UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2007

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

For the transition period from __________ to ____________

Commission file number 333-48312

AMERICAN LEISURE HOLDINGS, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	**75-2877111**
(State of organization)	(I.R.S. Employer Identification No.)

2460 Sand Lake Road, Orlando, FL 32809
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: **(407) 251-2240**

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [ ].

As of November 1, 2007, 10,877,974 shares of Common Stock of the issuer were outstanding ("Common Stock").

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X].

Traditional Small Business Disclosure Format (Check One): Yes [ ] No [X].

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
As of September 30, 2007 and December 31, 2006

	September 30, 2007 Unaudited	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash	$ 6,307,814	$ 1,110,000
Cash - restricted	-	1,030,921
Accounts receivable, net	1,742,781	3,148,730
Other receivable	322,338	217,233
Prepaid expenses and other	2,453,412	1,775,614
Total Current Assets	10,826,345	7,282,498
PROPERTY AND EQUIPMENT, NET	8,488,559	9,170,540
LAND HELD FOR DEVELOPMENT	131,120,084	71,930,263
OTHER ASSETS		
Cash - restricted	7,230,436	10,364,681
Prepaid sales commissions	11,085,641	9,804,036
Prepaid sales commissions - affiliated entity	3,803,655	3,443,851
Goodwill	4,559,134	4,559,134
Trademark, net	931,250	950,000
Other	516,750	2,638,475
Total Other Assets	28,126,866	31,760,177
TOTAL ASSETS	$ 178,561,854	$ 120,143,478
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and notes payable	$ 22,334,192	$ 35,681,931
Current maturities of notes payable-related parties	599,629	7,480,395
Accounts payable and accrued expenses	6,182,103	4,518,175
Accrued expenses - officers	833,729	2,795,000
Other	6,626,051	6,156,256
Total Current Liabilities	36,575,704	56,631,757
Notes payable - related parties	85,780,664	3,353,252
Long-term debt and notes payable	27,310,606	21,583,106
Put liability	985,000	985,000
Deposits on unit pre-sales	33,309,250	37,465,685
Total liabilities	183,961,224	120,018,800
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 September 30, 2007 and December 31, 2006	10,000	10,000
Preferred stock; 100,000 shares authorized; $.01 par value; 2,825 Series "B" shares issued and outstanding at September 30, 2007 and December 31, 2006	28	28
Preferred stock, 28,000 shares authorized; $.01 par value 27,189 Series "C" shares issued and outstanding at September 30, 2007 and December 31, 2006	272	272
Preferred stock; 50,000 shares authorized; $.001 par value; 36,588 Series "E" shares issued and outstanding at September 30, 2007 32,249 Series "E" shares issued and outstanding at December 31, 2006	36	32
Preferred stock; 150,000 shares authorized; $.01 par value; 0 and 0 Series "F" shares issued and outstanding at September 30, 2007 and December 31, 2006	-	-
Common stock, $.001 par value; 100,000,000 shares authorized; 10,877,974 shares issued and outstanding at September 30, 2007 and 10,877,974 shares issued and outstanding at December 31, 2006	10,878	10,878
Additional paid-in capital	22,756,918	21,710,830
Accumulated deficit	(28,177,502)	(21,607,362)
Total Stockholders' Equity	(5,399,370)	124,678
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 178,561,854	$ 120,143,478

See accompanying notes to financial statements.

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AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
Three and Nine Months Ended September 30, 2007 and 2006

	Nine Months Ended September 30, 2007 Unaudited	Nine Months Ended September 30, 2006 Unaudited (Restated)	Three Months Ended September 30, 2007 Unaudited	Three Months Ended September 30, 2006 Unaudited (Restated)
Revenue				
Service Revenues	$ 18,530,967	$ 18,512,336	$ 5,753,321	$ 5,811,209
Undeveloped Land Sales	-	13,129,246	-	-
Total Revenue	18,530,967	31,641,582	5,753,321	5,811,209
Cost of Service Revenues	(17,552,629)	(17,811,249)	(5,402,896)	(5,421,427)
Cost of Undeveloped Land Sales	-	(9,796,634)	-	-
Total Costs	(17,552,629)	(27,607,883)	(5,402,896)	(5,421,427)
Gross Margin	978,338	4,033,699	350,425	389,782
Operating Expenses:				
Depreciation and amortization	(699,984)	(552,375)	(233,337)	(190,640)
General and administrative expenses	(3,271,799)	(2,476,338)	(1,450,624)	(787,576)
Total Operating Expenses	(3,971,783)	(3,028,713)	(1,683,961)	(978,216)
Income (Loss) from Operations	(2,993,445)	1,004,986	(1,333,536)	(588,434)
Interest Income	290,340	221,189	111,832	51,996
Other Income	253,434	-	56,091	-
Interest Expense	(4,115,570)	(3,353,932)	(2,108,958)	(836,548)
Loss from continuing operations before income taxes	(6,565,241)	(2,127,757)	(3,274,571)	(1,372,986)
PROVISIONS FOR INCOME TAXES	(4,899)	(1,876)	-	(477)
Loss from continuing operations	(6,570,140)	(2,129,633)	(3,274,571)	(1,373,463)
Gain (loss) from discontinued operations	-	2,744,938	-	-
NET INCOME (LOSS)	$ (6,570,140)	$ 615,305	$ (3,274,571)	$ (1,373,463)

NET INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS:				
BASIC AND DILUTED	$ (0.71)	$ (0.29)	$ (0.34)	$ (0.16)
NET INCOME (LOSS) PER SHARE FROM DISCONTINUED OPERATIONS:				
BASIC AND DILUTED	$ -	$ 0.25	$ -	$ -
WEIGHTED AVERAGE SHARES OUTSTANDING				
BASIC AND DILUTED	10,877,974	10,673,562	10,877,974	10,756,600

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 2007 and 2006

	Nine Months Ended September 30, 2007 Unaudited	Nine Months Ended September 30, 2006 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (6,570,140)	$ 615,305
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	948,557	1,125,011
Non-cash interest expense	1,381,843	2,102,276
Non-cash warrant compensation	1,046,092	110,253
Gain on sale of subsidiary	-	(2,988,082)
Changes in assets and liabilities:		
Increase (decrease) in restricted cash	3,134,245	-
Increase (decrease) in accounts receivable and other receivables	1,405,949	(255,927)
Decrease (increase) in prepaid expenses and other	(36,771)	(496,193)
Increase in prepaid sales commissions	(1,641,409)	(1,493,536)
Increase (decrease) in shareholder advances and notes payable	-	504,319
Decrease (increase) in deposits on unit pre-sales	(4,156,435)	(941,998)
Increase in customer deposits	-	1,260,437
Increase in accounts payable and accrued expenses	3,028,473	4,555,393
Net cash provided (used) by operating activities	(1,459,596)	4,097,258
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	(254,076)	(319,577)
Proceeds from property sold	-	13,129,246
Increase in restricted cash	1,030,921	843,832
Increase in land held for development	(59,189,821)	(23,273,287)
Net cash used in investing activities	(58,412,976)	(9,619,786)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of debt	(18,249,746)	(2,251,281)
Payment of debt - related party	(10,147,344)	-
Proceeds from notes payable	58,929,507	8,942,017
Proceeds from notes payable - related party	34,537,969	-
Proceeds from exercise of warrants	-	308
Net cash provided by financing activities	65,070,386	6,691,044
Net increase in cash	5,197,814	1,168,516
CASH AT BEGINNING PERIOD	1,110,000	225,055
CASH AT END OF PERIOD	$ 6,307,814	$ 1,393,571

SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ -	$ 489,482
Cash paid for income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON CASH TRANSACTION:		
Purchase of land held for development for notes payable	$ -	$ 15,000,000
Purchase of promissory note for equity	$ -	$ 750,000
Accrued interest payable assumed by Parent	$ 2,856,021	$ -
Long-term debt and notes payable assumed by Parent	$ 42,300,000	$ -
Related party debt assumed by Parent	$ 3,590,811	$ -
Long-term debt reclassed to related party debt	$ 6,000,000	$ -

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
September 30, 2007
(Unaudited)

NOTE A - PRESENTATION
The balance sheets of the Company as of September 30, 2007 and December 31, 2006, the related consolidated statements of operations for the three and nine months ended September 30, 2007 and 2006, and the consolidated statements of cash flows for the nine months ended September 30, 2007 and 2006, (the financial statements), include all adjustments (consisting of normal, recurring adjustments) necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the three and nine months ended September 30, 2007 are not necessarily indicative of the results of operations for the full year or any other interim period. The information included in this Form 10-QSB should be read in conjunction with Management's Discussion and Analysis and restated Financial Statements and notes thereto included in the Company's December 31, 2006, Form 10-KSB, the Company's June 30, 2007 Form 10-QSB, the Company's March 31, 2007 Form 10-QSB and the Company's Forms 8K and 8-K/A filings.

The comparative information presented in the statements of operations for the three and nine months ended September 30, 2006, and the statement of cash flow for the nine months ended September 30, 2006 were previously restated by the Company. The restatements did not impact the net income or equity of the Company for these periods, and are more fully described in the Company's amended filings.

NOTE B - REVENUE RECOGNITION
American Leisure recognizes revenues on the accrual method of accounting. For the sales of units on the Orlando property and other property sales, revenues will be recognized upon the Orlando property and other property sales, upon the close of escrow for the sales of its real estate.

Revenues from travel, call center and other segments are recognized as earned, which is primarily at the time of delivery of the related service, publication or promotional material. Costs associated with the current period are expensed as incurred; those costs associated with future periods are deferred.

Costs associated with the acquisition and development, architectural and engineering costs of vacation resorts, including carrying costs such as interest and taxes, are capitalized as land held for development and will be allocated to cost of real estate sold as the respective revenues are recognized.

NOTE C - CHANGES IN CONTROL OF REGISTRANT
On August 13, 2007, American Leisure Group, Ltd., a company incorporated in the British Virgin Islands (“ALG”) began trading on the AIM market operated by the London Stock Exchange in London, England (the “Admission”).

The Admission triggered the effectiveness of certain Share Exchange and Share Purchase Agreements and certain Preferred Share Purchase Agreements relating to shares of common and preferred stock of American Leisure Holdings, Inc. (“we,” “us,” and the “Company’). In total, thirty-eight (38) of our shareholders exchanged an aggregate of 7,770,717 shares of our common stock and 2,331,016 warrants to purchase shares of our common stock for 4,871,509 shares of ALG stock. Included in those shareholders exchanging shares of their common stock and warrants for shares in ALG were the following related parties:

	Common Stock Shares Exchanged	Common Stock Purchase Warrants Exchanged (1)	Shares of ALG Received in Exchange
Roger Maddock (2)	345,348		188,686
Malcolm J. Wright (3)	845,733		462,079
William Chiles (4)	850,000	606,016	626,652
Xpress Ltd. (5)	719,942		393,351
Frederick Pauzar (6)	1,000	100,000	27,319
Omar Jimenez (7)		100,000	26,772
Jason Williams (8)		100,000	26,772
Jeff Scott (9)		100,000	26,772
Michael Crosbie (10)		100,000	26,772
Resorts Funding Group (11)		350,000	93,702
Stanford International Bank and affiliates (12)	1,591,000	350,000	962,968
Daniel Bogar	275,500		150,524
Ronald Stein	275,500		150,524
Osvaldo Pi Trust	275,500		150,524
William Fusselmann	275,500		150,524
James Blanchard	256,041		139,892

(1) Unless otherwise indicated, all warrants exchanged had an exercise price of $1.02 per share.
(2) Mr. Maddock was a significant shareholder of the Company prior to the Admission and the subsequent effect of the share exchange agreements and preferred stock purchase agreements described below.
(3) Mr. Wright is the Chief Executive Officer and Chairman of the Board of Directors of the Company.
(4) Mr. Chiles is a Director of the Company.
(5) Mr. Wright, our Chief Executive Officer serves as President of Xpress Ltd.
(6) Mr. Pauzar is the President and a Director of the Company.
(7) Mr. Jimenez is the Chief Financial Officer of the Company.
(8) Mr. Williams is our Associate General Counsel.
(9) Mr. Scott is the President of Hickory Travel Systems, Inc., our majority owned subsidiary.
(10) Mr. Crosbie is our General Counsel, Executive Vice President and Secretary.

(11) Resorts Funding Group's managing partner is Mr. Wright, our Chief Executive Officer.
(12) Stanford International Bank was a significant shareholder of the Company prior to the Admission and the subsequent effect of the share exchange agreements and preferred stock purchase agreements described below, and is also a significant creditor of the Company.

The Admission also triggered the consummation of certain Preferred Share Purchase Agreements with twenty-one (21) of our preferred stock shareholders, pursuant to which such shareholders sold an aggregate of 525,000 shares of our Series A Preferred Stock, 27,191 shares of our Series C Preferred Stock and 33,340 shares of our Series E Preferred Stock to ALG for aggregate consideration of $11,303,100 or $10 per Series A Preferred Stock share, $100 per Series C Preferred Stock share, and $100 per Series E Preferred stock share. Included in the shareholders who entered into Preferred Share Purchase Agreements with ALG and sold shares of preferred stock to ALG, were the following related parties:

Shareholder	Cash Consideration Received	Series A Preferred Stock Shares Exchanged	Series C Preferred Stock Shares Exchanged
Stanford International Bank (1)	$ 2,385,000	-	23,850
Malcolm J. Wright (2)	$ 550,000	55,000	-
Roger Maddock (3)	$ 300,000	30,000	-
Xpress, Ltd. (4)	$ 3,350,000	335,000	-

(1) Stanford International Bank was a significant shareholder of the Company prior to the Admission and the subsequent effect of the share exchange agreements and preferred stock purchase agreements described herein, and is also a significant creditor of the Company.
(2) Mr. Wright is the Chief Executive Officer and Chairman of the Board of Directors of the Company.
(3) Mr. Maddock was a significant shareholder of the Company prior to the Admission and the subsequent effect of the share exchange agreements and preferred stock purchase agreements described herein.
(4) Mr. Wright, our Chief Executive Officer serves as President of Xpress Ltd.

Additionally, our Chief Executive Officer and Director, Malcolm J. Wright, entered into an Agreement to Cancel Warrants for the Purchase of The Common Stock of American Leisure Holdings, Inc. (the “Warrant Cancellation Agreement”), pursuant to which, Mr. Wright agreed to cancel an aggregate of 5,876,730 warrants to purchase shares of our common stock, which had an exercise price of $1.02 per share, which he held for aggregate consideration of $5,759,195 or ($0.98 per warrant). The consideration for the cancellation is to be paid within thirty (30) days following the Admission, by Hambling Group Limited which is owned by trusts for the benefit of the families of Messrs. Wright and Maddock .

Finally, in connection with the Admission, Connolly Invest Corp. (“Connolly”), which is beneficially owned by Mr. Maddock, entered into a Share Purchase Agreement with Mr. Wright, Mr. Maddock, Polo Settlement Trust and Solleric Settlement Trust, which Trusts are beneficially owned by Mr. Wright and Mr. Maddock (collectively the “Trusts”), and ALG, pursuant to which Connolly sold ALG 100% of the outstanding stock of Arvimex Inc. (“Arvimex”), which beneficially owns 475,000 shares of our Series A Preferred Stock, 2,011,268 shares of our common stock, an outstanding loan owed to it by South Beach Resorts LLC, our wholly owned subsidiary, in the amount of $3,590,811 (not including accrued interest) and a debt of $1,363,571 (plus accrued interest) owed to it by us (collectively the “Arvimex Loans”), plus 270,000 warrants to purchase shares of our common stock (the “Arvimex Assets”). The purchase price of the Arvimex Shares was $100,000 in cash and the repayment of $12,116,296 owed by Arvimex to the Trusts.

As a result of the Share Exchange Agreements and the Warrant Cancellation Agreement, ALG currently holds, directly or indirectly, more than 95% of our common and preferred stock on a fully diluted basis, and is our majority shareholder.

NOTE D – 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 September 30, 2007, Xpress, Ltd., a related party, 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 $222 million. In connection with the sales, the Company has received deposits totaling approximately $33,309,000 and has prepaid sales commissions and advances to various brokers and agents of approximately $11,270,000 and has prepaid sales commissions of approximately $3,332,414 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.

The Boulevard Hotel property located in Miami Beach, Florida is undergoing remodeling and refurbishing to convert the property into a timeshare facility. As of September 30, 2007, $4,646,099 has been incurred in the remodeling and refurbishment and, as of December 31, 2006, $3,405,418 has been incurred.

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.

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.

NOTE E - PROPERTY AND EQUIPMENT, NET

As of September 30, 2007, property and equipment consisted of the following:

	Useful Lives (years)	Amount
Equipment	3-5	$ 4,452,457
Furniture & fixtures	5-7	1,492,579
Building	40	7,990,481
Subtotal		13,935,517
Less: accumulated depreciation and amortization		5,446,958
Property and equipment, net		$ 8,488,559

Depreciation expense for the nine-month and three-month period ended September 30, 2007 amounts to $936,057 and $316,209 respectively of which $236,073 and $82,872 have been included as Cost of Operating Revenues for a net depreciation expense for the nine-month and three-month period ended September 30, 2007 of $699,984 and $233,337, respectively.

