of the Company's common stock at an exercise price of $5.00 per share and warrants to purchase 77,000 shares of the Company's common stock at an exercise price of $0.001 per share, which warrants expire five years from their grant date.

In January 2006, in connection with the SIBL Reedy Creek Loan, the Company granted warrants to four separate affiliates of SIBL entitling them to purchase an aggregate of 154,000 shares of the Company's common stock at an exercise price of $5.00 per share and 77,000 shares at an exercise price of $.001 per share. The warrants have a term of five years and are immediately exercisable.

In January 2006, in connection with Mr. Wright's guarantee of the Amended Note, the Company agreed to grant Mr. Wright warrants to purchase 240,000 shares of the Company's common stock at an exercise price of $1.02 per share. The warrants are being granted pursuant to an existing agreement between the Company and Mr. Wright and expire 5 years from the expiration date of the guarantees. In addition, the Company has agreed to register the shares underlying the warrants granted to Mr. Wright on its next registration statement. While the terms of these warrants have been agreed to, they have not been memorialized in a formal agreement as of the date of this filing.

In March 2006, in connection with Mr. Crosbie's appointment as Executive Vice President, General Counsel and Secretary of the Company, Mr. Crosbie was granted 100,000 warrants to purchase shares of the Company's common stock at an exercise price of $1.02 per share. One half of the warrants, or 50,000 vested on March 15, 2006, with the remaining warrants vesting 25,000 at a time on March 15, 2007 and March 15, 2008, assuming he is still employed by the Company on those dates.

In March 2006, we appointed Jeffrey Scott as President of Hickory. In connection with Mr. Scott's appointment, we agreed to grant him warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of $5.00 per share. One half, or 50,000 of Mr. Scott's warrants vested on March 2, 2006, with the remaining 50,000 warrants vesting as follows, 25,000 warrants on March 2, 2007 and the remaining 25,000 warrants on March 2, 2008, assuming Mr. Scott is still employed by the Company on those dates. While the terms of these warrants have been agreed to, they have not been memorialized in a formal agreement as of the date of this filing.

In March 2006, with an effective date of December 30, 2005, we purchased the minority interest of our now wholly owned subsidiary, Tierra Del Sol, Inc. (the "Minority Interest") from Harborage Leasing Corporation ("Harborage"). The purchase price of the Minority Interest from Harborage was a promissory note for $1,411,705 ("Harborage Note"); the right to receive, without payment, two (2) three-bedroom condominium units to be constructed in Phase 2 of the Tierra Del Sol Resort, or in the event title to both such units is not delivered by December 31, 2007, then, in lieu thereof, payment of $500,000.00 for each such unit that is not transferred by such date; 197,000 shares of the Company's common stock; and warrants to acquire 300,000 additional shares of the Company's common stock at a price of $5.00 per share. The Harborage Note is guaranteed by Malcolm J. Wright, the Company's Chief Executive Officer and Chairman, for which he received a guaranty fee equal to three percent (3%) of the amount guaranteed. The Company paid this fee through the grant of 102,321 warrants to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration date of the guaranty. While the terms of these warrants have been agreed to, they have not been memorialized in a formal agreement as of the date of this filing.

In September 2006, the Company (through its subsidiaries TDS Town Homes (Phase 1), LLC and TDS Town Homes (Phase 2), LLC) contracted with Resorts Construction, LLC to furnish construction administration and management services at the Tierra Del Sol Resort property. Resorts Construction, LLC will provide all labor, materials, equipment and services necessary to construct 508 townhomes. Malcolm Wright, CEO and Director of the Company, owns a 50% membership interest in Resorts Construction, LLC. The Company was required to pay to Resorts Construction, LLC $4 million in connection with the execution of the contract as a payment for material required to begin construction. The contract has a lump sum price of $106,283,274, subject to certain price increases. In addition, Resorts Construction, LLC will construct stem wall foundations for the townhomes at the rate of $235.00 per linear foot which is in addition to the lump sum price of $106,283,274.

In September 2006, the Company (through its subsidiaries TDS Clubhouse, Inc.; TDS Amenities, Inc., and Costa Blanca I Real Estate, LLC) contracted with Resorts Construction, LLC to furnish construction administration and management services at the Tierra Del Sol Resort property. Resorts Construction, LLC will provide all labor, materials, equipment and services necessary to construct the Club House (Phase i), five Costa Blanca Condominium Buildings (Phase 2) and Water Park, Sports Bar, Additional Pool, Flow Rider and Other Amenities (Phase 3). Malcolm Wright, CEO and Director of the Company, owns a 50% membership interest in Resorts Construction, LLC. The Company was required to pay to Resorts Construction, LLC a non-refundable $500,000 payment with the execution of the contract as a payment for commitment and mobilization. The contract is stated at costs incurred plus 5%.

Through December 31, 2006, Resorts Construction, LLC has been paid a total of $8,220,187 under the two contracts described above.

On December 22, 2006 the Company acquired 100% of South Beach Resorts, LLC (“SBR”) and SBR Holdings, LLC for $1,120,000 plus a 25% participation interest granted to Stanford International Bank Limited in the net proceeds realized by SBR upon the disposition of its Boulevard Hotel property located in Miami Beach, Florida. The $1,120,000 was provided as a loan from Stanford International Bank Limited to Reedy Creek Acquisition Corporation. SBR was owned by SBR Holdings, LLC which was owned equally by Malcolm Wright (CEO, CFO and Director of the Company) and Frederick Pauzar (COO, President and Director of the Company). At the date of acquisition, the Boulevard Hotel was encumbered with a mortgage due to LaSalle Bank, National Association, as Trustee of Marathon Real Estate CDO 2006-1 Grantor Trust, successor-in-interest to Marathon Structured Finance Fund L.P. in the amount of $7,498,900 that matured on January 11, 2007. The mortgage has matured and remains unpaid however, the mortgage is not in default and a forbearance agreement is in place with LaSalle Bank, National Association, as Trustee of Marathon Real Estate CDO 2006-1 Grantor Trust, successor-in-interest to Marathon Structured Finance Fund L.P.. The Company is actively seeking to replace the debt with a new lender. SBR was acquired from Malcolm Wright and Frederick Pauzar in July 2005 and the financial statement presentation has been restated to present SBR as a subsidiary since that acquisition date.