NOTE F - NOTES PAYABLE

On April 20, 2007, certain of our wholly owned subsidiaries which are engaged in the construction and development of the Sonesta Resort, including Costa Blanca Real Estate II, LLC, Costa Blanca III Real Estate, LLC, TDS Town Homes (Phase 1), LLC, and TDS Town Homes (Phase 2), LLC, entered into a Loan and Security Agreement with Kennedy Funding, Inc. as agent for certain lenders. Pursuant to the Loan Agreement, Kennedy agreed to make a loan to the Borrowers of up to $24,900,000

On June 26, 2007, Costa Blanca I Real Estate, LLC, a wholly owned subsidiary of our wholly owned subsidiary, Tierra Del Sol Resort (Phase 1), Ltd., entered into a Loan and Security Agreement and related agreements with Kennedy, whereby Kennedy agreed to loan Costa Blanca $4,450,000.

On or around June 29, 2007, TDS Amenities, Inc. and TDS Town Homes (Phase 2), LLC (collectively “TDS”), two of our wholly owned subsidiaries issued Central Florida Ventures, L.L.C. a Promissory Note in the amount of $4,000,000 in connection with a $4,000,000 loan made to TDS. On July 2, 2007 an additional $1,000,000 was advanced. The Central Florida Note is due and payable on June 29, 2008, and any amount outstanding on the Central Florida Note bears interest at the rate of thirteen percent (13%) per annum, compounded monthly until paid in full on the maturity date. $2,300,000 of the loan was repaid (plus accrued interest of $518,246) on August 15, 2007 while on August 13, 2007, $2,700,000 of this loan was taken over by ALG as a 12% interest loan.

NOTE G - NOTES PAYABLE - RELATED PARTIES

The current maturities of notes payable - related parties is as follows:

Officers of Hickory Travel Services	$ 399,629
Shareholders of Hickory Travel Services	180,000
Others	20,000
Notes payable - related parties	$ 599,629

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The current portion of notes payable includes amounts owed to the officers of Hickory Travel Systems, Inc., a subsidiary of the Company in the amount of $399,629; $133,629 of such amount is owed to L. William Chiles, a Director of the Company.

Included in long-term debt and notes payable are obligations to the following related parties:

American Leisure Group Limited	$ 79,313,787
Stanford Venture Capital Holdings, Inc.	6,000,000
Officers of Hickory Travel Services	466,877
Related party debt and notes	$ 85,780,664

The long-term debt and notes payable includes amounts owed to the officers of Hickory Travel Systems, Inc., a subsidiary of the Company in the amount of $466,877, $81,877 of such amount is owed to L. William Chiles, a Director of the Company.

As discussed in Note C above, on August 13, 2007 ALG acquired more than 95% of our common and preferred stock on a fully diluted basis, and is our majority shareholder. As part of the transaction, ALG is now the maker on $79.3 million of loans that are classified as related parties debt. The Loans are summarized as follows:

Debtor Entity	Date of Loan	Interest Rate	Loan Amount
AMLH	08/13/2007	12%	$ 4,987,236
RC	08/13/2007	12%	16,428,322
TDS	08/13/2007	12%	25,114,395
ALI	08/13/2007	12%	28,906,955
SBR	08/13/2007	12%	3,876,879
			$ 79,313,787

It is anticipated that the amount assumed by ALG (including the principal amount of the SIBL Credit Agreement and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the SIBL Credit Agreement, but with an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

Non-CashTransactions

The balance owed by the Company to ALG as of September 30, 2007 includes assumption of Company debt by ALG totaling $45,890,811, as follows: $29,600,000 owed to Stanford International Bank, Ltd., $10,000,000 owed to Resorts Funding Group, LLC, $2,700,000 owed to Central Florida Ventures, LLC, and $3,590,811 owed to South Beach Resorts, LLC. Additionally, ALG assumed $2,856,021 of accrued interest relating to the above-referenced instruments.

Pursuant to the share exchange agreement, Stanford International Bank, Ltd. became a related party and, accordingly, the $6,000,000 owed to them by the Company at September 30, 2007 was reclassified to notes payable -- related parties.

NOTE H - RELATED PARTY TRANSACTIONS

The Company accrues salaries payable to Malcolm Wright in the amount of $800,000 per year with interest at 12%. In June 2006, Malcolm Wright was paid $1,540,500 of the accrued salaries that consisted of accrued salaries of $1,275,000 and accrued interest of $265,500. On September 29, 2007, $2,309,783 of accrued salaries and $606,750 of accrued interest on those salaries were paid to Mr. Wright leaving a balance due to Mr. Wright of $402,889, after adjustments, which is accrued salaries of $374,889 and accrued interest of $28,000. Additionally included in accrued expenses-officers as of September 30, 2007, was $430,840 owed to L. William Chiles, the Chief Executive Officer of Hickory and our Director, which included $361,957 of unpaid salary accrued to Mr. Chiles and $68,883 of accrued interest on such unpaid salary.

The Company accrued director fees to each of its four (4) directors in an amount of $18,000 per year for their services as directors of the Company. No payments of director fees were paid during the current quarter and the balance of accrued director fees as of the end of the quarter covered by this report amounts to $314,500.

Malcolm Wright is the majority shareholder of American Leisure Real Estate Group, Inc. ("ALRG"). On November 3, 2003, Tierra Del Sol Resort ("TDSR") entered into an exclusive Development Agreement with ALRG to provide development services for the development of the Tierra Del Sol Resort. Pursuant to the 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 period from inception through September 30, 2007, the total costs plus fees amounted to $80,445,137.

A trust for the natural heirs of Malcolm Wright is the majority shareholders of Xpress Ltd. ("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 payable in two installments: one-half of the fee is paid when the rescission period has elapsed in a unit sales agreement and one-half is paid upon the conveyance of the unit. The agreement also provides for a marketing fee of 1.5% of the total sales prices received by TDSR. The marketing fee is paid when the first segment of the sales fee is paid. During the period since the contract was entered into and ended September 30, 2007, the total sales amounted to approximately $222,160,927. As a result of the sales, TDSR was obligated to pay Xpress a fee of $6,664,828, consisting of one-half of the sales fee and the full amount of the marketing fee. As of September 30, 2007, $6,830,979 has been paid to Xpress. Based on the sales contracts as of September 30, 2007, TDSR will be obligated to pay Xpress $3,332,414, the other half of the sales fee, upon the conveyance of the units.

Effective September 30, 2006, we sold our subsidiary Caribbean Leisure Marketing Ltd. ("CLM"), CLM owns a 49% interest in Caribbean Media Group, Inc. (call center operations), to Stanford International Bank, Ltd. ("SIBL") in exchange for cancellation of promissory notes in the amounts of $1,250,000 and $2,100,000 and $2,313,175 of fees and accrued interest. The sale resulted in a gain of $2,988,082. We also issued 355,000 warrants at an exercise price of $10.00 expiring on April 30, 2008. This was recorded as discontinued operations.

As explained in Note C above, on August 13, 2007, American Leisure Group, Ltd., a company incorporated in the British Virgin Islands (“ALG”) began trading on the AIM market operated by the London Stock Exchange in London, England (the “Admission”).   The Admission triggered the effectiveness of certain Share Exchange and Share Purchase Agreements and certain Preferred Share Purchase Agreements relating to shares of common and preferred stock of American Leisure Holdings, Inc. (“we,” “us,” and the “Company’). Expenses related to the Admission amounted to $1,918,881 and are included in Prepaid expenses and other as Due from American Leisure Group Limited.

NOTE I - NET INCOME (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 income (loss) per share as follows:

Description	Nine months ended 9/30/2007	Nine months ended 9/30/2006	Three months ended 9/30/2007	Three months ended 9/30/2006
NET INCOME (LOSS) (as reported)	$ (6,570,140)	$ 615,305	$ (3,274,571)	$ (1,373,463)
UNDECLARED PREFERRED STOCK DIVIDEND	(1,105,004)	(1,076,849)	(375,283)	(362,894)
NET LOSS AFTER PREFERRED STOCK DIVIDEND	$ (7,675,144)	$ (461,544)	$ (3,649,854)	$ (1,736,357)
NET INCOME (LOSS) PER SHARE - CONTINUING OPERATIONS BASIC AND DILUTED	$ (0.71)	$ (0.29)	$ (0.34)	$ (0.16)
NET INCOME (LOSS) PER SHARE - DISCONTINUED OPERATIONS BASIC AND DILUTED	$ -	$ 0..25	$ -	$ -

NOTE J - SHARES FOR SERVICES

In December 2004, FASB issued a revision to SFAS 123, (also known as SFAS 123R) that amends existing accounting pronouncements for share-based payment transactions in which an enterprise receives employee and certain non-employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. SFAS 123R eliminates the ability to account for share-based compensation transactions using APB 25 and generally requires such transactions be accounted for using a fair-value-based method. SFAS 123R's effective date would be applicable for awards that are granted, modified, become vested, or settled in cash in interim or annual periods beginning after December 15, 2005. SFAS 123R includes three transition methods: a prospective method, a modified prospective method and a retroactive method. The Company adopted SFAS 123R in the first quarter of the fiscal year ending December 31, 2006.

In accordance with SFAS No. 123R we have recorded $1,231,284 as stock-based compensation under the fair value method for the nine months ended September 30, 2007. The stock- based compensation under the fair value method for the nine months ended September 30, 2006 was approximately $110,000.

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 3.5%; volatility of 185% for 2007 and 120% for 2006 with no assumed dividend yield; and expected lives of five years.

During the nine months ended September 30, 2007 the Company did not issue warrants to executives as shares for services. However, 1,330,500 warrants were issued to Malcolm Wright for debt guarantees related to the acquisition of land held for development during the nine months ended September 30, 2007. During the nine months ended September 30, 2006, the Company issued 200,000 warrants to two executives of the Company (100,000 to Michael Crosbie as Corporate General Counsel, Executive Vice President and Secretary of the Company and 100,000 to Jeff Scott as President of Hickory Travel Services); for each executive, 50,000 were immediately vested and the other 50,000 will vest in equal amounts in the next two years. In addition, 450,000 warrants were issued to Malcolm Wright for debt guarantees related to the acquisition of land held for development during the nine months ended September 30, 2006. In June 2006, 355,000 warrants were issued to Stanford International Bank Ltd. to replace the equity conversion feature that was to expire on April 30, 2007, of an outstanding loan with Stanford International Bank Limited.

On August 13, 2007, 2,331,016 of the warrants were purchased by the parent company American Leisure Group Limited (see Note C) and 5,876,730 warrants held by Malcolm Wright were cancelled. Therefore, as of September 30, 2007, the outstanding warrants amount to 5,012,016 of which 4,912,016 warrants are outstanding to related parties and 100,000 warrants are outstanding to third parties.

NOTE K - OPERATING SEGMENTS

As of September 30, 2007, the Company's two business units have separate management teams and infrastructures that offer different products and services. The business units have been aggregated into two reportable segments.

Tierra Del Sol, Inc. represents the Company’s Real Estate segment, and is planning to construct a 972-unit resort in Orlando, Florida on 122 acres of undeveloped land. Vertical development on the townhomes and amenities commenced in the first quarter of 2007. 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. On and effective as of August 1, 2006, the Management Agreement and the License Agreement with Around the World, Inc. was terminated.

For the nine months ending September 30, 2007:

In (000's)

	Real Estate	Call Center*	Travel	Hospitality	Elim	Consol
Services	1,350	-	17,674	1,121	(1,614)	18,531
Undeveloped land	-	-	-	-	-	-
Segment income (loss)	(5,987)	-	1,186	250	(2,019)	(6,570)
Total income (loss)	(5,987)	-	1,186	250	(2,019)	(6,570)
Total Assets	165,067	-	9,584	12,944	(9,033)	178,562
Capital Expenditures	292	-	(38)	-	-	254
Depreciation **	550	-	**	**	-	550

* Call center was sold as of June 30, 2006.

** Depreciation is included in cost of operating revenues.

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For the nine months ending September 30, 2006:

In (000's)

	Real Estate	Call Center	Travel	Hospitality	Elim	Consol
Services	1,418	-	18,369	75	(1,350)	18,512
Undeveloped land	13,129	-	-	-	-	13,129
Segment income (loss)	(901)	-	372	(217)	(1,384)	(2,130)
Gain (loss) from discontinued operations	-	(243)	-	-	2,988	2,745
Total income (loss)	(901)	(243)	372	(217)	1,604	615
Total Assets	107,951	-	15,994	36	(10,810)	113,171
Capital Expenditures	105	-	215	-	-	320
Depreciation**	552	-	**	-	-	552

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

NOTE L - DISCONTINUED OPERATIONS

Effective June 30, 2006, we sold our subsidiary, Caribbean Leisure Marketing Limited ("CLM"), to Stanford International Bank Limited ("SIBL") under a stock purchase agreement. 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. In connection with the agreement, SIBL exchanged the following debts which we owed to SIBL: a $1,250,000 promissory note and accrued interest thereon through June 30, 2006; a $2,100,000 promissory note and accrued interest thereon through June 30, 2006; all accrued and unpaid interest on our $6,000,000 note with SIBL as of June 30, 2006; all accrued and unpaid interest on our $3,000,000 promissory note payable to SIBL as of June 30, 2006; $220,652 of the $331,178 of accrued interest on our $8,000,000 promissory note payable to SIBL, and all accrued fees on our $6,000,000 letter of credit, which SIBL agreed to guaranty in connection with the KeyBank loans.

NOTE M - CONTINGENCIES
Litigation

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. If 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 is in the discovery phase and is not currently set for trial. We have been advised by our attorneys in this matter that Mr. Wright’s position on the facts and the law is stronger than the positions asserted by the Smee Entities. We intend to seek dismissal of the action.

On March 30, 2004, Malcolm Wright, was individually named as a third-party defendant in the Circuit Court of Cook County, Illinois, Chancery Division, under the caption: Cahnman v. Travelbyus, et al. On July 23, 2004, the primary plaintiffs filed a motion to amend their complaint to add direct claims against our subsidiary, American Leisure as well as Mr. Wright. On August 4, 2004, the plaintiffs withdrew that motion and have not asserted or threatened any direct claims against American Leisure, Mr. Wright or us. As of October 26, 2007 this matter has been settled between Cahnman v. Travelbyus, et al, and the entire case has been dismissed with prejudice

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 Travels 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. However, these claims were never amended and the period to amend has expired. As a result, only the breach of contract claims remain. Management, intends to defend against these claims vigorously.

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. On June 13, 2007, the parties entered into a Tolling Agreement that suspended litigation. To date, no further action has occurred in this matter.

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. The Court denied the motion for sanctions without prejudice, meaning we can refile the motion after conclusion of discovery. Berman filed an amended complaint, and we responded with another motion to dismiss and motion to strike the request for a jury trial. The Court granted the motion to strike the request for jury trial and denied the motion to dismiss, instructing that it was more appropriate for summary judgment. We have served written discovery requests.

Lufthansa City Center, et al 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.

On or about July 11, 2007, Costa Blanca Real Estate, Inc., Tierra Del Sol Resort, Inc., our wholly owned subsidiaries and one of our former employees, were served with a complaint filed in the Circuit Court of the Tenth Judicial Circuit in and for Polk County, Florida (the “Complaint”). The Complaint filed by David A. and Sandra P. Clayton (the “Claytons”), relates to a townhome and a condominium sold by us to the Claytons in August 2004. The Complaint alleges, among other things, causes for breach of contract, fraud in the inducement of the contract, violations of the Florida Deceptive and Unfair Trade Practices Act, and civil conspiracy. We have filed a motion to dismiss, which should be heard before the end of the year. We intend to vigorously defend the lawsuit.

On or about August 3, 2007, Brian Hannon sued Tierra del Sol Resort, Inc., in the United States District Court for the Middle District of Florida. The suit alleges breach of contract and violation of regulations regarding the sale of real estate. The Court has recently ordered Hannon to show cause why the case should not be dismissed for his failure to comply with a rule of procedure. We deny the allegations and intend to vigorously defend the lawsuit.

On or about August 9, 2007, American Leisure Holdings, Inc., American Leisure Equities Corporation, and Around the World Travel, Inc. were sued in the Northern District of Illinois by Apollo Galileo USA Partnership. The complaint mistakenly asserts that we assumed the liabilities from Around the World Travel as part of our acquisition of substantially all of the assets, and seeks to recover on a 2003 contract between Apollo Galileo and Around the World Travel. We have sought dismissal of the complaint, and the court has allowed Galileo to conduct discovery regarding our motion prior to responding. We intend to vigorously defend the claims.

On or about September 17, 2007, Tierra del Sol Resort, Inc. was sued in the Ninth Judicial Circuit in and for Orange County, Florida, by Raymond Vissser in connection with a contract for the sale of a town home. The Complaint seeks specific performance or, alternatively, damages for breach of contract. We are currently discussing informal resolution of the complaint, and have not filed a response.

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. The Company believes that substantially all of the above are incidental to its 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 N – RECLASSIFICATION

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 financial statement presentation.

NOTE O - SUBSEQUENT EVENTS

Effective October 12, 2007, Marathon Bank extended its Forbearance Agreement with the Company through May, 2008.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

CERTAIN STATEMENTS IN THIS QUARTERLY REPORT ON FORM 10-QSB (THIS "FORM 10-QSB"), CONSTITUTE "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1934, AS AMENDED, AND THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 (COLLECTIVELY, THE "REFORM ACT"). CERTAIN, BUT NOT NECESSARILY ALL, OF SUCH FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "BELIEVES", "EXPECTS", "MAY", "SHOULD", OR "ANTICIPATES", OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY, OR BY DISCUSSIONS OF STRATEGY THAT INVOLVE RISKS AND UNCERTAINTIES. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF AMERICAN LEISURE HOLDINGS, INC. TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. REFERENCES IN THIS FORM 10-QSB, UNLESS ANOTHER DATE IS STATED, ARE TO SEPTEMBER 30, 2007. ALL REFERENCES IN THIS REPORT ON FORM 10-QSB TO "THE COMPANY," "WE," "US," "OUR" OR WORDS OF SIMILAR MEANING INCLUDE THE OPERATIONS OF AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES.