We also entered into a note with Roger Maddock, a significant shareholder of us, to evidence $3,590,811 in loans and advances Mr. Maddock had previously made to Resorts (the "Maddock Note"), the payment of which was guaranteed by us pursuant to a Guaranty Agreement.

In August 2006, we entered into a Purchase Agreement with SIBL, whereby we agreed to purchase a $750,000 promissory note from SIBL, which note was originally received by SIBL from Scott Roix, an individual, in connection with SIBL's sale of its interest in Vici Marketing Group, LLC ("Vici" and the "Vici Note") to Mr. Roix, and which Note bears interest at the rate of 8% per annum, payable on June 30, 2008. In consideration for the purchase of the Vici Note, we agreed to issue SIBL 235,000 shares of our common stock and a five year warrant to purchase 235,000 shares of our common stock at an exercise price of $20 per share (the "Vici Warrant"). We also granted SIBL demand registration rights in connection with the registration of the shares underlying the Vici Warrant. The balance of the Vici Note as of December 31, 2006 was $500,000.

In August 2006, we entered into an Employment Agreement with Jason Williams, who agreed to serve as our Associate General Counsel and Assistant Secretary for a period of two years, which Employment Agreement shall terminate on August 21, 2008, unless terminated earlier pursuant to the agreement.

On November 22, 2006, we entered into a Credit Agreement with Reedy Creek Acquisition Company, LLC ("RCAC") and Stanford International Bank Limited ("SIBL"), to provide RCAC, our wholly owned subsidiary, a $4,300,000 credit facility (the "RC Credit Agreement"). SIBL had previously loaned RCAC $7,150,000 on July 8, 2005 and $850,000 on January 5, 2006, which loans were evidenced by a Renewed, Amended and Increased Promissory Note in the amount of $8,000,000, which we had guaranteed. In connection with the RC Credit Agreement, the Renewed, Amended and Increased Promissory Note was replaced by a Second Renewed, Amended and Increased Promissory Note in the amount of $12,200,000 (the "RC Note"), which was replaced by a Third Renewed, Amended and Increased Promissory Note in the amount of $13,420,000, which was replaced by a Fourth Renewed, Amended and Increased Promissory Note in the amount of $15,300,000 (the "Amended RC Note"). The Amended RC Note provides that the principal amount of $8,000,000, the initial indebtedness, together with all accrued and unpaid interest under the original note shall bear interest at the rate of eight percent per annum and shall be due and payable on June 30, 2007. The Amended RC Note provides that the principal amount of $7,300,000, future advance indebtedness, together with all accrued and unpaid interest on the future advance indebtedness shall bear interest at the rate of twelve percent per annum and shall be due and payable on June 30, 2007. Malcolm J. Wright, our Chairman and Chief Executive Officer personally guaranteed the repayment of the RC Note. Mr. Wright received 129,000 warrants to purchase shares of our common stock at an exercise price of $1.02 per share in connection with his guaranty of the RC Credit Agreement, equal to three percent (3%) of to the total indebtedness of the RC Credit Agreement.

We entered into a Second Mortgage Modification Agreement and Future Advance Certificate with SIBL in connection with our entry into the RC Credit Agreement, which provided SIBL a mortgage over certain real property owned by us in Osceola County, Florida, to secure the repayment of the RC Note.

On December 18, 2006, we entered into "Amendment No. 1 to the $4.3 Million Credit Agreement" the ("Amended RC Credit Agreement") with SIBL and RCAC, which amended the terms of the RC Credit Agreement, to increase the loan amount under such agreement from $4,300,000 to $5,420,000, to include an advance of $1,120,000 which was received on December 18, 2006 to cover the placement of an appeal bond by us and related expenses paid by us on behalf of South Beach Resorts, LLC ("Resorts," which we purchased pursuant to the Purchase Agreement, described and defined below) in connection with Resorts' purchase of the Boulevard Hotel (described below) from a company which was then in Chapter 11 bankruptcy, and a subsequent dispute regarding such purchase. The Amended RC Credit Agreement also amended and restated the RC Note in the amount of $13,420,000, evidenced by a "Third Renewed, Amended and Increased Promissory Note" (the "Amended RC Note"), to include the increased Amended RC Credit Agreement amount and provided for Malcolm J. Wright, our Chief Executive Officer and Chairman to provide a restated Guaranty to SIBL to include the amended loan amount. Mr. Wright received 33,600 warrants to purchase shares of our common stock at an exercise price of $1.02 per share in connection with his guaranty of Amended RC Credit Agreement, equal to three percent (3%) of the total indebtedness of the increased amount of the RC Credit Agreement.

We also entered into a Third Mortgage Modification Agreement and Future Advance Certificate in connection with the increased RC Loan, which increased SIBL's mortgage on certain of our property in Osceola County, Florida to secure the Amended RC Loan.