Business Development

We were incorporated in Nevada in June 2000 as "Freewillpc.com, Inc.," and until June 2002, operated as a web-based retailer of built-to-order personal computers and brand name related peripherals, software, accessories and networking products. In June 2002, we acquired American Leisure Corporation, Inc. ("American Leisure Corporation"), in a reverse merger (discussed below). We re-designed and structured our business to own, control and direct a series of companies in the travel and tourism industries so that we can achieve vertical and horizontal integration in the sourcing and delivery of corporate and leisure travel services and offerings.

On June 14, 2002, we entered into a stock purchase agreement with the former stockholders of American Leisure Corporation, in connection with the acquisition of American Leisure Corporation, pursuant to which we issued the former stockholders of American Leisure Corporation 4,893,974 shares of our common stock and 880,000 shares of our Series A preferred stock having 10 votes per share. As part of this transaction, Vyrtex Limited, a UK company, which owned 3,830,000 shares of our common stock, surrendered 3,791,700 of the 3,830,000 shares owned by them. The transaction was treated as a reverse merger and a re-capitalization of American Leisure Corporation, which was considered the accounting acquirer. The operations of Freewillpc.com prior to the transaction were not carried over and were adjusted to $0. Effective July 24, 2002, we changed our name to American Leisure Holdings, Inc.

In addition to the Company's establishment and continuing operation of a Travel Division, we have established a Resort Properties Division and related leisure and travel support operations. Through our various subsidiaries, we manage and distribute travel services; develop, sell and will manage travel destination resorts and vacation home properties; and develop and operate affinity-based travel clubs. Further, we owned and operated a call center in Antigua-Barbuda, which call center business was sold effective June 30, 2006. Our businesses are intended to complement each other and to enhance Company revenues by exploiting consumer cross-marketing opportunities. We intend to take advantage of the synergies between the distribution of travel services and the creation, marketing, sale and management of vacation home ownership and travel destination resorts. In connection with our development of vacation homes we will also buy and sell parcels of undeveloped land.

On October 1, 2003, we acquired a 50.83% majority interest in Hickory Travel Systems, Inc. ("Hickory" or "HTS") as the key element of our Travel Division. Hickory is a travel management service organization that serves its network/consortium of approximately 160 well-established travel agency members, comprised of over 3,000 travel agents worldwide serving corporate and leisure travelers. We intend to complement other Company businesses through the use of Hickory's 24-hour reservation services, international rate desk services, discount hotel programs, preferred supplier discounts, commission enhancement programs, marketing services, professional services, technologies, and information exchange.

In December 2004, Caribbean Leisure Marketing, Ltd. ("Caribbean Leisure Marketing"), our former wholly owned subsidiary that was focused on telecommunications, entered into a joint venture with IMA Antigua, Ltd. to operate a call center in Antigua that Caribbean Leisure Marketing owns. The joint venture was operated through Caribbean Media Group, Ltd., an international business corporation formed under the laws of Barbados. On June 30, 2006, pursuant to a Stock Purchase Agreement (described in greater detail below), the call center operations and Caribbean Leisure Marketing were sold to Stanford International Bank Limited (a significant shareholder and creditor of the Company).

On December 31, 2004, American Leisure Equities Corporation ("ALEC"), one of our wholly owned subsidiaries, acquired substantially all of the assets of Around The World Travel, Inc. ("Around The World Travel" or "AWT") which included all of the tangible and intangible assets necessary to operate the business including the business name "TraveLeaders". We engaged Around The World Travel to manage the assets and granted Around The World Travel a license to use the name "TraveLeaders." TraveLeaders is a fully-integrated travel agency and travel services distribution business that provides its clients with a comprehensive range of business and vacation travel services including corporate travel management, leisure sales, special events and incentive planning. TraveLeaders is based in Coral Gables, Florida. Effective on August 1, 2006, the Management Agreement and the License Agreement with AWT were terminated by ALEC which, effective on that date, began directly managing the travel business assets and operations of TraveLeaders.

On August 13, 2007, American Leisure Group, Ltd., a company incorporated in the British Virgin Islands (“ALG”) began trading on the AIM market operated by the London Stock Exchange in London, England (the “Admission”).

The Admission triggered the effectiveness of certain Share Exchange and Share Purchase Agreements and certain Preferred Share Purchase Agreements relating to shares of common and preferred stock of the Company. In total, thirty-eight (38) of our then shareholders exchanged an aggregate of approximately 7,770,717 shares of our common stock and 2,331,016 warrants to purchase shares of our common stock for approximately 4,871,509 shares of ALG stock.

The Admission also triggered the consummation of certain Preferred Share Purchase Agreements with twenty-one (21) of our then preferred stock shareholders, pursuant to which such shareholders sold an aggregate of 525,000 shares of our Series A Preferred Stock, 27,191 shares of our Series C Preferred Stock and 33,340 shares of our Series E Preferred Stock to ALG for aggregate consideration of $11,303,100 or $10 per Series A Preferred Stock share, $100 per Series C Preferred Stock share, and $100 per Series E Preferred Stock share.

Finally, in connection with the Admission, Connolly Invest Corp. (“Connolly”), which is beneficially owned by Mr. Roger Maddock, a former significant shareholder of the Company, entered into a Share Purchase Agreement with Mr. Malcolm J. Wright, our Chief Executive Officer and Chairman, Mr. Maddock, Polo Settlement Trust and Solleric Settlement Trust, which Trusts are beneficially owned by Mr. Wright and Mr. Maddock (collectively the “Trusts”), and ALG, pursuant to which Connolly sold ALG 100% of the outstanding stock of Arvimex Inc. (“Arvimex” and the “Arvimex Shares”), which beneficially owned 475,000 shares of our Series A Preferred Stock, 2,011,268 shares of our common stock, an outstanding loan owed to it by South Beach Resorts LLC, our wholly owned subsidiary, in the amount of $3,590,811 (not including accrued interest) and a debt of $1,363,571 (plus accrued interest) owed to it by us (collectively the “Arvimex Loans”), plus 270,000 warrants to purchase shares of our common stock (the “Arvimex Assets”). The purchase price of the Arvimex Shares was $100,000 in cash and the repayment of $12,116,296 owed by Arvimex to the Trusts.

As a result of the Share Exchange Agreements, ALG currently holds, directly or indirectly, more than 95% of our common and preferred stock on a fully diluted basis, and is our majority shareholder.

Except as expressly indicated or unless the context otherwise requires, "we," "our," or "us" means American Leisure Holdings, Inc. and its subsidiaries.

Business Integration

Our mission is to remain focused on the development, sale and management of vacation travel destination resorts. As such we have completed the planning and begun the initial stages of the construction of "The Sonesta Orlando Resort at Tierra Del Sol" (the "Sonesta Resort"), a planned 972-unit vacation home resort located just 10 miles from Walt Disney World, in Orlando, Florida. Additionally, we are in the planning stages of developing our Reedy Creek Property, which is situated in the northwest section of Osceola County, Florida about one mile from the "Maingate" entrance to Walt Disney World, Orlando and approximately one-half mile from the south entrance to "Disney's Animal Kingdom" theme park. The Reedy Creek Property consists of three parcels totaling over 40 gross acres with approximately 29 acres of buildable land. The Ready Creek Property is currently planned to consist of approximately 522 residential units consisting of mid-rise condominium buildings.

Though "Developments of Regional Impact" (DRIs) are underway, we are seeking to maximize property development and sales by obtaining governmental approval for more housing units than was initially planned at our Tierra del Sol and Reedy Creek properties. Although there is no assurance of the additional density that may be achieved through the DRI process we believe that both Tierra del Sol and Reedy Creek may gain approval to develop as many as 859 additional units for Tierra del Sol Resort and 678 for Reedy Creek.

Subject to having sufficient capital and our determination of value to our shareholders, we intend to achieve growth through selected acquisitions of real property and business assets and interests. Although no agreements related to such future acquisitions have been concluded, we expect to negotiate and, subject to our final determination as to the merits of such acquisitions(s) and the availability of necessary capital, complete the acquisition of Florida destination resort property holdings proximate to our existing resort developments at initial entry prices for the developable land that may be materially below current appraised values. Growth may be realized through our continued creation of destination resorts, and through the prospective acquisition of qualified, existing destination resorts, thereby creating an extensive resort and vacation ownership network further supported by the Company's travel services division. Our goal through such expansion would be to further become an integrated, "one-stop" leisure services company, seeking to seamlessly provide for the development, sales, and management of and the ongoing generation of revenue from destination resorts while offering vacation ownership and an extensive range of travel services to an expanding customer and client base. In connection with our development of vacation homes we will continue to buy and sell parcels of undeveloped land.

During the year ended December 31, 2006, we worked to integrate the administrative operations of Hickory and TraveLeaders to distribute, fulfill and manage our travel services and our Resort Properties; however, the full integration of these two divisions proved substantially harder than we originally anticipated due to the different operating and system platforms of the two divisions, and as such, we have abandoned our previous plans to integrate the two divisions and are currently evaluating the synergies and cost/benefits of continuing to maintain the two separate divisions.

Our business model for support between our divisions is to use the travel distribution, fulfillment and management services of the combined resources of Hickory and TraveLeaders to provide consumer bookings at our planned resorts, to increase the rental of vacation homes that we plan to manage at these resorts, and to fulfill the travel service needs of our affinity-based travel clubs. We intend to complement our other businesses through the use of Hickory's

24-hour reservation services, international rate desk services, discount hotel programs, preferred supplier discounts, commission enhancement programs, marketing services, professional services, automation and information exchange. TraveLeaders is a fully integrated travel services distribution business that provides its clients with a comprehensive range of business and vacation travel services in both traditional and e-commerce platforms including corporate travel management, leisure sales, and meeting, special event and incentive planning. TraveLeaders currently fulfills travel orders produced by our affinity travel clubs.

Recent Funding Events

In connection with the Share Exchange and Share Purchase Agreements described above, which were conditioned upon ALG's admission on the AIM (Alternative Investment Market) market in London, England (the "Admission") which occurred on Monday, August 13, 2007, ALG obtained ownership of approximately 95% of our outstanding stock.

Through the Admission, ALG has provided additional working capital of more than $40 million for the benefit of our Tierra del Sol Resort in Orlando, to enable it to accelerate the development of certain Tierra del Sol amenities and the acceleration of its current development program in order to open the resort in the Spring of 2008, of which we can provide no assurance.

Material Agreements and Transactions

SIBL Credit Facility

On December 29, 2005, Stanford International Bank, Ltd. ("SIBL") provided Tierra Del Sol with financial assistance to facilitate the closings 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"), 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"), which Letters of Credit were subsequently cancelled, effective June 30, 2006. The financial assistance provided by SIBL was evidenced by a Credit Agreement dated as of December 29, 2005 between SIBL, Tierra Del Sol Resort, Inc. and the Company (the "SIBL Credit Agreement"). As consideration for the purchase of the Antiguan call center including our subsidiary Caribbean Leisure Marketing, Inc. (described below), SIBL exchanged the $2,100,000 loan, as well as the accrued interest on such loan in the amount of $85,867.

We estimate that the cost to complete the construction of Phase I of the Sonesta Resort will be $136,500,000 of which $9,000,000 will be for resort amenities, $64,000,000 will be for vertical construction on 294 units and $49,500,000 will be for other costs such as contingencies, closing costs and soft costs such as architectural, engineering, and legal costs. An additional approximate amount of $14,000,000 will be expended for horizontal construction costs which include all of Phase I requirements plus most of the infrastructure requirements for the entire Project. The $14,000,000 will be funded by the bonds proceeds held by the Westridge Development District (the "District", which has sold $25,825,000 in community development bonds to fund the infrastructure of the Sonesta Resort) and funds previously raised. We have raised the required funding to continue the planned construction of Phase 1 of the Sonesta Resort in connection with the Admission and related transactions described above (the “BVI Transaction”) and as such 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. It is anticipated that Phase 2 construction will commence by the fourth quarter of 2007 or the first quarter of 2008.

In November 2003, we entered into an exclusive sales and marketing agreement with Xpress Ltd. ("Xpress") to sell the vacation homes in the Sonesta Resort. Malcolm J. Wright, one of our founders and our Chief Executive Officer and Chairman, and members of his family are the majority shareholders of Xpress. As of September 30, 2007, Xpress had pre-sold approximately 600 vacation homes in a combination of contracts on town homes and reservations on condominiums for total sales volume of approximately $222 million.

On or about August 13, 2007, the amount then owed under the SIBL Credit Agreement was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the SIBL Credit Agreement and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the SIBL Credit Agreement, but with an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

REEDY CREEK ACQUISITION COMPANY, LLC TRANSACTIONS

Background

In July 2005, the Company and Stanford Financial Group Company ("SFG") formed a new limited liability company named Reedy Creek Acquisition Company LLC ("Reedy Creek Acquisition Company") for the purpose of acquiring a parcel of approximately 40 acres of land located adjacent to the Animal Kingdom Theme Park at Walt Disney World, in Orlando, Florida (the "Reedy Creek Property"). The Reedy Creek Property is described in greater detail below under "Development Plans for Reedy Creek Property."

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Reedy Creek Acquisition Company acquired the Reedy Creek Property in July 2005 for a purchase price of $12,400,000. Reedy Creek Acquisition Company paid $8,000,000 of the purchase price in cash and paid the $4,400,000 balance pursuant to the terms of a promissory note issued to the sellers secured by a first mortgage lien on the Reedy Creek Property. At the time of the purchase, Reedy Creek Acquisition Company obtained a $7,150,000 loan from SIBL (the "SIBL Reedy Creek Loan"), secured by a second mortgage lien on the property. The proceeds of this loan were used to pay part of the cash portion of the purchase price and for closing costs associated with the closing. The Company contributed the remainder of the purchase price. At the time of the acquisition of the Reedy Creek Property, Reedy Creek Acquisition Company was owned 99% by SFG and 1% by one of the Company's wholly owned subsidiaries, American Leisure Reedy Creek Inc. ("ALRC"), however ALRC, has since exercised its option (the "Reedy Creek Option") to receive 100% of the interest in the Reedy Creek Acquisition Company in return for $600,000 paid to SFG in January 2006.

SFG and SIBL are affiliates of Stanford Venture Capital Holdings Inc., that were a significant shareholder of the Company.

SIBL Reedy Creek Loan Terms

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 maturity date of December 31, 2006, but has since been extended until June 30, 2007, pursuant to Amendment No. 1 to the Amended Note and was further extended and replaced by the RC Note, described below. The loan originally had a principal balance of $8,000,000 and accrued interest at the rate of 8% per year payable quarterly. Interest in the amount of $262,885 on the Amended Note was exchanged as consideration for the purchase of the Antiguan call center including our subsidiary Caribbean Leisure Marketing, Inc. (described below). Upon an event of default as described in the Amended Note, SIBL has several rights and remedies, including causing the Amended Note to be immediately due and payable.

The Amended Note was replaced in November 2006, by a Renewed, Amended and Increased Promissory Note in the amount of $12,200,000, by a $13,420,000 note in December 2006 and by a $15,300,000 note in January 2007 (the "RC Note"). The RC Note was due and payable on June 30, 2007, with $8,000,000 of the 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; however, the RC Note has since been replaced by an Amended RC Note and a Second Amended RC Note, Third Amended RC Note and finally a Fourth Amended RC Note (as described below) and the maturity date of the note was subsequently amended pursuant to the March 2007 Note Modification Agreement (described below) to the earlier of (a) a public offering by us, or any company that acquires a majority of any class of stock or assets of us, which raises no less than $100,000,000; or (b) August 1, 2008 (the “New Maturity Date”), with any accrued and unpaid interest payable on such New Maturity Date.

On or about August 13, 2007, the amount then owed under the Fourth Amended RC Note was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the Fourth Amended RC Note and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the Fourth Amended RC Note, but with an interest rate of 12% per annum. However no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

Bankers Credit Corporation Loan

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. On February 1, 2007, the Bankers Credit note was replaced by an Amended and Restated Promissory Note in the amount of $7,860,000, which included an additional advance of $860,000.

The Bankers Credit loan is evidenced by an Amended and Restated Promissory Note (the "Bankers Credit Note") and bears interest at the greater of the Wall Street Journal published prime rate plus 6.75%, not to exceed the highest rate allowable under Florida law or 15% per year. The interest rate of the Bankers Credit Note as of September 30, 2007, was 15%. Interest on the Bankers Credit Note is payable monthly. The maturity date of the Bankers Credit Note was January 3, 2007, but was extended until February 1, 2008, pursuant to the amendment to the note. 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.

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. Reedy Creek Acquisition Company has now paid the balance of this mortgage note upon the receipt of the balance of the Bankers Credit loan.

Development Plans for Reedy Creek Property

The Reedy Creek Property is situated in the northern section of Osceola County, Florida and lies on three contiguous development parcels located to the immediate north of U.S. Highway 192 West, about one mile from the "Maingate" entrance to Walt Disney World, Orlando and 0.75 miles from the entrance to "Disney's Animal Kingdom" theme park. The property is one of only a small number of privately owned parcels abutting Walt Disney World (north and east boundaries).

The Reedy Creek Property consists of three parcels totaling over 40 gross acres with approximately 29 acres of buildable land. The Osceola County Comprehensive Land Plan for the site allows vacation homes at a density of 18 units per acre, which results in a maximum allowable project density of 522 residential units. To achieve the maximum density, it is anticipated that the project will consist of mid-rise condominium buildings. Amenities proposed on-site include a water park with swimming pools, guest services clubhouse, and other related on-site resort amenities.