On January 31, 2007, we entered into we entered into "Amendment No. 2 to the $4.3 Million Credit Agreement" the ("Second Amended RC Credit Agreement") with SIBL and RCAC, which amended the terms of the Amended RC Credit Agreement, to increase the loan amount under such agreement from $5,420,000 to $7,300,000, to include an advance of $1,880,000. The Second Amended RC Credit Agreement also amended and restated the RC Note in the amount of $15,300,000, evidenced by a "Fourth Renewed, Amended and Increased Promissory Note" (the "Amended RC Note"), to include the increased Second Amended RC Credit Agreement amount and provided for Malcolm J. Wright, our Chief Executive Officer and Chairman to provide a restated Guaranty to SIBL to include the amended loan amount. Mr. Wright received 56,400 warrants to purchase shares of our common stock at an exercise price of $1.02 per share in connection with his guaranty of Amended RC Credit Agreement, equal to three percent (3%) of the total indebtedness of the increased amount of the RC Credit Agreement.

On November 22, 2006, we entered into a Credit Agreement with Stanford Venture Capital Holdings, Inc. ("Stanford"), Tierra Del Sol Resort (Phase 2), Ltd., Costa Blanca II Real Estate, LLC, Costa Blanca III Real Estate, LLC, TDS Town Homes (Phase 2) LLC and TDS Clubhouse, Inc. (the "TDSR Credit Agreement") to provide $6,200,000 of capital for (1) the repayment of the RC Credit Agreement, which was later amended to include the repayment of the increased amount of the Amended RC Credit Agreement in connection with the Amended TDSR Credit Agreement (described below), (2) construction of the pool complex at the Tierra del Sol Phase One project, (3) furniture, fixtures and equipment, and (4) various other expenses. Any amounts borrowed under the TDSR Credit Agreement bear interest at the rate of 12% per annum, and any amounts not paid when due will bear interest at the rate of 15% per annum. Any amounts borrowed under the TDSR Credit Agreement are due and payable on June 30, 2007.

On Janaury 31, 2007, we entered into "Amendment No. 2 to $6.2 Million Credit Agreement" (the "Second Amended TDSR Credit Agreement") to amend the TDSR Credit Agreement to reflect the Second Amended RC Credit Agreement amount, which is to be repaid with any funds received in connection with the exercise of the Second Amended TDSR Credit Agreement.

The Second Amended TDSR Credit Agreement is not effective until we substitute a portion of Tierra Del Sol Resorts, Inc. as collateral for future advances under the Second Amended TDSR Credit Agreement, and as such, we have not borrowed any funds pursuant to the Second Amended TDSR Credit Agreement to date. We anticipate the funds received from the Second Amended TDSR Credit Agreement, if such agreement is funded to be used to repay the Second Amended RC Credit Agreement.

We paid Stanford a placement fee of $186,000 (or 3% of the TDSR Credit Agreement amount) as a placement fee upon our execution of the TDSR Credit Agreement. Malcolm J. Wright has agreed to guarantee the repayment of a $6,200,000 promissory note, which we plan to provide Stanford to evidence the amount borrowed under the TDSR Credit Agreement, assuming we choose to move forward with such credit facility.

In connection with SIBL's agreeing to enter into the Amended RC Credit Agreement, we entered into a Warrant Participation Agreement with SIBL, Resorts, Malcolm J. Wright and Frederick Pauzar (the "Participation Agreement"), whereby we agreed to grant SIBL and six (6) of its assigns the right to a 25% participation interest (the "Participation Interest") in the Net Proceeds (as defined below) realized by us upon the disposition of the real property located at 740 Ocean Drive, Miami Beach, Florida, known as the Boulevard Hotel (the "Property"), for aggregate consideration of $1.00 per warrant (collectively, the "Warrant"). "Net Proceeds" is defined as the proceeds realized upon the disposition or refinancing of the Property, less our cost basis in the Property, excluding any operating losses or operating profits. In the event the Property is not sold by us by December 22, 2009, we agreed to appoint SIBL as true and lawful proxy of us in connection with the engagement of a real estate broker and the subsequent sale of the Property. Mr. Wright and Mr. Pauzar are jointly and severally liable for our obligations under the Participation Agreement, however they are not receiving any warrants in connection with such guaranties.

With an effective date of December 31, 2006, we entered into a Note Modification Agreement (the “Modification Agreement”) with SIBL, various of our subsidiaries and Malcolm J. Wright, our Chief Executive Officer and Chairman. The Modification Agreement extended the due date of our $3,000,000 note with SIBL to January 1, 2008; the due date of our $1,355,000 note with SIBL to January 1, 2008, and the due date of our $305,000 note with SIBL to January 1, 2008. The Modification Agreement also provided that no payments shall be required to be made prior to January 1, 2008, on the notes discussed above. Interest payments were previously being made by the Company.

In February 2007, we acquired 100% of SBR Holdings, LLC from Malcolm J. Wright, our Chief Executive Officer and Chairman, and Frederick Pauzar, our President and a Director of the Company, for no consideration. SBR Holdings, LLC sold South Beach Resorts, LLC to the Company in December 2006. SBR Holdings, LLC’s only asset was its ownership of the membership interest in South Beach Resorts, LLC. As of February 2007, the Company transferred its membership interest in South Beach Resorts, LLC to SBR Holdings, LLC.

In March, 2007, Malcolm J. Wright resigned as Chief Financial Officer of the Company and Omar Jimenez was appointed as Chief Financial Officer to fill the vacancy left by Mr. Wright’s departure as Chief Financial Officer.

On March 13, 2007, we entered into a $10,000,000 Credit Agreement with SIBL, whereby SIBL agreed to loan us $10,000,000 to use for the construction and development of Phase II of the Sonesta Resort. The loan was evidenced by a $10,000,000 Promissory Note, which bears interest at the rate of 10% per annum. The Promissory Note is secured by a second priority security interest and lien on the land underlying Phase II of the Sonesta Resort, all buildings, structures and other improvements on such land, and all fixtures, equipment, goods, inventory or property owned by us currently or in the future, which security interests are evidenced by a Mortgage and Security Agreement, which we and several of our wholly owned subsidiaries entered into with SIBL in connection with the Credit Agreement. The loan is due in full and payable along with any accrued and unpaid interest on March 13, 2008. Any amounts not paid when due under the loan bear interest at the rate of 15% per annum.

The Credit Agreement provides for additional advances to be made to us in an amount not to exceed $750,000, assuming that certain conditions are met by us in the future, including (a) that SIBL has received current financial information regarding our operations (as further described in the Credit Agreement) and that we have issued SIBL 26,250 warrants to purchase shares of common stock and (b) that we are able to obtain additional loans in an aggregate amount of $750,000 from parties other than SIBL; and an additional loan in an amount not to exceed $1,500,000, assuming (a) and (b) above and that we have issued additional warrants (to be determined prior to such additional advance), to SIBL.

Immediately upon our execution of the Credit Agreement, we paid SIBL a placement fee of $200,000, plus SIBL's reasonable costs and expenses incurred in connection with the closing of the Credit Agreement.

Resorts Funding Group, LLC Credit Facility

We have received $2,905,000 from Resorts Funding Group, LLC which has been matching the funds from the SIBL Credit Agreement (see above) through the end of March 2007.

We intend to enter into an agreement with Resorts Funding Group, LLC on similar terms and conditions to those of the SIBL Credit Agreement.

ITEM 13. EXHIBITS

The exhibits listed below are filed as part of this annual report.

Exhibit No.	Description of Exhibit
2.1 (1)	Stock Purchase Agreement
3.1 (2)	Articles of Incorporation
3.2 (3)	Amended and Restated Articles of Incorporation filed July 24, 2002
3.3 (3)	Certificate of Amendment of Amended and Restated Articles of Incorporation filed July 24, 2002
3.4 (3)	Amended and Restated Bylaws
4.1 (3)	Certificate of Designation of Series A Convertible Preferred Stock
4.2 (5)	Certificate of Designation of Series B Convertible Preferred Stock
4.3 (5)	Certificate of Designation of Series C Convertible Preferred Stock
4.4 (10)	Amended and Restated Certificate of Designation of Series C Convertible Preferred Stock
4.5 (20)	Corrected Certificate of Designation of Series E Convertible Preferred Stock, which replaces the Form of Certificate of Designation of Series E Convertible Preferred Stock, filed as Exhibit 1 to the Registrant's Form 8-K on April 12, 2004
4.6 (18)	Certificate of Designation of Series F Convertible Preferred Stock, which replaces the Form of Certificate of Designation of Series F Convertible Preferred Stock, filed as Exhibit 3.1 to the Registrant's Form 8-K on January 6, 2005
10.1 (3)	Stock Option Agreement with L. William Chiles Regarding Hickory Travel Systems, Inc.
10.2 (5)	Securities Purchase Agreement with Stanford Venture Capital Holdings, Inc. dated January 29, 2003
10.3 (5)	

Registration Rights Agreement with Stanford dated
January 29, 2003

10.4 (5)	Securities Purchase Agreement with Charles Ganz dated January 29, 2003
10.5 (5)	Asset Sale Agreement with Charles Ganz dated January 29, 2003
10.6 (5)	Registration Rights Agreement with Charles Ganz dated January 29, 2003
10.7 (5)	Securities Purchase Agreement with Ted Gershon dated January 29, 2003
10.8 (5)	Asset Sale Agreement with Ted Gershon dated January 29, 2003
10.9 (5)	Registration Rights Agreement with Ted Gershon dated January 29, 2003
10.10(6)	Confirmation of Effective Date and Closing Date of $6,000,000 Line of Credit
10.11(6)	Credit Agreement with Stanford for $6,000,000 Line of Credit
10.12(6)	First Amendment to Credit Agreement with Stanford for $6,000,000 Line of Credit
10.13(6)	Mortgage Modification and Restatement Agreement between Tierra Del Sol Resort Inc., formerly Sunstone Golf Resort, Inc., formerly Sunstone Golf Resort, Inc. ("TDSR")
10.14(6)	Registration Rights Agreement with Stanford dated December 18, 2003
10.15(6)	Florida Mortgage and Security Agreement securing the $6,000,000 Line of Credit
10.16(6)	Second Florida Mortgage and Security Agreement securing the $6,000,000 Line of Credit
10.17(6)	Security Agreement by Caribbean Leisure Marketing Limited and American Leisure Marketing and Technology Inc. dated December 18, 2003, securing the $6,000,000 Line of Credit
10.18(6)	Warrants issued to Daniel T. Bogar to purchase 168,750 shares at $2.96 per share

10.19(7)	Warrants issued to Arvimex, Inc. to purchase 120,000 shares at $0.001 per share
10.20(7)	Warrant Purchase Agreement with Stanford to purchase 600,000 shares at $0.001 per share and 1,350,000 shares at $2.96 per share
10.21(7)	Warrants issued to Arvimex to purchase 270,000 shares at $2.96 per share
10.22(10)	Credit Agreement with Stanford for $1,000,000 Credit Facility
10.23(10)	Credit Agreement with Stanford for $3,000,000 Credit Facility
10.24(10)	Instrument of Warrant Repricing to purchase 1,350,000 shares at $0.001 per share
10.25(10)	Warrant Purchase Agreement with Stanford to purchase 500,000 shares at $5.00 per share
10.26(10)	Registration Rights Agreement with Stanford dated June 17, 2004
10.27(8)	Agreement and First Amendment to Agreement to Purchase Galileo Notes with GCD Acquisition Corp. ("GCD"), dated March 19, 2004 and March 29, 2004, respectively
10.28(8)	Assignment Agreement for Security for Galileo Notes
10.29(18)	Bridge Loan Note for $6,000,000 issued by Around The World Travel, Inc. in favor of Galileo International, LLC and acquired by the Registrant
10.30(18)	Third Amended and Restated Acquisition Loan Note for $6,000,000 issued by Around The World Travel, Inc. in favor of Galileo International, LLC and acquired by the Registrant
10.31(18)	Amended and Restated Initial Loan Note for $7,200,000 issued by Around The World Travel in favor of Galileo and acquired by the Registrant
10.32(18)	Promissory Note for $5,000,000 issued by Around The World Travel, Inc. in favor of CNG Hotels, Ltd. and assumed by the Registrant
10.33(18)	Promissory Note for $2,515,000 issued by TDSR in favor of Arvimex and Allonge dated January 31, 2000