It is anticipated that Walt Disney World's Reedy Creek Improvement District (the "District"), a quasi-government body whose constituents are all affiliated with Walt Disney World Company, will agree to construct and pave the widening and extension of Reedy Creek Boulevard north and westward at its expense. We are currently working with the District towards this end. The District will have a public hearing during which it is anticipated that the District will be given the authority to acquire the land from Reedy Creek Acquisition Company and make the improvements to

Reedy Creek Boulevard. If the District acquires the requisite authority from its constituents, Reedy Creek Acquisition Company has agreed to convey relatively small portions of the three combined properties to constitute this roadway. Reedy Creek Acquisition Company will benefit from the conveyance by saving the cost of the road it would have to build anyway and it will enhance the required road frontage for the project.

Though "Developments of Regional Impact" (DRI) are underway, we are seeking to maximize Reedy Creek's property development and sales by obtaining governmental approval for more housing units than was initially planned. Although there is no assurance of the additional density that may be achieved through the DRI process, we believe that Reedy Creek may gain approval to develop as many as 678 additional units.

The Company's development of the Reedy Creek Property is currently planned to begin in the fourth quarter of 2009, with the completion of such property planned for 2010 or 2011, subject to funding and scheduling permitting. The Company will not know the total estimated cost of the development of the Reedy Creek Property until it has determined the market and completed designs for the properties.

Note Modification Agreement

In February 2006, we entered into a Note Modification Agreement with SIBL, whereby we agreed to modify certain provisions of our then outstanding promissory notes with SIBL to grant extensions of payments due. Pursuant to the Note Modification Agreement, we and SIBL agreed that all interest due on our $6,000,000 note, from January 1, 2005, through September 30, 2006, would be due and payable on September 30, 2006, which due date was further extended by SIBL to December 31, 2008, with all interest thereafter payable with the original terms of that note however, as consideration for the purchase of the Antiguan call center including our subsidiary Caribbean Leisure Marketing, Inc. (described below), SIBL exchanged $546,000 of accrued interest; that all interest accrued on the $3,000,000 note we had with SIBL, from the date of the note until September 30, 2006, would be due and payable on September 30, 2006, which due date was extended by SIBL to April 22, 2007, and to January 1, 2008, pursuant to the Modification Agreement effective December 31, 2006, and pursuant to the March 2007 Note Modification Agreement (described below) to the earlier of (a) a public offering by us, or any company that acquires a majority of any class of stock or assets of us, which raises no less than $100,000,000; or (b) August 1, 2008 (the “New Maturity Date”), with any accrued and unpaid interest payable on such New Maturity Date, additionally, as consideration for the purchase of the Antiguan call center including our subsidiary Caribbean Leisure Marketing, Inc. (described below), SIBL exchanged the $654,080 of accrued interest as of June 30, 2006 as well as our $1,250,000 note with SIBL which was previously due September 30, 2006; and agreed that the maturity date of our $1,355,000 note with SIBL would be extended until June 30, 2007, which has been further extended to January 1, 2008, pursuant to the Modification Agreement effective December 31, 2006, and to the New Maturity Date pursuant to the March 2007 Note Modification Agreement, with any accrued and unpaid interest due on such New Maturity Date; that the maturity date of our $305,000 note with SIBL be extended until June 30, 2007, which was further been extended until January 1, 2008, pursuant to the Modification Agreement effective December 31, 2006, and to the new Maturity Date pursuant to the March 2007 Note Modification Agreement (described below), with any accrued and unpaid interest payable on such New Maturity Date.

On or about August 13, 2007, the amount then owed under the SIBL loans described above, other than the $6,000,000 note, was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the SIBL loans and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the SIBL notes, but with an interest rate of 12% per annum. However no Promissory Notes or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan. The $6,000,000 note remains outstanding with the terms and conditions as modified above.

Stock Purchase Agreement

In August 2006, with an effective date of June 30, 2006, we and several of our subsidiaries, including Castlechart Limited ("CLM"), our former wholly owned subsidiary, which owns 81% of the issued and outstanding stock of Caribbean Leisure Marketing Limited ("Caribbean Leisure Marketing"), which in turn owned 49% of the issued and outstanding stock of Caribbean Media Group, Ltd. ("Caribbean Media Group"), which owned and operated our call center in Antigua, entered into a Stock Purchase Agreement with Stanford International Bank Limited ("SIBL" and the "Stock Purchase Agreement").

Pursuant to the Stock Purchase Agreement we sold SIBL all of our interest in CLM for an aggregate purchase price of $5,663,274. In connection with the purchase, SIBL also agreed to exchange the interest on several of our outstanding promissory notes with SIBL, and to amend the due date of such notes, described in greater detail below, and we agreed to grant SIBL a warrant to purchase 355,000 shares of our common stock at an exercise price of $10.00 per share, which warrants had an expiration date of April 30, 2008, and contained certain anti-dilution clauses, whereby if we granted 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. The warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above

In connection with the Stock Purchase Agreement, SIBL exchanged the following debts which we owed to SIBL: a $1,250,000 promissory note and accrued interest thereon through June 30, 2006; a $2,100,000 promissory note and accrued interest thereon through June 30, 2006; all accrued and unpaid interest on our $6,000,000 note with SIBL as of June 30, 2006; all accrued and unpaid interest on our $3,000,000 promissory note payable to SIBL as of June 30, 2006; and $262,885 of accrued interest on our $8,000,000 promissory note payable to SIBL, and all accrued fees on our $6,000,000 letter of credit, which SIBL agreed to guaranty in connection with the KeyBank loans.

Additionally, in connection with the Stock Purchase Agreement, SIBL agreed to restate the due dates of certain of the notes which we then owed to SIBL, including, the $6,000,000 note, which due date has been further restated due to the Modification Agreement to January 1, 2008; and the $3,000,000 note, which was extended until January 1, 2008 pursuant to the Modification Agreement; the $1,355,000 note, which was extended to January 1, 2008 due to the Modification Agreement; the $8,000,000 note, which was extended to June 30, 2007; and the $305,000 note, which was extended to January 1, 2008; however, our $3,000,000 note, our $8,000,000 note, which were increased to $15,300,000 (as described below), our $1,355,000 note and our $305,000 note were all been further extended pursuant to the March 2007 Note Modification Agreement to the earlier of (a) a public offering by us, or any company that acquires a majority of any class of stock or assets of us, which raises no less than $100,000,000; or (b) August 1, 2008 (the “New Maturity Date”), with any accrued and unpaid interest payable on such New Maturity Date.

On or about August 13, 2007, the amount then owed under the SIBL loans described above, other than the $6,000,000 note, was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the SIBL loans and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the SIBL notes, but with an interest rate of 12% per annum. However no Promissory Notes or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan. The $6,000,000 note remains outstanding with the terms and conditions as modified above.

Construction Contract with Resorts Construction

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. We believe that the contract with Resorts Construction provides significant savings over our previous contract with PCL Construction, and is advantageous to the Company in comparison with terms available in the market from other third party contractors. 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 payment of $4,000,000 upon our entry into the construction agreement with Resorts Construction, which funds Resorts Construction used to begin construction of Phase 1 of the Sonesta Resort.

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Purchase of Vici Note

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% pre 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"). The Vici Warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above. The balance of the Vici Note as of September 30, 2007 was $500,000.

Credit Agreements

On November 22, 2006, we entered into a Credit Agreement through our wholly owned subsidiary Reedy Creek Acquisition Company, LLC ("RCAC") and Stanford International Bank Limited ("SIBL"), to provide RCAC 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 “Second Amended RC Note”).

The Second Amended RC Note was 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. In December 2006, Mr. Wright received 366,000 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 the total indebtedness of the RC Credit Agreement. The warrants were cancelled on August 13, 2007 in connection with the Share Purchase Agreements described above

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 Second Amended 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 "Third 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. The warrants were cancelled on August 13, 2007 in connection with the Share Purchase Agreements described above.

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 Third Amended RC Note.

On January 31, 2007, we entered into an "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 "Fourth 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 maximum loan amount of $7,300,000. 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. The warrants were cancelled on August 13, 2007 in connection with the Share Purchase Agreements described above

On or about August 13, 2007, the amount then owed under the Fourth Amended RC Note was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the Fourth Amended RC Note and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the Fourth Amended RC Note, but with an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

Credit Agreement with Stanford

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. No amounts have been drawn from this Credit Agreement

On December 18, 2006, we also entered into "Amendment No. 1 to $6.2 Million Credit Agreement" (the "Amended TDSR Credit Agreement") to amend the TDSR Credit Agreement to reflect the Amended RC Credit Agreement amount, which is to be repaid with any funds received in connection with the exercise of the Amended TDSR Credit Agreement.

On January 31, 2007, we entered into "Amendment No. 2 to the $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.

Warrant Participation Agreement

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 granted 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.

The Warrant was evidenced by seven (7) Warrants, which are exercisable at any time prior to the disposition date of the Property, which Warrants were distributed as follows:

Name	Exercise Price	Percentage of Participation Interest	Percentage of Total Net Proceeds
SIBL	$ 1.00	50%	12.5%
Daniel T. Bogar	$ 1.00	11.5625%	2.891%
William R. Fusselmann	$ 1.00	11.5625%	2.891%
Osvaldo Pi	$ 1.00	11.5625%	2.891%
Ronald M. Stein	$ 1.00	11.5625%	2.891%
Charles M. Weiser	$ 1.00	1.8750%	0.468%
Tal Kimmel	$ 1.00	1.8750%	0.468%
Totals	**$ 7.00**	**100%**	**25%**

The warrants described above were assigned to ALG and cancelled on August 13, 2007 in connection with the Share Purchase Agreements described above.

Purchase of South Beach Resorts, LLC

On December 21, 2006, we entered into a Purchase Agreement with SBR Holding Company, LLC ("SBR") which was owned by Frederick Pauzar, a Director of us and our President, and Malcolm J. Wright, our Chairman and Chief Executive Officer (the "Purchase Agreement"). Pursuant to the Purchase Agreement, we purchased 100% of the outstanding membership interests in South Beach Resorts, LLC, a Florida limited liability company from SBR ("Resorts") and then acquired SBR Holdings, LLC for no consideration. The Purchase price for Resorts was equal to 75% of the Net Proceeds (as defined above) realized by us upon the planned disposition of the Property (as defined above), up to a maximum of $3,000,000. The ownership of Resorts was transferred to us in connection with our entry into the Purchase Agreement pursuant to an Assignment of Interest, and the consideration payable to SBR in connection with the sale of the Property will be paid immediately after the disposition of the Property.

On or around the closing of the Resorts purchase, 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.

The Maddock Note bears interest at the rate of 12% per annum until paid, provided that any amount not paid when due shall bear interest at the rate of the lesser of 18% per annum or the highest rate of interest allowable by law.

The Maddock Note is due and payable by us, together with any accrued and unpaid interest on December 31, 2008. Accrued interest is due quarterly in arrears under the Maddock Note, on the last day of each calendar quarter. We have the right to prepay the Maddock Note at any time prior to the due date of the note without penalty.

On or about August 13, 2007, the amount then owed under the Maddock Note was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the Maddock Note and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the Maddock Note. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

Note Modification Agreement

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, which dates have been further extended by the March 2007 Note Modification Agreement described below.

On or about August 13, 2007, the amount then owed under the SIBL loans described above, was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the SIBL loans and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the SIBL notes, but with an interest rate of 12% per annum. However, no Promissory Notes or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

Marathon Loan

On January 11, 2007, South Beach Resorts, LLC ("SBR"), our wholly owned subsidiary defaulted on a loan due to LaSalle Bank National Association, as trustee of Structured Finance Fund, L.P., successor-in-interest to Marathon Structured Finance Fund L.P. ("LaSalle"). The loan principal at that time was $7,498,900 and accrued interest of $79,910 was due at January 11, 2007. LaSalle has a mortgage interest on certain real property owed by SBR, located at 740 Ocean Drive, Miami Beach, Florida, known as the Boulevard Hotel (the "Property") in connection with the loan.

A Forbearance Agreement was subsequently executed with LaSalle on or about February 2, 2007, to waive the default until April 11, 2007, provided SBR continued to make monthly interest payments on the debt outstanding and a principal payment of $750,000 was made on February 8, 2007, which payment and monthly payments have been made to date. The Forbearance Agreement was subsequently extended to July 11, 2007, pursuant to the terms of the Forbearance Agreement.

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On or around July 11, 2007, we entered into the First Amendment to Forbearance Agreement with LaSalle, whereby LaSalle agreed to extend the terms of the Forbearance Agreement until 5:00 P.M. on October 11, 2007, assuming that we continue to make the required payments of interest on the loan, and no event of default occurs under the loan. Additionally, pursuant to the terms of the First Amendment to the Forbearance Agreement, we paid all accrued interest due under the loan in connection with our entry into such agreement, totaling approximately $64,442, with $6,248,900 of outstanding principal due under the loan as of July 11, 2007; $500,000 which was paid as a principal reduction in connection with the extension of the note; LaSalle's reasonable attorneys fees in connection with the First Amendment to the Forbearance Agreement; and an additional fee of $50,000 in connection with the extension to LaSalle.

Effective October 12, 1007, we entered into the Second Amendment to Forbearance Agreement with LaSalle, whereby LaSalle agreed to extend the terms of the Forbearance Agreement until 5:00 P.M. on May 11, 2008, assuming that we continue to make the required payments of interest on the loan, and no event of default occurs under the loan. Additionally, pursuant to the terms of the Second Amendment to the Forbearance Agreement, we paid all accrued interest due under the loan in connection with our entry into such agreement, totaling approximately $425,180, with $6,248,900 of outstanding principal due under the loan as of October 12, 2007. The Second Amendment to Forbearance Agreement also gives us the right to extend the maturity date of the note to July 11, 2008, in the event that no event of default has occurred under the note, and that we make an additional $1,000,000 payment of principal on the note prior to May 11, 2008.

The LaSalle 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. LaSalle may also require us to pay a 5% late payment fee in connection with our failure to repay the loan amount when due. LaSalle has agreed to waive the default rate of interest if we make all of our required payments. The default rate of interest is LIBOR plus twelve percent (12%), which was equal to approximately 16.43%, with the LIBOR at approximately 4.63% as of the filing of this Report.

Applebee Holding Loan

On January 30, 2007, AMLH entered into 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. The shares of Series E Convertible Preferred Stock were subsequently purchased by ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

On February 9, 2007, SBR entered into a 180 day, $750,000 loan agreement at the Wall Street Journal prime rate plus 1%, 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. This loan has been repaid to date.

Credit Agreements with SIBL and Resorts Funding

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 2 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 2 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 SIBL Credit Agreement is personally guaranteed by our Chief Executive Officer and Chairman, Malcolm J. Wright.

The Credit Agreement provided a provision whereby, in order to induce SIBL to enter into the Credit Agreement, we agreed to issue SIBL (or its assigns) warrants to purchase up to 350,000 shares of our common stock at $1.02 per share, with a cashless exercise provision on a pro-rata basis in connection with advances under the Credit Agreement, which warrants were assigned to ALG on August 13, 2007, in connection with the Share Purchase Agreements described above.

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.

On April 23, 2007, we entered into a $10,000,000 Credit Agreement with Resorts Funding Group, LLC, whose managing partner is Malcolm J. Wright, our Chief Executive Officer and Chairman, who does not have an ownership interest in such entity ("Resorts Funding"), on substantially similar terms to the SIBL Credit Agreement, described above, whereby Resorts Funding agreed to loan us $10,000,000 to use for the construction and development of Phase 2 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 2 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 Resorts Funding 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 Resorts Funding loan is personally guaranteed by our Chief Executive Officer and Chairman, Malcolm J. Wright.

The Credit Agreement provided a provision whereby, in order to induce Resorts Funding to enter into the Credit Agreement, we agreed to issue Resorts Funding (or its assigns) warrants to purchase up to 350,000 shares of our common stock at $1.02 per share, with a cashless exercise provision on a pro-rata basis in connection with advances under the Credit Agreement, which warrants were assigned to ALG on August 13, 2007, in connection with the Share Purchase Agreements described above.

We also agreed, pursuant to the Credit Agreement with Resorts Funding, that we would pay Resorts Funding an exit fee upon the repayment of the amounts owed to Resorts Funding of $200,000.

We had received $2,905,000 from SIBL and Resorts Funding Group, LLC, as of March 31, 2007, and issued SIBL and Resorts Construction 87,500 warrants in connection with the receipt of such funds, which funds were released prior to our execution of the Credit Agreement, and which warrants were assigned to ALG on August 13, 2007, in connection with the Share Purchase Agreements described above.

Through April 2007, we drew an additional $5,810,000 on the Resorts Funding Group LLC $10,000,000 credit facility for a total outstanding of $10,000,000 and an additional $5,900,000 on the SIBL $10,000,000 credit facility, respectively and granted Resorts Funding Group LLC an additional 262,500 warrants for a total of 350,000 warrants then issued and SIBL an additional 262,500 for a total of 350,000 warrants then issued based on the amounts loaned. These warrants were assigned to ALG on August 13, 2007, in connection with the Share Purchase Agreements described above.