10.34(18)	Registration Rights Agreement with Arvimex dated January 23, 2004
10.35(13)	Development Agreement between TDSR and American Leisure Real Estate Group, Inc.
10.36(14)	Exclusive Sales and Marketing Agreement between TDSR and Xpress Ltd.
10.37(15)	Asset Purchase Agreement with Around The World Travel, Inc. for TraveLeaders
10.38(16)	Operating Agreement between American Leisure Hospitality Group, Inc. and Sonesta Orlando, Inc., dated January 29, 2005
10.39(17)	Second Re-Instatement and Second Amendment to Contract of Advantage Professional Management Group, Inc. to sell unimproved land in Davenport, Florida to Thirteen Davenport, LLC
10.40(17)	Purchase Agreement between Advantage Professional Management Group, Inc. and Paradise Development Group, Inc. to sell part of unimproved land in Davenport, Florida
10.41(17)	First Amendment to Purchase Agreement between Advantage Professional Management Group, Inc. and Paradise Development Group, Inc. to sell part of unimproved land in Davenport, Florida
10.42(17)	Assignment of Purchase Agreement, as amended, to Thirteen Davenport, LLC to sell part of unimproved land in Davenport, Florida
10.43(20)	Note and Mortgage Modification Agreement dated May 12, 2005, regarding a Promissory Note in the original amount of $985,000 dated January 31, 2000, issued by TDSR in favor of Raster Investments, Inc. and a Mortgage in favor of Raster Investments, Inc.
10.44(20)	First Amendment to Asset Purchase Agreement with Around The World Travel, Inc. for TraveLeaders dated March 31, 2005
10.45(21)	Management Agreement with Around The World Travel, Inc. dated January 1, 2005
10.46(21)	License Agreement with Around The World Travel, Inc. dated January 1, 2005

10.47(21)	Agreement with Shadmore Trust U/A/D dated April 1, 2004 to acquire common stock, preferred stock and indebtedness of AWT
10.48(21)	Promissory Note for $1,698,340 issued by the Registrant in favor of Shadmore Trust U/A/D and dated April 1, 2004
10.49(21)	Stock Purchase Agreement dated April 12, 2004 to acquire preferred stock of Around The World Travel, Inc.
10.50(21)	Additional $1.25M issued by the Registrant in favor of Stanford and dated November 15, 2004.
10.51(21)	Third Amendment to Credit Agreement with Stanford for $1,000,000 and Second Additional Stock Pledge Agreement dated December 13, 2004
10.52(21)	Second Renewal Promissory Note for $1,355,000 issued by the Registrant in favor of Stanford and dated December 13, 2004
10.53(21)	Agreement dated March 17, 2005, to Terminate Right of First Refusal Agreement and Amend Registration Rights Agreement with Stanford
10.54(22)	Warrant Agreement and Warrants to Malcolm J. Wright to purchase 100,000 shares at $1.02 per share
10.55(22)	Warrant Agreement and Warrants to L. William Chiles to purchase 100,000 shares at $1.02 per share
10.56(22)	Warrant Agreement and Warrants to T. Gene Prescott to purchase 100,000 shares at $1.02 per share
10.57(22)	Warrant Agreement and Warrants to Charles J. Fernandez to purchase 100,000 shares at $1.02 per share
10.58(22)	Warrant Agreement and Warrant to Steven Parker to purchase 200,000 shares at $1.02 per share
10.59(22)	Warrant Agreement and Warrants to Toni Pallatto to purchase 25,000 shares at $1.02 per share
10.60(21)	Employment Agreement, as amended, between L. William Chiles and Hickory Travel Systems, Inc.

10.61(21)	Employment Agreement between L. William Chiles and the Registrant
10.62(21)	First Amendment to $3 Million Credit Agreement
10.63(21)	Instrument of Warrant Repricing to purchase 100,000 shares at $0.001 per share
10.60(23)	Commitment Letter with KeyBank National Association for $96,000,000 for Phase I
10.61(23)	Commitment Letter with KeyBank National Association for $14,850,000 for Phase II
10.62(24)	Re-Stated Promissory Note for $6,356,740 issued in favor of Around The World Travel, Inc. dated June 30, 2005.
10.63(26)	Commitment Letter with KeyBank National Association for $96,000,000 for Phase I
10.63(27)	Commitment Letter with KeyBank National Association for $14,850,000 for Phase II
10.64(27)	Commitment Letter with KeyBank National Association for up to $72,550,000, with a maximum principal balance of $40,000,000 for Phase 1 dated December 1, 2005
10.65(27)	Commitment Letter with KeyBank National Association for up to $14,850,000 for Phase 2 dated December 1, 2005
10.66(28)	Construction Loan Agreement with KeyBank National Association for $40,000,000 for Phase 1 dated December 29, 2005
10.67(28)	Promissory Note with KeyBank National Association for $40,000,000
10.68(28)	Loan Agreement with KeyBank National Association for $14,850,000 for Phase 2 dated December 29, 2005
10.69(28)	Promissory Note with KeyBank National Association for $14,850,000
10.70(28)	Promissory Note for $4,000,000 issued by TDS Management, LLC in favor of PCL Construction Enterprises, Inc.