On or about August 13, 2007, the amount of principal and accrued and unpaid interest then owed under the SIBL and Resorts Funding loans described above, an aggregate of $20,000,000, not including any accrued and unpaid interest, was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the loans and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original loans and notes, but with an interest rate of 12% per annum. However, no Promissory Notes or other repayment agreements or loan documentation have been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

March 2007 Note Modification Agreement

On March 31, 2007, we, various of our wholly owned subsidiaries, and Malcolm J. Wright, our Chief Executive Officer and Chairman, entered into a Note Modification Agreement with SIBL (the "March 2007 Note Modification Agreement"). Pursuant to the March 2007 Note Modification Agreement, we, SIBL and Mr. Wright agreed that the maturity dates of our $15,300,000 RC Note payable to SIBL, $3,000,000 note payable to SIBL, $1,355,000 note payable to SIBL, $305,000 note owed to SIBL and $10,000,000 March 2007 note payable to SIBL shall all be extended to the earlier of (a) a public offering by us, or any company that acquires a majority of any class of stock or assets of us, which raises no less than $100,000,000; or (b) August 1, 2008 (the "New Maturity Date"), with any accrued and unpaid interest payable on such New Maturity Date.

On or about August 13, 2007, the amount of principal and accrued and unpaid interest then owed under the notes described above, was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the loans and accrued and unpaid interest on such loan amounts) will be memorialized by Promissory Notes payable to ALG, under the same terms and conditions as the original loans and notes, but with an interest rate of 12% per annum. However, no Promissory Notes or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

Kennedy Loan Funding

On April 20, 2007, certain of our wholly owned subsidiaries which are engaged in the construction and development of the Sonesta Resort, including Costa Blanca Real Estate II, LLC, Costa Blanca III Real Estate, LLC, TDS Town Homes (Phase 1), LLC, and TDS Town Homes (Phase 2), LLC (the "Borrowers"), entered into a Loan and Security Agreement with Kennedy Funding, Inc. as agent for certain lenders (collectively "Kennedy" and the "Loan Agreement"). Pursuant to the Loan Agreement, Kennedy agreed to make a loan to the Borrowers of up to $24,900,000. The Loan Agreement provides that the Borrowers will receive an advance equal to $22,000,000 for repayment of an existing loan, closing costs and fees, and construction of the Sonesta Resort; additionally, another $2,900,000 is currently being held back from the initial loan funds and will be disbursed to the Borrowers from time to time to construct one of the swimming pools in the Sonesta Resort, subject to the Borrowers complying with the representations and warranties described in the Loan Agreement, and subject to the loan to value ratio of amounts loaned by Kennedy, in connection with the Sonesta Resort not exceeding 60%. Additionally, approximately $1,786,000 of the amount loaned by Kennedy was immediately paid by the Borrowers in connection with closing costs and to pay Kennedy's commitment and loan fees, and an additional $2,196,000 of the amount loaned was paid to Kennedy as an interest reserve, which amount is to be credited against the amount of monthly interest due under the loan, as such interest payments become due and payable, as described below. We used approximately $15,285,000 of the funds raised through the Loan Agreement to repay all amounts owed under and to satisfy our Land Loan with KeyBank, National Association, which we entered into in December 2005, and plan to use the remaining funds received by the Borrowers from the Loan Agreement to continue the construction of the Sonesta Resort. Events of default under the Loan Agreement include, among other things, if one or more judgments are entered against any Borrower or guarantor of the Loan Agreement, in excess of $25,000, which are not fully paid or covered by insurance, and which have not been discharged, stayed or bonded pending appeal within ninety days of the entry thereof.

In connection with the Loan Agreement, the Borrowers provided Kennedy a Promissory Note in the amount of $24,900,000 (the "Kennedy Note"). The Kennedy Note, and any accrued and unpaid interest is due and payable on April 20, 2010. The Kennedy Note does not contain a pre-payment penalty The Kennedy Note bears interest at varying rates of interest over the course of the note term, which interest is due and payable monthly, in arrears, including:

(a) 12% per annum for the first month that the Kennedy Note is outstanding;
(b) The greater of 12% or the Prime Rate then in effect plus 3 and 3/4% per annum during the period from May 2007 through April 2008;
(c) The greater of 16% or the Prime Rate then in effect plus 7 and 3/4% per annum during the period from May 2008 through April 2009; and
(d) The greater of 18% or the Prime Rate then in effect plus 9 and 3/4% per annum during the period from May 2009, through the maturity date of the Kennedy Note.

Any amounts not paid under the Kennedy Note when due bear interest at the rate of 24% per annum until paid in full.

The outstanding balance of the Kennedy Note was secured by a security interest granted to Kennedy by the Borrowers in substantially all of their personal property and assets. As additional security, American Leisure Holdings, Inc., TDS Amenities, Inc., a Florida corporation, which is owned by Tierra del Sol Resort, Inc., and Malcolm J. Wright, our Chief Executive Officer and Chairman entered into a Guaranty Agreement in favor of Kennedy, which guaranteed the repayment of the Kennedy Note. Furthermore, the Borrowers agreed to assign their rights to various of our licenses, leases, permits and approvals to Kennedy to secure the repayment of the Kennedy Note and in connection with the security agreement provided to Kennedy. Mr. Wright earned a fee equal to 747,000 warrants to purchase shares of our common stock at an exercise price of $1.02 in connection with his guaranty of the Kennedy Note. The warrants were cancelled on August 13, 2007 in connection with the Share Purchase Agreements described above

In addition to guarantying the repayment of the Kennedy Note, the Borrowers and TDS Amenities, Inc. granted Kennedy a Mortgage Agreement encumbering approximately 38 acres of property in our Sonesta Resort which the Borrowers own, to secure the repayment of the Kennedy Note. American Leisure Holdings, Inc. the Borrowers, and Mr. Wright also guaranteed that all of the property secured by the Mortgage Agreement fully complies with all environmental laws and agreed to indemnify Kennedy against any damages in connection with the violation of any environmental hazardous waste disposal laws or regulations.

On June 26, 2007, Kennedy and the Borrowers entered into a First Amendment to Loan and Security Agreement and Other Loan Documents (the “First Amendment to Loan”) in connection with the Loan Agreement, whereby the parties agreed to add as an event of default under the Loan Agreement, a default under the Second Kennedy Note (as defined below); agreed that the amount secured by the Kennedy Note would be cross collateralized with the Second Kennedy Note, and that any default under the Second Kennedy Note of the Second Kennedy Agreements (as defined below), would constitute an event of default under the Loan Agreement, as amended. The First Amendment to the Loan also provided that Kennedy has the right to assign the Kennedy Note; that Kennedy is required to consent to any amendment of the Kennedy Note, or related documents entered into in connection with the Kennedy Loan Agreement (the “Kennedy Agreements”), and/or consent to any release of collateral secured by the Kennedy Loan; that Kennedy is able to advertise the fact that it made a loan to us, and/or erect signs on our properties publicizing Kennedy’s role in our funding, with our consent, which will not be unreasonably withheld; changed the prepayment requirements related to the Borrower’s prepayment of the Kennedy Note; and provided Kennedy a security interest in any and all deposits received by the Borrowers in connection with the purchase of any of our condominiums and/or townhouses on the Mortgaged Property, among other things (the “Amendments”).

We also entered into a First Amendment to Mortgage and Security Agreement and an Amended and Restated Promissory Note with Kennedy to confirm and reflect the Amendments. Additionally, we entered into a Reaffirmation of Guaranty, to reaffirm our previous guaranty of, and security interest granted in connection with the Kennedy Note and the Kennedy Agreements as amended.

First Commercial Bank Letter of Credit

On or about March 28, 2007, we obtained a Letter of Credit from First Commercial Bank of Florida (“First Commercial”) in the amount of $991,217, which amount has been loaned to us in full by First Commercial, which amount bears interest at the Prime Rate plus 1.5% per annum, currently equal to 9.00%, with the Prime Rate at 7.5% as of the filing of this report. Interest on the Line of Credit is payable monthly in arrears. The amount due under the Line of Credit is due and payable, along with any accrued and unpaid interest on March 28, 2008. The Line of Credit is secured by a mortgage and security interest on certain property in the Sonesta Resort. The closing costs associated with the Line of Credit totaled approximately $25,000. The Letter of Credit is secured by certain of our wholly owned subsidiaries, and Malcolm J. Wright, our Chief Executive Officer and Chairman.

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June 2007 Kennedy Funding

On June 26, 2007, Costa Blanca I Real Estate, LLC, a wholly owned subsidiary of our wholly owned subsidiary, Tierra Del Sol Resort (Phase 1), Ltd. ("Costa Blanca"), entered into a Loan and Security Agreement and related agreements (the "Second Kennedy Agreements") with Kennedy, whereby Kennedy agreed to loan Costa Blanca $4,450,000 (the "Second Loan Agreement").

In connection with the Second Loan Agreement, Costa Blanca provided Kennedy a Promissory Note in the amount of $4,450,000 (the "Second Kennedy Note"). The Second Kennedy Note, and any accrued and unpaid interest are due and payable on June 25, 2010. The Second Kennedy Note does not contain a pre-payment penalty. The Second Kennedy Note bears interest at varying rates of interest over the course of the note term, which interest is due and payable monthly, in arrears, including:

(a) 12% per annum for the first month that the Second Kennedy Note is outstanding;
(b) The greater of 12% or the Prime Rate then in effect plus 3 and 3/4% per annum during the period from July 2007 through June 2008;
(c) The greater of 16% or the Prime Rate then in effect plus 7 and 3/4% per annum during the period from July 2008 through June 2009; and
(d) The greater of 18% or the Prime Rate then in effect plus 9 and 3/4% per annum during the period from July 2009, through the maturity date of the Second Kennedy Note.

Any amounts not paid under the Second Kennedy Note when due bear interest at the rate of 24% per annum until paid in full. Additionally, any payment of interest not paid within five (5) days of the date it is due is charged a one-time penalty equal to the lesser of: (i) ten percent (10%) of such payment or (ii) the maximum amount permitted by law.

The $3,950,000 initial advance under the Second Kennedy Note, which was advanced on or around June 26, 2007, included $464,000 which was paid to Kennedy as a closing fee; $445,000 which is to be credited against interest payments due under the Second Kennedy Note; and approximately $178,000 in closing costs, brokers fees and legal fees in connection with the loan. The remaining $500,000 in loan funds was held back from the initial advance, and will be disbursed to Costa Blanca from time to time to construct one of the swimming pools in the Sonesta Resort, subject to the Borrowers complying with the representations and warranties described in the Second Loan Agreement, and subject to the loan-to-value ratio of amounts loaned by Kennedy, not exceeding 60% of the then value of the Sonesta Resort. Additionally, Costa Blanca agreed to pay all of Kennedy's out of pocket expenses incurred in connection with the Second Kennedy Note and funding. The net proceeds of loan are being utilized by Costa Blanca for construction costs and working capital associated with the Sonesta Resort.

Events of default under the Second Loan Agreement include, among other things, if one or more judgments are entered against any Costa Blanca or any guarantor of the Second Loan Agreement, in excess of $25,000, which are not fully paid or covered by insurance, and which have not been discharged, stayed or bonded pending appeal within ninety days of the entry thereof. Additionally, the default of any provision of the April 2007, Kennedy Note, triggers a cross-default of the Second Kennedy Note.

The Second Loan Agreement provided that Costa Blanca can not create, incur or suffer any indebtedness other than the Kennedy Note and the Second Kennedy Note, other than up to $25,000,000 in additional loans which may be obtained from Stanford International Bank Limited and/or Resorts Funding Group, LLC, which shall be subordinate to the Second Kennedy Note and security interests granted therewith.

Additionally, assuming that no Event of Default has occurred under the Second Kennedy Note, in the event that Costa Blanca or any of the Borrowers repays an amount equal to at least $16,000,000 of the amount due under the Kennedy Note and Second Kennedy Note by the six (6) month anniversary of the Second Loan Agreement closing date, the Borrowers will receive a credit of $150,000 against the amount then owed. Similarly, in the event that Costa Blanca or the Borrowers repays $18,000,000 of the amount due within the six (6) month anniversary of the Second Loan Agreement closing date, they will receive a credit of $200,000 against amounts then owed. Finally, assuming that the terms and conditions of the Second Kennedy Note are complied with in full, and no Event of Default has occurred, Costa Blanca will receive a refund of $50,000 of the prepaid interest held on the Second Kennedy Note.

The outstanding balance of the Second Kennedy Note was secured by a security interest granted to Kennedy by Costa Blanca in substantially all of its personal property and assets, including certain real property in Polk County, Florida, pursuant to the parties' entry into a Mortgage and Security Agreement. As additional security, American Leisure Holdings, Inc., TDS Amenities, Inc., a Florida corporation, which is owned by Tierra del Sol Resort, Inc., and Malcolm J. Wright, our Chief Executive Officer and Chairman, entered into a Guaranty Agreement in favor of Kennedy, which guaranteed the repayment of the Second Kennedy Note. Furthermore, Costa Blanca agreed to assign its rights to several of its licenses, leases, permits and approvals to Kennedy to secure the repayment of the Second Kennedy Note. Mr. Wright earned a fee equal to 133,500 warrants to purchase shares of our common stock at an exercise price of $1.02 in connection with his guaranty of the Second Kennedy Note. The warrants were cancelled on August 13, 2007 in connection with the Share Purchase Agreements described above

Central Florida Note

On or around June 29, 2007, TDS Amenities, Inc. and TDS Town Homes (Phase 2), LLC (collectively "TDS"), two of our wholly owned subsidiaries issued Central Florida Ventures, L.L.C. a Promissory Note (the "Central Florida Note") in the amount of $4,000,000 in connection with a $4,000,000 loan made to TDS. The Central Florida Note is due and payable on June 29, 2008, and any amount outstanding on the Central Florida Note bears interest at the rate of thirteen percent (13%) per annum, compounded monthly until paid in full on the maturity date. Any amount not paid on the Central Florida Note when due is subject to a "late charge" of 5% of such unpaid amount. TDS is able to repay all or any portion of the Central Florida Note at any time without penalty. In the event the Central Florida Note is not paid in full when due, any amounts then outstanding will bear interest at the highest rate allowable by Florida law.

In July 2007, an additional $1,000,000 was advanced by Central Florida pursuant to the Central Florida Note described above.

On or about August 13, 2007, the amount then owed under the Central Florida Note was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the Central Florida Note and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the Central Florida Note, other than an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

PLAN OF OPERATIONS

TraveLeaders

We previously planned to integrate the administrative operations of Hickory and TraveLeaders; however, the integration process was slower than we anticipated and we have since abandoned our plans to integrate those operations. We are currently evaluating our options regarding Hickory and TraveLeaders, including whether we should sell either of those divisions. Additionally, time has been required to analyze and determine the impact, if any, of certain litigation commenced by Around The World Travel regarding its contracts with Seamless Technologies, Inc. and others, as discussed in "Legal Proceedings," herein.

Under our prior arrangement with Around The World Travel (through August 1, 2006), which operated the TraveLeaders assets on our behalf and from whom we acquired the assets, we recognized a management fee of 10% of the net earnings of the TraveLeaders assets before interest, taxes, depreciation and amortization.

Sonesta Resort

We believe that the capital requirement for the first phase of the resort will be approximately $136,500,000, of which $9,000,000 will be for the resort amenities, $64,000,000 will be for vertical construction on 294 units and $49,500,000 will be for other costs such as contingencies, closing costs and soft costs such as architectural, engineering, and legal costs. An additional approximate amount of $14,000,000 will be expended for horizontal construction costs which include all of Phase I requirements plus most of the infrastructure requirements for the entire Project.

On or about December 29, 2005, we closed on $54.85 million of senior debt to be used in the development of The Sonesta Orlando Resort at Tierra Del Sol (the "Project"), described in greater detail above. KeyBank, N.A. was the lender of a credit facility for the benefit of AMLH. The credit facility included a land loan in the amount of $14,850,000, which has been repaid as of the date of this filing. KeyBank had also originally agreed to provide us a $40,000,000 revolving construction loan, for up to $72,550,000 in funding, however we have since decided not to move forward with such funding. As of June 30, 2007, we had received approximately $22,000,000 for funding of the Sonesta Resort through our entry into the April 2007 Kennedy funding, $4,450,000 through our entry into the June Kennedy funding, $4,000,000 through the Central Florida loan (which an additional $1,000,000 advance was provided to us in connection with subsequent to June 30, 2007), and the right to up to $20,000,000 in funding through the SIBL and Resorts Funding loans describe above, pursuant to which we had borrowed the full $20,000,000 through June 30, 2007. On or about August 13, 2007, the amount then owed under those loans was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions similar to the original loans, but with an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

Moving forward, we will continue the planned construction of the Sonesta Resort with the funds raised by ALG’s Admission and related transactions described above (the “BVI Transaction”). Financing for the balance of the development budget, which includes infrastructure, retention, roads and green space of approximately $26,000,000, was through the sale of Westridge Community Development District bonds which was completed on December 29, 2005, as described above. In June 2005, we began the earth moving and clearing process on the land for the resort and have completed approximately 90% of the grading and the underground infrastructure on the property to date. We began the vertical construction of Phase 1 of the property in the first quarter of 2007. 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.

We anticipate the need for approximately $85,000,000 in additional funding during the next twelve months to meet our construction and overhead demands in connection with the construction of the Sonesta Resort.

Known Trends, Events, And Uncertainties

We expect to experience seasonal fluctuations in our gross revenues and net earnings due to higher sales volume during peak periods. Advertising revenue from the publication of books by Hickory that list hotel availability is recognized either when the books are published (December) or on a performance basis throughout the year, depending on the contractual terms. This seasonality may cause significant fluctuations in our quarterly operating results and our cash flows. In addition, other material fluctuations in operating results may occur due to the timing of development of resort projects and our use of the completed contracts method of accounting with respect thereto. Furthermore, costs associated with the acquisition and development of vacation resorts, including carrying costs such as interest and taxes, are capitalized as inventory and will be allocated to cost of real estate sold as the respective revenues are recognized. We intend to continue to invest in projects that will require substantial development and significant amounts of capital funding during 2007 and in the years ahead.