10.71(28)	Guaranty by the Registrant of the $4,000,000 Promissory Note to PCL Construction Enterprises, Inc.
10.72(28)	Guaranty of Malcolm J. Wright guaranteeing the $4,000,000 Promissory Note to PCL Construction Enterprises, Inc.
10.73(28)	Addendum to Construction Loan Agreement Condominium and Townhouse Project Development
10.74(28)	Payment Guaranty Phase 1
10.75(28)	Payment Guaranty Phase 2
10.76(28)	Amended Debt Guarantor Agreement
10.77(28)	Guaranty of Tierra Del Sol (Phase 1), Ltd. guaranteeing the $4,000,000 Promissory Note to PCL Construction Enterprises, Inc. (exhibit 10.7)
10.78(28)	Performance and Completion Guaranty
10.79(28)	Pledge and Security Agreement
10.80(29)	Option Exercise Agreement with Stanford Financial Group Company
10.81(29)	Assignment of Interest in Reedy Creek Acquisition Company, LLC
10.82(30)	Registration Rights Agreement with SIBL dated January 4, 2006
10.4(30)	Credit Agreement with SIBL
10.83(29)	$7,000,000 Promissory Note with Bankers Credit Corporation
10.7(29)	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement
10.84(29)	Renewed, Amended and Increased Promissory Note
10.85(30)	Stanford International Bank, Ltd. Warrant for 77,000 shares at $0.001 per share
10.86(30)	Stanford International Bank, Ltd. Warrant for 154,000 shares at $5.00 per share

10.87(29)	Irrevocable and Unconditional Guaranty
10.88(30)	Registration Rights Agreement with SIBL dated December 28, 2005
10.89(29)	SIBL $2.1 million note
10.90(30)	Partnership Interest Pledge and Security Agreement and Collateral Assignment (Phase 1)
10.91(30)	Partnership Interest Pledge and Security Agreement and Collateral Assignment (Phase 2)
10.92(30)	SIBL Warrant Agreement for 2% Phase 1 interest
10.93(30)	SIBL Warrant Agreement for 2% Phase 2 interest
10.94(29)	Stanford International Bank, Ltd. Warrant for 154,000 at $0.001 per share
10.95(29)	Stanford International Bank, Ltd. Warrant for 308,000 at $5.00 per share
10.96(31)	Original Purchase Agreement
10.97(32)	First Amendment to Asset Purchase Agreement
10.98(33)	Settlement Agreement effective as of December 31, 2005 by and among American Leisure Holdings, Inc., American Leisure Equities Corporation and Around The World Travel, Inc.
10.99(34)	Stock Purchase Agreement between Harborage Leasing Corporation and the Company
10.100(34)	$1,411,705 Promissory Note payable to Harborage Leasing Corporation
10.101(34)	Malcolm J. Wright Guaranty Agreement regarding $1,411,705 Promissory Note with Harborage Leasing Corporation
10.102(34)	Harborage Leasing Corporation warrant to purchase 300,000 shares of common stock at $5.00 per share
10.103(35)	Third Party Debt Guarantor Agreement
10.104(35)	Note Modification Agreement with SIBL

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10.105(35)	Stock Purchase Agreement with SIBL for the purchase of our Antigua call center operations
10.106(35)	Warrant Agreement with SIBL for the purchase of up to 355,000 shares of common stock at the exercise price of $10.00 per share
10.107(36)	Purchase Agreement between Scott Roix, American Leisure Holdings, Inc. and Stanford International Bank Limited
10.108(36)	Warrant Agreement for the Purchase of 235,000 shares of common stock at an exercise price of $20.00 per share granted to Stanford International Bank Limited
10.109(37)(ii)	Credit Agreement - $4,300,000 credit facility
10.110(37)	Second Renewed, Amended and Increased Promissory Note issued by Reedy Creek Development Company, LLC
10.111(37)	Second Mortgage Modification Agreement and Future Advance Certificate
10.112(37)	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement (November 2006)
10.113(37)(ii)	Amendment No. 1 to $4.3 Million Credit Agreement
10.114(37)	Third Renewed, Amended and Increased Promissory Note issued by Reedy Creek Development Company, LLC
10.115(37)	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement (December 2006)
10.116(37)	Third Mortgage Modification Agreement and Future Advance Certificate
10.117(37)(iii)	Credit Agreement - $6,200,000 credit facility
10.118(37)(iii)	Amendment No. 1 to $6.2 Million Credit Agreement
10.119(37)	Purchase Agreement (South Beach Resorts, LLC)
10.120(37)	Assignment of Interests in South Beach Resorts, LLC
10.121(37)	Promissory Note payable to Roger Maddock

10.122(37)	Guaranty Agreement in connection with Maddock Promissory Note
10.123(37)(ii)	Warrant and Participation Agreement
10.124(37)(iv)	Form of Warrant
10.125(37)	Promissory Note (South Beach Resorts, LLC)
10.126*	Amendment No.1 to $13,420,000 Renewed, Amended and Increased Promissory Note with (Reedy Creek Note)
10.127*	Amended and Restated Promissory Note (Bankers Credit - $7,860,000)
10.128*	Note Modification Agreement with SIBL (December 2006)
10.129*	Amendment to Stock Purchase Agreement (Harborage)
10.130*	Forbearance Agreement (LaSalle Bank/South Beach Resorts, LLC)
10.131*	Amendment No. 2 to $4.3 Million Credit Agreement
10.132*	Fourth Renewed, Amended and Increased Promissory Note issued by Reedy Creek Development Company, LLC
10.133*	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement (January 2007)
10.134*	Fourth Mortgage Modification Agreement and Future Advance Certificate
10.135*	Amendment No. 2 to $6.2 Million Credit Agreement
10.136*	Malcolm J. Wright - Guaranty Agreement of $7,000,000 Bankers Credit Note
10.137*	March 2007 - $10,000,000 Credit Agreement with Stanford International Bank, Ltd.
10.138*	March 2007 - $10,000,000 Promissory Note payable to Stanford International Bank, Ltd.
10.139*	March 2007, Mortgage and Security Agreement with Stanford International Bank, Ltd.

10.140*	Mortgage and Security Agreement
10.141(38)	Michael D. Crosbie Employment Agreement

21.1*	List of Subsidiaries
31.1*	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1*	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1(6)	Personal Guarantee by Malcolm J. Wright guaranteeing the $6,000,000 Line of Credit
99.2(25)	Press Release issued September 6, 2005, announcing Frederick W. Pauzar as Chief Operating Officer and a Director

* Filed herein.

(1) Filed as Exhibit 2.1 to the Registrant's Form 8-K on June 28, 2002, and incorporated herein by reference.

(2) Filed as Exhibit 3.1 to the Registrant's Form SB-1 on October 20, 2000, and incorporated herein by reference.

(3) Filed as Exhibits 3.1, 3.2, 3.3, 3.4 10.2, and 16.1, respectively, to the Registrant's Form 10-QSB on August 19, 2002, and incorporated herein by reference.

(4) Filed as Exhibit 16.1 to the Registrant's Form 8-K on May 23, 2003, and incorporated herein by reference.

(5) Filed as Exhibits 99.2, 99.1, 99.3, 99.5, 99.6, 99.7, 99.8, 99.9, 99.10 and 99.11, respectively, to the Registrant's Form 10-KSB on May 23, 2003, and incorporated herein by reference.

(6) Filed as Exhibits 99.1, 99.2, 99.3, 99.4, 99.7, 99.8, 99.9, 99.10, 99.11 and 99.5, respectively, to the Registrant's Form 8-K on April 1, 2004, and incorporated herein by reference.

(7) Filed as Exhibits 99.11, 99.12 and 99.13, respectively, to the Registrant's Form 10-QSB on May 25, 2004, and incorporated herein by reference.

(8) Filed as Exhibits 99.1 and 99.2, respectively, to the Registrant's Form 8-K on April 6, 2004, and incorporated herein by reference.

(9) Filed as Exhibits 3.1, 10.1, 10.2, 10.3, 10.4, 10.5 and 99.2, respectively, to the Registrant's Forms 8-K/A filed on August 6, 2004, and incorporated herein by reference.

(10) Filed as Exhibits 3.1, 10.1, 10.2, 10.3, 10.4, 10.5 and 99.2, respectively, to the Registrant's Forms 8-K/A filed on August 6, 2004, and incorporated herein by reference.

(11) Filed as Exhibits 16.2, 16.3, 16.4 and 16.5, respectively, to the Registrant's Forms 8-K/A filed on August 18, 2004, and incorporated herein by reference.

(12) Filed as Exhibit 16.1 to the Registrant's Form 8-K on August 18, 2004, and incorporated herein by reference.

(13) Filed as Exhibit 10.6 to the Registrant's Form 10-QSB on August 20, 2004, and incorporated herein by reference.

(14) Filed as Exhibit 10.6 to the Registrant's Form 10-QSB/A on December 8, 2004, and incorporated herein by reference.

(15) Filed as Exhibit 10.1 to the Registrant's Form 8-K on January 6, 2005, and incorporated herein by reference.

(16) Filed as Exhibit 10.1 to the Registrant's Form 8-K on February 2, 2005, and incorporated herein by reference.

(17) Filed as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively, to the Registrant's Form 8-K on March 14, 2005, and incorporated herein by reference.

(18) Filed as Exhibits 4.6, 10.29, 10.30, 10.31, 10.32, 10.33, and 10.34, respectively, to the Registrant's Form 10-KSB on March 31, 2005, and incorporated herein by reference.

(19) Filed as Exhibit 16.2 to the Registrant's Form 8-K on March 28, 2005, and incorporated herein by reference.

(20) Filed as Exhibits 4.5, 10.43 and 10.44, respectively to the Registrant's Form 10-QSB on May 23, 2005, and incorporated herein by reference.

(21) Filed as Exhibits 10.45, 10.46, 10.47, 10.48, 10.49, 10.50, 10.51, 10.52, 10.53, 10.60, 10.61, 10.62, 10.63 and 23.1, respectively, to the Registrant's Form SB-2 on June 30, 2005, and incorporated herein by reference.

(22) Filed as Exhibits 10.54, 10.55, 10.56, 10.57, 10.58 and 10.59, respectively, to the Registrant's Form SB-2/A on July 7, 2005, an incorporated herein by reference.

(23) Filed as Exhibit 10.1 and 10.2, respectively to the Registrant's Form 8-K on August 18, 2005, and incorporated herein by reference.

(24) Filed as Exhibit 10.5 to the Registrant's Form 8-K on August 19, 2005, and incorporated herein by reference.

(25) Filed as Exhibit 99.1 to the Registrant's Form 8-K on September 6, 2005, and incorporated herein by reference.

(26) Filed as Exhibits to our Report on Form 8-K filed with the Commission on August 18, 2005, and incorporated herein by reference.