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Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principals generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of any contingent assets and liabilities. We base our estimates on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. On an on-going basis, we evaluate our estimates. Actual results may differ from these estimates if our assumptions do not materialize or conditions affecting those assumptions change.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements:

Going Concern Considerations

We have incurred losses during our existence and we have negative retained earnings. We had an accumulated deficit of $28,177,502 at September 30, 2007 and a net loss of $6,570,140 for the nine months ended September 30, 2007. We expect Hickory to require approximately $1,500,000 in working capital during the next twelve months. If we are unable to obtain these funds, we may have to curtail or delay our plans for Hickory. In addition to our ability to raise additional capital, our continuation as a going concern also depends upon our ability to generate sufficient cash flow to conduct our operations. If we are unable to raise additional capital or generate sufficient cash flow for Hickory operations and/or to complete the construction of our planned vacation homes, we may be required to delay the expansion of Hickory and restructure or refinance all or a portion of our outstanding debt. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Revenue Recognition

We recognize revenues on the accrual method of accounting. 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 when it is invoiced to the recipient of the service.

One of our principal 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 from our wholly owned subsidiary ALEC are recognized as earned, which is primarily at the time of delivery of the related service. 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.

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

Goodwill

We adopted the provisions of Statement of Financial Accounting Standards ("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 goodwill will be evaluated on an annual basis and impaired whenever events or circumstances indicate the carrying value of the goodwill may not be recoverable.

COMPARISON OF OPERATING RESULTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007, COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2006.

We had total revenues of $5,753,321, consisting solely of service revenues for the three months ended September 30, 2007, compared to total revenues of $5,811,209, consisting solely of service revenues for the three months ended September 30, 2006, a decrease in total revenues of $57,888 or 1.0% from the prior period.

We had total cost of service revenues of $5,402,896 for the three months ended September 30, 2007, compared to total cost of service revenues of $5,421,427 for the three months ended September 30, 2006, a decrease in total cost of service revenues of $18,531 or 0.3% from the prior period.

We had a total gross margin of $350,425 for the three months ended September 30, 2007, compared to a total gross margin of $389,782 for the three months ended September 30, 2006, a decrease in total gross margin of $39,357 or 10.1% from the prior period, which decrease in gross margin was mainly due to the 1.0% decrease in cost of service revenues, which was not sufficiently offset by the 0.3% decrease in cost of service revenues for the three months ended September 30, 2007, compared to the three months ended September 30, 2006.

We had depreciation and amortization expenses of $233,337 for the three months ended September 30, 2007, compared to depreciation and amortization expenses of $190,640 for the three months ended September 30, 2006, an increase in depreciation and amortization expenses of $42,697 or 22.4% from the prior period, which increase was due to the depreciation on the Boulevard Hotel which was acquired on December 22, 2006, which building was depreciated during the three months ended September 30, 2007 and not depreciated during the three months ended September 30, 2006.

We had total general and administrative expenses of $1,450,624 for the three months ended September 30, 2007, compared to total general and administrative expenses of $787,576 for the three months ended September 30, 2006, an increase in total general and administrative expenses of $663,048 or 84.2% from the three months ended September 30, 2006, which increase was mainly due to increased expenses associated with our subsidiaries, Wright Resorts and Hotels and American Leisure Homes, due to increased payroll expenses associated with the addition of employees during the three months September 30, 2007, as well as increases in the office space costs associated with such subsidiaries offset by decreases in travel and professional fees, during the three months ended September 30, 2007, compared to the three months ended September 30, 2006.

We had total operating expenses of $1,683,961 for the three months ended September 30, 2007, compared to total operating expenses of $978,216 for the three months ended September 30, 2006, an increase of $705,745 or 72.1% from the prior period. The increase in operating expenses for the three months ended September 30, 2007, compared to the three months ended September 30, 2006 was mainly due to the $663,048 or 84.2% increase in general and administrative expense for the three months ended September 30, 2007, compared to the three months ended September 30, 2006.

We had interest income of $111,832 for the three months ended September 30, 2007, compared to total interest income of $51,996 for the three months ended September 30, 2006, an increase in interest income of $59,836 or 115.1% from the three months ended September 30, 2006, which increase in interest income was mainly due to the interest earned on higher average cash balances during the period.

We had other income of $56,091 for the three months ended September 30, 2007 compared to $0 in other income for the three months ended September 30, 2006.

We had total interest expense of $2,108,958 for the three months ended September 30, 2007, compared to total interest expense of $836,548 for the three months ended September 30, 2006, an increase in interest expense of $1,272,410 or 152.1% from the three months ended September 30, 2006, which increase in interest expense was mainly due to the write off of the balance of deferred financing costs as certain warrants issued as part of our prior financing costs were assigned to ALG during the three months ended September 30, 2007.

We had a loss from continuing operations before taxes of $3,274,571 for the three months ended September 30, 2007, compared to a loss from continuing operations before taxes of $1,372,986 for the three months ended September 30, 2006, an increase in loss from continuing operations before taxes of $1,901,585 or 138.5% from the prior period. The increase in loss is attributed to the 22.4% increase in depreciation expense plus the 84.2% increase in general and administrative expenses and the 152.1% increase in interest expense due to the write-off of the balance of deferred financing costs.

We had total provision for income taxes of $0 for the three months ended September 30, 2007, compared to $477 in income tax provision for the three months ended September 30, 2006.

We had a total net loss of $3,274,571 for the three months ended September 30, 2007, compared to total net loss of $1,373,463 for the three months ended September 30, 2006, an increase in net loss of $1,901,108 or 138.4% from the prior period.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007, COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2006.

We had total revenues of $18,530,967, consisting solely of service revenues for the nine months ended September 30, 2007, compared to total revenues of $31,641,582 for the nine months ended September 30, 2006, consisting of service revenues of $18,512,336 and undeveloped land sales of $13,129,246 for the nine months ended September 30, 2006, a decrease in total revenues of $13,110,615 or 41.4% from the prior period. Revenues for the nine months ended September 30,2007, consisted of service revenues of $18,530,967, which increased $18,631 or 0.1% over service revenues of $18,512,336 for the nine months ended September 30, 2006.

Our service revenues increased due to our termination of our management agreement with AWT on August 1, 2006.

We had no undeveloped land sales for the nine months ended September 30, 2007, compared to undeveloped land sales of $13,129,246 for the nine months ended September 30, 2006. The decrease in undeveloped land sales was due to the fact that while we had no such sales during the nine months ended September 30, 2007; during the nine months ended September 30, 2006, Tierra del Sol sold forty-two acres of land in the Sonesta Resort for $9,090,130 to the Westridge Community Development District ("District") and received an additional $4,039,116 from the District in connection with reimbursements for site improvements on the land purchased by the District.

Service revenues for the nine months ended September 30, 2007, included approximately $14,701,000 in revenues from ALEC; $2,973,280 from HTS; and $1,121,000 in revenues from our hospitality division, which were offset by $1,614,000 of elimination of revenues in connection with the consolidation of the operations of those divisions.

We had total cost of service revenues of $17,552,629 for the nine months ended September 30, 2007, compared to total cost of service revenues of $17,811,249 for the nine months ended September 30, 2006, a decrease in total cost of service revenues of $258,620 or 1.5% from the prior period.

We had total cost of undeveloped land sales of $0 for the nine months ended September 30, 2007, as we had no such land sales, compared to total cost of undeveloped land sales of $9,796,634 for the nine months ended September 30, 2006.

We had a total gross margin of $978,338 for the nine months ended September 30, 2007, compared to a total gross margin of $4,033,699 for the nine months ended September 30, 2006, a decrease in total gross margin of $3,055,361 or 75.7% from the prior period, which decrease in gross margin was mainly due to the fact that we had no land sales during the nine months ended September 30, 2007 and a $13 million land sale during the nine months ended September 30, 2006.

We had depreciation and amortization expenses of $699,984 the nine months ended September 30, 2007, compared to depreciation and amortization expenses of $552,375 for the nine months ended September 30, 2006, an increase in depreciation and amortization expenses of $147,609 or 26.7% from the prior period, which decrease was due to the fact that our call center business was sold effective as of June 30, 2006, and the fact that such operations were therefore not depreciated during the nine months ended September 30, 2007, but were depreciated during the nine months ended September 30, 2006.

We had total general and administrative expenses of $3,271,799 the nine months ended September 30, 2007, compared to total general and administrative expenses of $2,476,338 for the nine months ended September 30, 2006, an increase in total general and administrative expenses of $795,461 or 32.1% for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, which increase was mainly due to increased expenses associated with our subsidiaries, Wright Resorts and Hotels and American Leisure Homes, due to increased payroll expenses associated with the addition of employees during the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, as well as increases in the office space costs associated with such subsidiaries offset by decreases in travel and professional fees, for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006.

We had total operating expenses of $3,971,783 the nine months ended September 30, 2007, compared to total operating expenses of $3,028,713 for the nine months ended September 30, 2006, an increase of $943,070 or 31.1% from the prior period. The increase in operating expenses for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006 was mainly due to the 26.7% increase in depreciation and amortization plus the 32.1% increase in general and administrative expense for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006.

We had total interest expense of $4,115,570 for the nine months ended September 30, 2007, compared to total interest expense of 3,353,932 for the nine months ended September 30, 2006, an increase in interest expense of $761,638 or 22.7% from the nine months ended September 30, 2006, which increase in interest expense was mainly due to the write off of the balance of deferred financing costs as certain warrants issued as part of our prior financing costs were assigned to ALG during the nine months ended September 30, 2007

We had a loss from operations before taxes of $6,565,241 for the nine months ended September 30, 2007, compared to a loss from operations before taxes of $2,127,757 for the nine months ended September 30, 2006, an increase in loss from operations before taxes of $4,437,484 or 208.4% from the prior period.

We had total provision for income taxes of $4,899 for the nine months ended September 30, 2007, compared to $1,876 in income tax provision for the nine months ended September 30, 2006, an increase of $3,023 or 161.1% from the prior period.

We had $0 in gain from discontinued operations for the nine months ended September 30, 2007, compared to gain from discontinued operations of $2,744,938 for the nine months ended September 30, 2006.

The gain from discontinued operations for the nine months ended September 30, 2006, was due to the call center operations of Caribbean Media Group, Ltd. ("Caribbean Leisure Marketing"), our former wholly owned subsidiary, which owns 49% of Caribbean Media Group, Ltd. Effective June 30, 2006, we sold Caribbean Leisure Marketing to Stanford, as described in greater detail above.

We had a total net loss of $6,570,140 for the nine months ended September 30, 2007, compared to total net income of $615,305 for the nine months ended September 30, 2006, a change of $7,185,445 or 1,167.8% from the prior period, which was mainly due to the gain on the sale of property of approximately $3.1 million during the nine months ended September 30, 2006, which gain was not present during the nine months ended September 30, 2007, the gain on sale of undeveloped land sales of $13,129,246 for the nine months ended September 30, 2006, which was not represented during the nine months ended September 30, 2006, as well as a $943,070 increase in total operating expenses and a $761,638 increase in interest expense for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006.

LIQUIDITY AND CAPITAL RESOURCES

We had total current assets as of September 30, 2007, of $10,826,345, consisting of cash of $6,307,814, restricted cash of $0, accounts receivable, net of $1,742,781, other receivable of $322,338, and prepaid expenses and other of $2,453,412.

We had total non-current assets as of September 30, 2007 of $167,735,509, consisting of property and equipment, net of $8,488,559, land held for development of $131,120,084 and total other assets of $28,126,866.

Other assets as of September 30, 2007, consisted of restricted cash of $7,230,436, prepaid sales commissions of $11,085,641, prepaid sales commissions-affiliated entity of $3,803,655, goodwill of $4,559,134, trademark of $931,250 and other assets of $516,750.

We had total current liabilities as of September 30, 2007 of $36,575,704, which included current maturities of long-term debt and notes payable of $22,334,192, current maturities of notes payable-related parties of $599,629, accounts payable and accrued expenses of $6,182,103, accrued expenses-officers of $833,729, and other liabilities of $6,626,051.

In June 2006, Malcolm J. Wright, our Chief Executive Officer and Chairman was paid $1,540,500 in accrued salaries and interest which he was owed. As of September 29, 2007, the amount of salaries payable accrued to Mr. Wright amounted to $2,720,652 plus accrued interest on those salaries of $634,750. On September 29, 2007, $2,309,783 of accrued salaries and $606,750 of accrued interest on those salaries were paid to Mr. Wright. Accrued expenses-officers as of September 30, 2007, included $402,889 which is comprised of accrued salaries of $374,889 and accrued interest of $28,000 due to Mr. Wright. Mr. Wright's accrued and unpaid salaries accrue interest at the rate of 12% per year until paid. Additionally included in accrued expenses-officers as of September 30, 2007, was $430,840 owed to L. William Chiles, the Chief Executive Officer of Hickory and our Director, which included $361,957 of unpaid salary accrued to Mr. Chiles and $68,883 of accrued interest on such unpaid salary. Total accrued expenses – officers amounts to $833,729.

As of September 30, 2007, we owed $399,629 in connection with current portion of notes payable to related parties including $133,629 owed to our Director, L. William Chiles.

As of September 30, 2007, we had $85,780,664 of notes payable to related parties, which included $81,877 owed to Mr. Chiles, $385,000 owed to an officer of HTS, $79,313,787 owed to ALG and $6,000,000 owed to Stanford Venture Capital Holdings, Inc, a significant shareholder of the Company.

As of September 30, 2007, we had long term debt and notes payable of $27,310,606; put liability of $985,000 and deposits on pre-unit sales of $33,309,250.

The put liability was in connection with 197,000 shares of common stock issued to Harborage Leasing Corporation ("Harborage") in connection with our entry into a purchase agreement with Harborage in March 2006, which was effective as of March 31, 2006, whereby we purchased the minority interest in Tierra Del Sol, Inc. from Harborage for a promissory note in the amount of $1,411,705 ("Harborage Note"), which was paid in August 2006; the right to receive, without payment, two (2) three-bedroom condominium units to be constructed in Phase 2 of the Sonesta 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 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 an exercise price of $5.00 per share. Harborage had the right to require the Company to purchase all or a portion of the Harborage 197,000 shares at $5.00 per share, during the six month period commencing January 1, 2008 and ending June 30, 2008.

We had total negative working capital of $25,749,359 as of September 30, 2007.

We had net cash used by operating activities of $1,459,596 for the nine months ended September 30, 2007, which was mainly due to a net loss of $6,570,140, an increase in prepaid commissions of $1,641,409, $4,156,435 of increase in deposits on unit pre-sales, offset by $3,028,473 of increase in accounts payable and accrued expenses, an increase in restricted cash of $3,134,245, an increase in accounts receivables and other receivables of $1,405,949, an increase in non-cash warrant compensation of $1,046,092 and an increase of $1,381,843 of non-cash interest expense.

We had $58,412,976 of net cash used in investing activities for the nine months ended September 30, 2007, which was due to a $59,189,821 increase in land held for development and $254,076 of acquisition of fixed assets offset by $1,030,921 of increase in restricted cash.

We had cash provided by financing activities of $65,070,386 for the nine months ended September 30, 2007, which was due to $95,876,668 of proceeds from notes payable offset by $30,806,282 of payment of notes payable and long-term debt.

We expect that we will require approximately $1,500,000 through the end of the 2007 fiscal year for working capital for Hickory and up to $85,000,000 through the second quarter of 2008 for construction and overhead on our Sonesta Resort, as described below.

We estimate that the cost to complete the construction of Phase I of the Sonesta Resort will be approximately $135,500,000 of which $8,000,000 will be for resort amenities, $64,000,000 will be for vertical construction on 294 units and $49,500,000 will be for other costs such as contingencies, closing costs and soft costs such as architectural, engineering, and legal costs. An additional approximate amount of $14,000,000 will be expended for horizontal construction costs which include all of Phase I requirements plus most of the infrastructure requirements for the entire Project. As of September 30, 2007, we had received approximately $22,000,000 for funding of the Sonesta Resort through our entry into the April 2007 Kennedy funding, $4,450,000 through our entry into the June Kennedy funding, $4,000,000 through the Central Florida loan, and the right to up to $20,000,000 in funding through the SIBL and Resorts Funding loans describe above, of which we had borrowed $20,000,000 through August 13, 2007. On or about August 13, 2007 the Central Florida loan was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of such loans and accrued and unpaid interest on such loan amounts) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original notes, other than an interest rate of 12% per annum. However no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

While we previously obtained a $40,000,000 construction loan from KeyBank, National Association (“KeyBank”) we have since decided not to move forward with that loan. We raised the required funding to continue the planned construction of Phase 1 of the Sonesta Resort in connection with the Admission and related transactions described above (the “BVI Transaction”).

We also have funding in the amount of $25,825,000 from the Westridge Community Development District ("CDD" or the "District"), which bonds will be used to pay for infrastructure facilities for public purposes such as water supply and retention systems, roadways, green space and nature recreation areas. In addition the Project is also benefiting from $25,825,000 in bonds issued by the CDD, a special purpose taxing district formed for the purpose of financing the installation of vital public services such as water supply and retention, sanitary and storm water sewer systems, roadways and the landscaping attendant to those uses. The CDD supports these initiatives, through the provision of capital and maintenance, via a tax upon the property owners of the district that utilizes a low finance rate (5.8% per annum) and a long-term amortization of the capital costs (30 years).