(27) Filed as Exhibits to our Report on Form 8-K filed with the Commission on December 15, 2005 and incorporated herein by reference.

(28) Filed as Exhibits to the Registrant's report on form 8-K on January 12, 2006 and incorporated by reference herein.

(29) Filed as Exhibits to the Registrant's report on Form 8-K filed on January 19, 2006 and incorporated herein by reference.

(30) Filed as Exhibits to the Company's report on Form 8-K, which was filed with the SEC on March 28, 2006.

(31) Filed as Exhibit 10.1 to the Company's report on Form 8-K, which was filed with the SEC on January 6, 2005, and is incorporated herein by reference.

(32) Filed as Exhibit 10.44 to the Company's report on Form 10-QSB for the quarter ended March 31, 2005, which was filed with the SEC on May 23, 2005, and is incorporated herein by reference.

(33) Filed as Exhibit 10.3 to the Company's report on Form 8-K, which was filed with the SEC on March 2, 2006, and is incorporated herein by reference.

(34) Filed as Exhibits to the Company's Report on Form 8-K, which was filed with the SEC on March 29, 2006, and is incorporated herein by reference.

(35) Filed as Exhibits to the Company's Report on Form 10-QSB, which was filed with the SEC on August 21, 2006, and is incorporated herein by reference.

(36) Filed as exhibits to the Company’s Quarterly Report on Form 10-QSB filed with the Commission on November 20, 2006, and incorporated herein by reference.

(37) Filed as Exhibits to the Company’s Form 8-K filed with the Commission on January 16, 2007, and incorporated herein by reference.

(38) Filed as an Exhibit to the Company's Quarterly Report on Form 10-QSB filed with the Commission on May 22, 2006, and incorporated herein by reference.

(i) In addition to Stanford International Bank, Ltd. ("SIBL"), four individuals were granted warrants in connection with the Option Agreement. Those four individuals, Ronald Stein, Osvaldo Pi, Daniel Bogar and William Fusselman were each granted warrants to purchase 19,250 shares of the Company's common stock at $0.001 per share, and warrants to purchase 38,500 shares of the Company's common stock at $5.00 per share, which warrants are identical to the SIBL warrants attached hereto as Exhibits 10.9 and 10.10, respectively, other than the number of shares which those warrants are exercisable for.

(ii) While we believe these documents to be final and in effect, and we have received the entire amount of the funds required to be loaned pursuant to each of these agreements, we been unable to obtain the signatures of SIBL on such documents.

(iii) While we believe these documents to be final and in effect, as of the filing of this report, we have been unable to obtain the signatures of Stanford on such documents.

(iv) We granted Stanford International Bank Limited ("SIBL") and six of its assigns, including Daniel T. Bogar ("Bogar"), William R. Fusselmann ("Fusselmann"), Osvaldo Pi ("Pi"), Ronald M. Stein ("Stein"), Charles M. Weiser ("Weiser") and Tal Kimmel ("Kimmel") warrants to purchase up to a 25% participation interest in the net proceeds (defined as the proceeds realized upon the disposition or refinancing of the Property, less our cost basis, excluding any operating losses or profits) realized by us upon the disposition of the real property located at 740 Ocean Drive, Miami Beach, Florida, known as the Boulevard Hotel (the "Property"). The warrants are identical other than as to the party the warrant was granted to and the participation interest in the Net Proceeds granted. As such, we have only attached a form of warrant. Each warrant has an aggregate exercise price of $1.00, and the participation interests in the Net Proceeds granted to each grantee is as follows: SIBL 12.5%, Bogar 2.891%, Fusselmann 2.891%, Pi 2.891%, Stein 2.891%, Weiser 0.468%, and Kimmel 0.468%.

Reports on Form 8-K:

We file no reports on Form 8-K during the three months ended December 31, 2006.

We filed one report on Form 8-K subsequent to the period ended December 31, 2006:

o On January 16, 2007, to report our entries into the RC Credit Agreement, Amended RC Credit Agreement, the TDSR Credit Agreement, the Amended TDSR Credit
Agreement, and related transactions, as well as our purchase of South Beach Resorts, LLC.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

The audit and audit related fees billed for audit and review of the Company's annual and quarterly financial statements were $71,112 and $83,257 for the fiscal years ended December 31, 2006 and December 31, 2005, respectively.

Audit Related Fees

The Company did not pay any additional fees for the years ended December 31, 2006 and 2005 for assurance and related services reasonably related to the performance of the audit or review of the Company's financials statements.

Tax Fees

The Company paid $15,000 and $41,990, in fees for the years ended December 31, 2006 and 2005, respectively, for professional services rendered for tax compliance, tax advice and tax planning.

All Other Fees

The Company's principal independent accountants did not bill the Company for any services other than the foregoing for the fiscal years ended December 31, 2006 and December 31, 2005.

SIGNATURES

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

AMERICAN LEISURE HOLDINGS, INC.

By: /s/ Malcolm J. Wright
Name: Malcolm J. Wright
Title: Chief Executive Officer
and Chairman of the Board of Directors

By: /s/ Omar Jimenez
Name: Omar Jimenez
Chief Financial Officer
(Principal Accounting Officer)

Date: April 17, 2007

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Malcolm J. Wright Malcolm J. Wright	Chief Executive Officer and Chairman of the Board of Directors	April 17, 2007
/s/ Omar Jimenez Omar Jimenez	Chief Financial Officer (Principal Accounting Officer)	April 17, 2007
/s/ Frederick Pauzar Frederick Pauzar	President, Chief Operating Officer, and Director	April 17, 2007
/s/ Michael Crosbie Michael Crosbie	General Counsel, Executive Vice President, and Secretary	April 17, 2007
/s/ James Leaderer James Leaderer	Director	April 17, 2007