The first phase of site work on the Sonesta Resort, at an estimated cost exceeding $19 million, was funded by the CDD via the sale by the CDD of bonds issued on a non-recourse basis to the Company ("CDD Bonds"). The CDD was initially created by the Company in September 2003 and enabled by an order of a Florida State District Court. The CDD Bond issue was underwritten by KeyBanc Capital Markets Group in the amount of $25,825,000. The first issue of the CDD Bonds was successfully sold and closed simultaneous with the closing of the Key Bank senior debt facilities (described above). Upon closing of the loan, we repaid $7,862,250 of short-term debt plus accrued interest of approximately $256,512. This short-term debt originally matured on March 31, 2005, but it was extended until the closing of the KeyBank credit facilities in December 2005.

On August 16, 2006, pursuant to a Purchase Agreement between us and SIBL, a promissory note in the principal amount of $750,000 made by Scott Roix in favor of SIBL was purchased from SIBL for 235,000 shares of our common stock and a five year warrant to purchase up to 235,000 shares of our stock at an exercise price of $20 per share. The note has a maturity date of June 30, 2008 and bears interest at the rate of 8% per annum. As of September 30, 2007, the balance of the promissory note totaled $500,000.

At September 30, 2007, we had an outstanding principal balance of $6,000,000 under our secured revolving credit facility with Stanford, which bears interest at a fixed rate of 6% per annum payable accruing from July 1, 2006 quarterly in arrears and matures on December 31, 2008. We previously issued 355,000 warrants with a strike price of $10 per share with a maturity of April 30, 2008 to Stanford to replace the conversion feature of the credit facility whereby the loan could previously be converted into shares of our common stock at a conversion price of $15.00 per share in connection with our entry into the Stock Purchase Agreement with SIBL. The warrants were assigned to ALG and cancelled on August 13, 2007 in connection with the Share Purchase Agreements described above. The $6,000,000 credit facility is guaranteed by Malcolm J. Wright, our Chief Executive Officer and Chairman and is secured by a second mortgage on our Sonesta Orlando Resort property, including all fixtures and personal property located on or used in connection with these properties, and all of the issued and outstanding capital stock and assets of our subsidiary, American Leisure Marketing & Technology, Inc. We believe that without the guarantees of Mr. Wright, it would have been more difficult, if not impossible, for us to secure the Stanford credit facility.

As of August 13, 2007, ALG repaid certain of our outstanding loans, described above, and as of September 30, 2007, we had an outstanding principal balance of $79,313,787 with ALG. The loans made by ALG to us bear interest at a fixed rate of 12% per annum and have identical terms (other than the interest rate), and mature on the original maturity date of the loans set forth below.

We had an outstanding principal balance of $3,000,000, under another secured revolving credit facility with Stanford, prior to August 13, 2007, which previously accrued interest at a fixed rate of 8% per annum and was to mature on January 1, 2008, but was extended pursuant to the March 2007 Note Modification Agreement to the earlier of (a) a public offering by us, or any company that acquires a majority of any class of stock or assets of us, which raises no less than $100,000,000; or (b) August 1, 2008 (the “New Maturity Date”), with any accrued and unpaid interest payable on such New Maturity Date. At the sole election of the lender, any amount outstanding under the credit facility could be converted into shares of our common stock at a conversion price of $10.00 per share. On or about August 13, 2007, this loan was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of such loan and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original note, other than an interest rate of 12% per annum. However no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

We had a total principal balance of $1,355,000 outstanding under our secured revolving credit facility with Stanford, as of August 13, 2007, which previously accrued interest at a fixed rate of 8% per annum and was to mature on January 1, 2008, but which was subsequently extended pursuant to the March 2007 Note Modification Agreement to the New Maturity Date. At the sole election of the lender, any amount outstanding under the credit facility could be converted into shares of our common stock at a conversion price of $10.00 per share. On or about August 13, 2007, this loan was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of such loan and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original note, other than an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

We had another credit facility in the amount of $305,000 with Stanford as of August 13, 2007. The credit facility accrued interest at 8.0% per annum and was secured by the assets and stock of the Company. The credit facility was due on January 1, 2008 but was subsequently extended pursuant to the March 2007 Note Modification Agreement to the New Maturity Date. On or about August 13, 2007, this loan was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the such loan and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original note, other than an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

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 2 of the Sonesta Resort. The loan was evidenced by a $10,000,000 Promissory Note, which accrued interest at the rate of 10% per annum. The Promissory Note was secured by a second priority security interest and lien on the land underlying Phase 2 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 were 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 was due in full and payable along with any accrued and unpaid interest on March 13, 2008. On or about August 13, 2007, this loan was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the such loan and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original note, other than an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation have been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

The SIBL Credit Agreement is personally guaranteed by our Chief Executive Officer and Chairman, Malcolm J. Wright, who will earn a fee of warrants to purchase shares of our common stock equal to 3% of such guaranteed indebtedness at an exercise price of $1.02 per share, in connection with the debt guarantor agreement we have in place with Mr. Wright. The warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

The Credit Agreement provided a provision whereby, in order to induce SIBL to enter into the Credit Agreement, we agreed to issue SIBL (or its assigns) warrants to purchase up to 350,000 shares of our common stock at $1.02 per share, with a cashless exercise provision on a pro-rata basis in connection with advances under the Credit Agreement. The warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

We previously issued SIBL 350,000 warrants pursuant to the Credit Agreement in connection with the receipt of an aggregate of $10,000,000 in funds. The warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

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. As of the filing of this report, we believe we are in compliance with the covenants and other restrictions applicable to us under each credit facility.

On April 23, 2007, we entered into a $10,000,000 Credit Agreement with Resorts Funding Group, LLC, whose managing partner is Malcolm J. Wright, our Chief Executive Officer and Chairman, who does not have an ownership interest in such entity ("Resorts Funding"), on substantially similar terms to the SIBL Credit Agreement, described above, whereby Resorts Funding agreed to loan us $10,000,000 to use for the construction and development of Phase 2 of the Sonesta Resort. The loan was evidenced by a $10,000,000 Promissory Note, which accrued interest at the rate of 10% per annum. The Promissory Note was secured by a second priority security interest and lien on the land underlying Phase 2 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 Resorts Funding in connection with the Credit Agreement. The loan was 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 were to bear interest at the rate of 15% per annum. On or about August 13, 2007, this loan was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the such loan and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original note, other than an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation has been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

The Credit Agreement provided a provision whereby, in order to induce Resorts Funding to enter into the Credit Agreement, we agreed to issue Resorts Funding (or its assigns) warrants to purchase up to 350,000 shares of our common stock at $1.02 per share, with a cashless exercise provision on a pro-rata basis in connection with advances under the Credit Agreement The warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

We also agreed, pursuant to the Credit Agreement with Resorts Funding, that we would pay Resorts Funding an exit fee upon the repayment of the amounts owed to Resorts Funding of $200,000.

We previously issued Resorts Funding Group, LLC 350,000 warrants pursuant to the Credit Agreement in connection with the receipt of an aggregate of $10,000,000 in funds. The warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

During April we drew a total of $5,810,000 on the Resorts Funding Group LLC credit facility and $5,900,000 on the SIBL credit facility, respectively granted Resorts Funding Group LLC 262,500 additional warrants and SIBL 262,500 additional warrants based on the amounts loaned. The warrants were assigned to ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

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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 $354,525 had been drawn as of September 30, 2007. 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 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 has since been extended as provided below. 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 was 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; however, the maturity date of the Amended RC Note was subsequently extended pursuant to the March 2007 Note Modification Agreement to the New Maturity Date, as defined above. On or about August 13, 2007, this loan was repaid by ALG. It is anticipated that the amount repaid by ALG (including the principal amount of the such loan and accrued and unpaid interest on such loan amount) will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original note, other than an interest rate of 12% per annum. However, no Promissory Note or other repayment agreements or loan documentation have been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

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 the date of this filing was 15.25% (with a prime rate, as reported by the Wall Street Journal of 7.5%). 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 14.25% 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.

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 loan has been repaid as of September 30, 2007.

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").

On January 11, 2007, Resorts, our wholly owned subsidiary defaulted on a loan due to Marathon Structured Finance Fund L.P. ("Marathon"). The loan principal is $7,498,900 and accrued interest of $79,910 was due at January 11, 2007. Marathon has a mortgage interest on the Property in connection with the loan. A Forbearance Agreement was subsequently executed with Marathon to waive the default until April 11, 2007, provided SBR continued to make monthly interest payments on the debt outstanding and a principal payment of $750,000 was made on February 8, 2007, which payment and monthly payments have been made to date, and which forbearance was subsequently extended to July 11, 2007, and to May 11, 2008, pursuant to the terms of the Forbearance Agreements.

On or around July 11, 2007, we entered into the First Amendment to Forbearance Agreement with LaSalle, whereby LaSalle agreed to extend the terms of the Forbearance Agreement until 5:00 P.M. on October 11, 2007, assuming that we continue to make the required payments of interest on the loan, and no event of default occurs under the loan. Additionally, pursuant to the terms of the First Amendment to the Forbearance Agreement, we paid all accrued interest due under the loan in connection with our entry into such agreement, totaling approximately $64,442, with $6,248,900 of outstanding principal due under the loan as of July 11, 2007; $500,000 which was paid as a principal reduction in connection with the extension of the note; LaSalle’s reasonable attorneys fees in connection with the First Amendment to the Forbearance Agreement; and an additional fee of $50,000 in connection with the extension to LaSalle.

Effective October 12, 1007, we entered into the Second Amendment to Forbearance Agreement with LaSalle, whereby LaSalle agreed to extend the terms of the Forbearance Agreement until 5:00 P.M. on May 11, 2008, assuming that we continue to make the required payments of interest on the loan, and no event of default occurs under the loan. Additionally, pursuant to the terms of the Second Amendment to the Forbearance Agreement, we paid all accrued interest due under the loan in connection with our entry into such agreement, totaling approximately $425,180, with $6,248,900 of outstanding principal due under the loan as of October 12, 2007. The Second Amendment to Forbearance Agreement also gives us the right to extend the maturity date of the note to July 11, 2008, in the event that no event of default has occurred under the note, and that we make an additional $1,000,000 payment of principal on the note prior to May 11, 2008.

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 16.63%, with the LIBOR at 4.63% as of September 30, 2007.

On January 30, 2007, AMLH entered into 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. The shares of Series E Convertible Preferred Stock were subsequently purchased by ALG on August 13, 2007 in connection with the Share Purchase Agreements described above.

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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. On or about August 13, 2007, the amount of principal and accrued and unpaid interest then owed under the SBR loan described above, was repaid by ALG. It is anticipated that the amount repaid by ALG will be memorialized by a Promissory Note payable to ALG, under the same terms and conditions as the original loan, but with an interest rate of 12% per annum. However, no Promissory Notes or other repayment agreements or loan documentation have been finalized or executed to date. As such, the terms and conditions of the ALG loan are subject to change prior to the execution of documentation evidencing such loan.

On April 20, 2007, certain of our wholly owned subsidiaries which are engaged in the construction and development of the Sonesta Resort, including Costa Blanca Real Estate II, LLC, Costa Blanca III Real Estate, LLC, TDS Town Homes (Phase 1), LLC, and TDS Town Homes (Phase 2), LLC (the "Borrowers"), entered into a Loan and Security Agreement with Kennedy Funding, Inc. as agent for certain lenders (collectively "Kennedy" and the "Loan Agreement"). Pursuant to the Loan Agreement, Kennedy agreed to make a loan to the Borrowers of up to $24,900,000. The Loan Agreement provides that the Borrowers will receive an advance equal to $22,000,000 for repayment of an existing loan, closing costs and fees, and construction of the Sonesta Resort; additionally, another $2,900,000 will be held back from the initial loan funds and will be disbursed to the Borrowers from time to time to construct one of the swimming pools in the Sonesta Resort, subject to the Borrowers complying with the representations and warranties described in the Loan Agreement, and subject to the loan to value ratio of amounts loaned by Kennedy, in connection with the Sonesta Resort not exceeding 60%. Additionally, approximately $1,786,000 of the amount loaned by Kennedy was immediately paid by the Borrowers in connection with closing costs and to pay Kennedy's commitment and loan fees, and an additional $2,196,000 of the amount loaned was paid to Kennedy as an interest reserve, which amount is to be credited against the amount of monthly interest due under the loan, as such interest payments become due and payable, as described below. We used approximately $15,285,000 of the funds raised through the Loan Agreement to repay all amounts owed under and to satisfy our Land Loan with KeyBank, National Association, which we entered into in December 2005, and plan to use the remaining funds received by the Borrowers from the Loan Agreement to continue the construction of the Sonesta Resort. Events of default under the Loan Agreement include, among other things, if one or more judgments are entered against any Borrower or guarantor of the Loan Agreement, in excess of $25,000, which are not fully paid or covered by insurance, and which have not been discharged, stayed or bonded pending appeal within ninety days of the entry thereof.

In connection with the Loan Agreement, the Borrowers provided Kennedy a Promissory Note in the amount of $24,900,000 (the "Kennedy Note"). The Kennedy Note, and any accrued and unpaid interest is due and payable on April 20, 2010. The Kennedy Note does not contain a pre-payment penalty The Kennedy Note bears interest at varying rates of interest over the course of the note term, which interest is due and payable monthly, in arrears, including:

(a) 12% per annum for the first month that the Kennedy Note is outstanding;
(b) The greater of 12% or the Prime Rate then in effect plus 3 and 3/4% per annum during the period from May 2007 through April 2008;
(c) The greater of 16% or the Prime Rate then in effect plus 7 and 3/4% per annum during the period from May 2008 through April 2009; and
(d) The greater of 18% or the Prime Rate then in effect plus 9 and 3/4% per annum during the period from May 2009, through the maturity date of the Kennedy Note.

Any amounts not paid under the Kennedy Note when due bear interest at the rate of 24% per annum until paid in full.

The outstanding balance of the Kennedy Note was secured by a security interest granted to Kennedy by the Borrowers in substantially all of their personal property and assets. As additional security, American Leisure Holdings, Inc., TDS Amenities, Inc., a Florida corporation, which is owned by Tierra del Sol Resort, Inc., and Malcolm J. Wright, our Chief Executive Officer and Chairman entered into a Guaranty Agreement in favor of Kennedy, which guaranteed the repayment of the Kennedy Note. Furthermore, the Borrowers agreed to assign their rights to various of our licenses, leases, permits and approvals to Kennedy to secure the repayment of the Kennedy Note and in connection with the security agreement provided to Kennedy.

In addition to guarantying the repayment of the Kennedy Note, the Borrowers and TDS Amenities, Inc. granted Kennedy a Mortgage Agreement encumbering approximately 38 acres of property in our Sonesta Resort which the Borrowers own, to secure the repayment of the Kennedy Note. American Leisure Holdings, Inc. the Borrowers, and Mr. Wright also guarantied that all of the property secured by the Mortgage Agreement fully complies with all environmental laws and agreed to indemnify Kennedy against any damages in connection with the violation of any environmental hazardous waste disposal laws or regulations.

On June 26, 2007, Kennedy and the Borrowers entered into a First Amendment to Loan and Security Agreement and Other Loan Documents (the "First Amendment to Loan") in connection with the Loan Agreement, whereby the parties agreed to add as an event of default under the Loan Agreement, a default under the Second Kennedy Note (as defined below); agreed that the amount secured by the Kennedy Note would be cross collateralized with the Second Kennedy Note, and that any default under the Second Kennedy Note of the Second Kennedy Agreements (as defined below), would constitute an event of default under the Loan Agreement, as amended. The First Amendment to the Loan also provided that Kennedy has the right to assign the Kennedy Note; that Kennedy is required to consent to any amendment of the Kennedy Note, or related documents entered into in connection with the Kennedy Loan Agreement (the "Kennedy Agreements"), and/or consent to any release of collateral secured by the Kennedy Loan; that Kennedy is able to advertise the fact that it made a loan to us, and/or erect signs on our properties publicizing Kennedy's role in our funding, with our consent, which will not be unreasonable withheld; changed the prepayment requirements related to the Borrower's prepayment of the Kennedy Note; and provided Kennedy a security interest in any and all deposits received by the Borrowers in connection with the purchase of any of our condominiums and/or townhouses on the Mortgaged Property, among other things (the "Amendments").

We also entered into a First Amendment to Mortgage and Security Agreement and an Amended and Restated Promissory Note with Kennedy to confirm and reflect the Amendments. Additionally, we entered into a Reaffirmation of Guaranty, to reaffirm our previous guaranty of, and security interest granted in connection with the Kennedy Note and the Kennedy Agreements as amended.

On or about March 28, 2007, we obtained a Letter of Credit from First Commercial Bank of Florida ("First Commercial") in the amount of $991,217.05, which amount has been loaned to us in full by First Commercial, which amount bears interest at the Prime Rate plus 1.5% per annum, currently equal to 9.0%, with the Prime Rate at 7.5% as of the filing of this report. Interest on the Line of Credit is payable monthly in arrears. The amount due under the Line of Credit is due and payable, along with any accrued and unpaid interest on March 28, 2008. The Line of Credit is secured by a mortgage and security interest on certain property in the Sonesta Resort. The closing costs associated with the Line of Credit totaled approximately $25,000. The Letter of Credit is secured by certain of our wholly owned subsidiaries, and Malcolm J. Wright, our Chief Executive Officer and Chairman.

On June 26, 2007, Costa Blanca I Real Estate, LLC, a wholly owned subsidiary of our wholly owned subsidiary, Tierra Del Sol Resort (Phase 1), Ltd. ("Costa Blanca"), entered into a Loan and Security Agreement and related agreements (the "Second Kennedy Agreements") with Kennedy, whereby Kennedy agreed to loan Costa Blanca $4,450,000 (the "Second Loan Agreement"). In connection with the Second Loan Agreement, Costa Blanca provided Kennedy a Promissory Note in the amount of $4,450,000 (the "Second Kennedy Note"). The Second Kennedy Note, and any accrued and unpaid interest is due and payable on June 25, 2010. The Second Kennedy Note does not contain a pre-payment penalty. The Second Kennedy Note bears interest at varying rates of interest over the course of the note term, which interest is due and payable monthly, in arrears, including:

(a) 12% per annum for the first month that the Second Kennedy Note is outstanding;
(b) The greater of 12% or the Prime Rate then in effect plus 3 and 3/4% per annum during the period from July 2007 through June 2008;
(c) The greater of 16% or the Prime Rate then in effect plus 7 and 3/4% per annum during the period from July 2008 through June 2009; and
(d) The greater of 18% or the Prime Rate then in effect plus 9 and 3/4% per annum during the period from July 2009, through the maturity date of the Second Kennedy Note.

Any amounts not paid under the Second Kennedy Note when due bear interest at the rate of 24% per annum until paid in full. Additionally, any payment of interest not paid within five (5) days of the date it is due is charged a one-time penalty equal to the lesser of: (i) ten percent (10%) of such payment or (ii) the maximum amount permitted by law.

The $3,950,000 initial advance under the Second Kennedy Note, which was advanced on or around June 26, 2007, included $464,000 which was paid to Kennedy as a closing fee; $445,000 which is to be credited against interest payments due under the Second Kennedy Note; and approximately $178,000 in closing costs, brokers fees and legal fees in connection with the loan. The remaining $500,000 in loan funds was held back from the initial advance, and will be disbursed to Costa Blanca from time to time to construct one of the swimming pools in the Sonesta Resort, subject to the Borrowers complying with the representations and warranties described in the Second Loan Agreement, and subject to the loan-to-value ratio of amounts loaned by Kennedy, not exceeding 60% of the then value of the Sonesta Resort. Additionally, Costa Blanca agreed to pay all of Kennedy's out of pocket expenses incurred in connection with the Second Kennedy Note and funding. The net proceeds of loan are being utilized by Costa Blanca for construction costs and working capital associated with the Sonesta Resort.

The Second Loan Agreement provided that Costa Blanca can not create, incur or suffer any indebtedness other than the Kennedy Note and the Second Kennedy Note, other than up to $25,000,000 in additional loans which may be obtained from Stanford International Bank Limited and/or Resorts Funding Group, LLC, which shall be subordinate to the Second Kennedy Note and security interests granted therewith.

Additionally, assuming that no Event of Default has occurred under the Second Kennedy Note, in the event that Costa Blanca or any of the Borrowers repays an amount equal to at least $16,000,000 of the amount due under the Kennedy Note and Second Kennedy Note by the six (6) month anniversary of the Second Loan Agreement closing date, the Borrowers will receive a credit of $150,000 against the amount then owed. Similarly, in the event that Costa Blanca or the Borrowers repays $18,000,000 of the amount due within the six (6) month anniversary of the Second Loan Agreement closing date, they will receive a credit of $200,000 against amounts then owed. Finally, assuming that the terms and conditions of the Second Kennedy Note are complied with in full, and no Event of Default has occurred, Costa Blanca will receive a refund of $50,000 of the prepaid interest held on the Second Kennedy Note.

The outstanding balance of the Second Kennedy Note was secured by a security interest granted to Kennedy by Costa Blanca in substantially all of its personal property and assets, including certain real property in Polk County, Florida, pursuant to the parties' entry into a Mortgage and Security Agreement. As additional security, American Leisure Holdings, Inc., TDS Amenities, Inc., a Florida corporation, which is owned by Tierra del Sol Resort, Inc., and Malcolm J. Wright, our Chief Executive Officer and Chairman, entered into a Guaranty Agreement in favor of Kennedy, which guaranteed the repayment of the Second Kennedy Note. Furthermore, Costa Blanca agreed to assign its rights to several of its licenses, leases, permits and approvals to Kennedy to secure the repayment of the Second Kennedy Note.

Central Florida Note

On or around June 29, 2007, TDS Amenities, Inc. and TDS Town Homes (Phase 2), LLC (collectively "TDS"), two of our wholly owned subsidiaries issued Central Florida Ventures, L.L.C. a Promissory Note (the "Central Florida Note") in the amount of $4,000,000 in connection with a $4,000,000 loan made to TDS. The Central Florida Note is due and payable on June 29, 2008, and any amount outstanding on the Central Florida Note bears interest at the rate of thirteen percent (13%) per annum, compounded monthly until paid in full on the maturity date. Any amount not paid on the Central Florida Note when due is subject to a "late charge" of 5% of such unpaid amount. TDS is able to repay all or any portion of the Central Florida Note at any time without penalty. In the event the Central Florida Note is not paid in full when due, any amounts then outstanding will bear interest at the highest rate allowable by Florida law.

In July 2007, an additional $1,000,000 was advanced by Central Florida pursuant to Central Florida Note described above.

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. We have raised the required funding to continue the planned construction of Phase 1 of the Sonesta Resort in connection with the Admission and related transactions described above (the "BVI Transaction.

Additionally, 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. 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 and, as disclosed above, we are currently majority owned by ALG, which trades its stock on the AIM alternative market in London, England. Moving forward, we may take steps to cease the trading of our common stock on the Over-The-Counter Bulletin Board, of which there can be no assurance and/or we may take steps to go private in the future, of which there can be no assurance.

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 September 30, 2007, we had an accumulated deficit of $28,177,502 and negative working capital of $25,749,359. 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 CHOOSE TO GO PRIVATE IN THE FUTURE AND/OR CEASE OUR PUBLIC FILINGS, WHICH COULD CAUSE YOU TO LOSE ALL LIQUIDITY IN YOUR INVESTMENT, AND/OR COULD CAUSE ANY INVESTMENT IN THE COMPANY TO BECOME WORTHLESS.

We are currently in discussions with ALG and our senior management regarding taking the Company private through a merger transaction with ALG, a tender offer, a reverse merger with a separate company, or otherwise. Additionally, the Company may file a Form 15 in the future, which if approved by the Commission, will suspend its periodic and current report filing obligations with the Commission. In the event that ALG and our management decides to take the Company private, any investors in the Company could be forced to be bought out or receive shares of ALG in return for their shares of the Company or in the event of a reverse merger, could own shares in a company with operations which may be completely different, more risky and have less assets and/or revenues than the Company. The shares they receive of ALG, in any merger transaction, if any, may not have an equivalent value to their shares of the Company, and/or may have diminished liquidity. In the event that we decide to go private and/or file a Form 15 to suspend our reporting obligations with the Commission, any investment in the Company could be lost, exchanged for shares of ALG, which may have a lesser value than our shares, and/or may have no value or liquidity, and investors should keep in mind that the Company is currently discussing potential steps to go private. Due to ALG's high concentration of ownership, as described below, investors will have little to no say in whether the Company goes private (or files a Form 15 and suspends its filing obligations) and/or in the value of ALG shares or other consideration that shareholders of the Company receive in consideration for their shares of the Company, if any.

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 require 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, and loans from our parent company, ALG. 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"), which was repaid in full in April 2007. As of September 30, 2007, we had received approximately $21,115,400 for funding of the Sonesta Resort through our entry into the April 2007 Kennedy funding, $3,643,,000 through our entry into the June Kennedy funding, $5,000,000 through the Central Florida and the right to up to $20,000,000 in funding through the SIBL and Resorts Funding loans describe above, pursuant to which we had borrowed 20,000,000 as of September 30, 2007. Please note that the funding of $10,000,000 through SIBL and $10,000,000 through Resorts Funding have been repaid by ALG, and are now due ALG, on the original terms of the such loans, bearing interest at the rate of 12% per annum, until paid by us.

If we are unable to 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 or ALG, and/or if we are not able to repay the Kennedy Note or any other of our upcoming liabilities, including our outstanding loans with ALG, which are described in greater detail herein, it will have a material adverse effect on our financial condition and results of operation.

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 September 30, 2007, we had a total of $36,575,704 in current liabilities, representing various loan and funding arrangements described in greater detail above, which liabilities are payable within the next twelve months. 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.

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 KENNEDY FUNDING, INC., WHICH WE DO NOT CURRENTLY HAVE FUNDS TO RE-PAY, AND WHICH LOANS INCLUDE LIENS ON OUR PROPERTIES.

In April 2007, we closed a $24,900,000 loan facility with Kennedy Funding, Inc. (“Kennedy”), of which we have received $21,115,400 to date. We immediately used approximately $15,285,000 to repay our previous Land Loan with Keybank. Additionally, approximately $1,786,000 of the amount loaned by Kennedy was immediately paid by the Borrowers in connection with closing costs and to pay Kennedy’s commitment and loan fees, and an additional $2,196,000 of the amount loaned was paid to Kennedy as an interest reserve, which amount is to be credited against the amount of monthly interest due under the loan. The Kennedy loan was evidenced by a Promissory Note in the amount of $24,900,000 (the “Kennedy Note”), which is due and payable, along with any accrued and unpaid interest on April 20, 2010. The Kennedy Note bears interest at varying rates of interest over the course of the note term, which interest is due and payable monthly, in arrears, including:

(a) 12% per annum for the first month that the Kennedy Note is outstanding;
(b) The greater of 12% or the Prime Rate then in effect plus 3 and 3/4% per annum during the period from May 2007 through April 2008;
(c) The greater of 16% or the Prime Rate then in effect plus 7 and 3/4% per annum during the period from May 2008 through April 2009; and
(d) The greater of 18% or the Prime Rate then in effect plus 9 and 3/4% per annum during the period from May 2009, through the maturity date of the Kennedy Note.

On June 26, 2007, Costa Blanca I Real Estate, LLC, a wholly owned subsidiary of our wholly owned subsidiary, Tierra Del Sol Resort (Phase 1), Ltd. (“Costa Blanca”), entered into a Loan and Security Agreement and related agreements (the “Second Kennedy Agreements”) with Kennedy, whereby Kennedy agreed to loan Costa Blanca $4,450,000 (the “Second Loan Agreement”). In connection with the Second Loan Agreement, Costa Blanca provided Kennedy a Promissory Note in the amount of $4,450,000 (the “Second Kennedy Note”). The Second Kennedy Note, and any accrued and unpaid interest is due and payable on June 25, 2010. The Second Kennedy Note does not contain a pre-payment penalty. The Second Kennedy Note bears interest at varying rates of interest over the course of the note term, which interest is due and payable monthly, in arrears, including:

(a) 12% per annum for the first month that the Second Kennedy Note is outstanding;
(b) The greater of 12% or the Prime Rate then in effect plus 3 and 3/4% per annum during the period from July 2007 through June 2008;
(c) The greater of 16% or the Prime Rate then in effect plus 7 and 3/4% per annum during the period from July 2008 through June 2009; and
(d) The greater of 18% or the Prime Rate then in effect plus 9 and 3/4% per annum during the period from July 2009, through the maturity date of the Second Kennedy Note.

Any amounts not paid under the Kennedy Note or Second Kennedy Note when due bear interest at the rate of 24% per annum until paid in full.

The outstanding balance of the Kennedy Note was secured by a security interest granted to Kennedy by the Borrowers in substantially all of their personal property and assets. The outstanding balance of the Second Kennedy Note was secured by a security interest granted to Kennedy by Costa Blanca in substantially all of its personal property and assets, including certain real property in Polk County, Florida, pursuant to the parties' entry into a Mortgage and Security Agreement. As additional security, American Leisure Holdings, Inc., TDS Amenities, Inc., a Florida corporation, which is owned by Tierra del Sol Resort, Inc., and Malcolm J. Wright, our Chief Executive Officer and Chairman entered into a Guaranty Agreement in favor of Kennedy, which guaranteed the repayment of the Kennedy Note and the Second Kennedy Note.

Furthermore, the Borrowers and Costa Blanca agreed to assign their rights to various of our licenses, leases, permits and approvals to Kennedy to secure the repayment of the Kennedy Note and the Second Kennedy Note and in connection with the security agreement provided to Kennedy.

As of the date of this filing, we do not have sufficient funds to repay the Kennedy Note or the Second Kennedy Note and as such, we will need to raise additional capital prior to April 20, 2010 and June 25, 2010, respectively, to repay such notes. If we are unable to repay the Kennedy Note and/or the Second Kennedy Note when due and/or if an event of default occurs under the notes, Kennedy make take control of and/or force us to sell substantially all of our assets to satisfy such debt, which could force us to curtail or abandon our business plan and would like cause any investment in us to become worthless.

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

We currently anticipate the need for a significant amount of funding to begin and complete Phase 2 of the Sonesta Resort and our planned development of the Reedy Creek Property (as described above). 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 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 2 until such time as we have adequate funding available. We may never have sufficient capital to begin or complete the development of Phase 2 of the Sonesta Resort or complete Phase 1 of the Sonesta Report, 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 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 Kennedy, Stanford and ALG (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 Construction, LLC, which is 50% 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. Additionally, Mr. Wright serves as an officer and Director of ALG, which holds a majority of our outstanding shares Because Mr. Wright is employed by us and the other party to these transactions, Mr. Wright may have profited from this transaction when we did 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. Mr. Wright also serves as an officer and Director of ALG, which currently owns a majority of our outstanding stock. 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 THROUGH AUGUST 13, 2007 AND 10%OF THE PRE-TAX PROFITS OF THE SUBSIDIARY IN WHICH THEY SERVE AS OUR EXECUTIVE OFFICERS THEREAFTER, 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 through August 13, 2007 and 10% of the pre-tax profits, if any, thereafter, pursuant to the terms of a non-memorialized agreement between our executive officers and the Company, which has not been formally approved by the Board of Directors or memorialized to date. 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 final. However, until they are executed, 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 $800,000 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. In June 2006, Malcolm Wright was paid $1,540,500 of the accrued salaries that consisted of accrued salaries of $1,275,000 and accrued interest of $265,500. As of September 29, 2007, the amount of salaries payable accrued to Mr. Wright amounted to $2,720,652 plus accrued interest on those salaries of $634,750. On September 29, 2007, $2,309,783 of accrued salaries and $606,750 of accrued interest on those salaries were paid to Mr. Wright leaving a balance due to Mr. Wright of $402,889, after adjustments, which includes accrued salaries of $374,889 and accrued interest of $28,000. Furthermore, we may pay Mr. Wright a bonus of up to 19% of the pre-tax profits, prior to August 13, 2007, and 10% of any profits thereafter, 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 September 30, 2007, the total costs and fees paid by ALRG amounted to $80,445,137, of which 4% of such amount is equal to approximately $3,332,414. 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 September 30, 2007, total sales of units in the Sonesta Resort were approximately $222,160,927, and as a result, TDSR was obligated to pay Xpress a fee of $6,664,828 in connection with sales and marketing fees, and as of September 30, 2007, $6,830,979 had been paid to Xpress, which number includes fees paid on cancelled sales, which fees Xpress is able to keep. Based on the sales contracts as of September 30, 2007, TDSR is obligated to pay Xpress $3,332,414, the other half of the sales fee, upon the conveyance of the units. 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, we owe ALG, of which Mr. Wright is an officer and Director and which owns a majority of our outstanding stock, approximately $79,313,787 as of September 30, 2007, in connection with amounts owed to us, which amount bears interest at the rate of 12% per annum and is due at various times throughout the next two years, as described above. Additionally, as a result of such payments and required payments on the ALG loan, 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, Xpress and ALG 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 $1,500,000 OF CAPITAL THROUGH THE END OF THE 2007 FISCAL YEAR FOR THE OPERATIONS OF HICKORY, WHICH MAY NOT BE AVAILABLE TO US ON FAVORABLE TERMS, IF AT ALL.

We anticipate needing to raise approximately $1,500,000 for the operations of Hickory, which includes Hickory's requirement to cover its seasonal losses. 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.

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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

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 PARENT COMPANY, AMERICAN LEISURE GROUP, LTD., OTHER SHAREHOLDERS MAY NOT BE ABLE TO SIGNIFICANTLY INFLUENCE OUR MANAGEMENT.

As a result of the Share Exchange and Share Purchase Agreements described below, American Leisure Group, Ltd.(“ALG”), became the beneficial owner of approximately 95% of our outstanding stock. As a result, ALG will 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.

IN THE FUTURE, WE WILL INCUR SIGNIFICANT INCREASED COSTS AS A RESULT OF OPERATING AS A FULLY REPORTING COMPANY IN CONNECTION WITH SECTION 404 OF THE SARBANES OXLEY ACT, AND OUR MANAGEMENT WILL BE REQUIRED TO DEVOTE SUBSTANTIAL TIME TO NEW COMPLIANCE INITIATIVES.

Moving forward, we anticipate incurring significant legal, accounting and other expenses in connection with our status as a fully reporting public company. The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and new rules subsequently implemented by the SEC have imposed various new requirements on public companies, including requiring changes in corporate governance practices. As such, our management and other personnel will need to devote a substantial amount of time to these new compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure of controls and procedures. In particular, commencing in fiscal 2008, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

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.

INVESTORS MAY FACE SIGNIFICANT RESTRICTIONS ON THE RESALE OF OUR COMMON STOCK DUE TO FEDERAL REGULATIONS OF PENNY STOCKS.

Once our common stock is listed on the OTC Bulletin Board, it is likely that it will be subject to the requirements of Rule 15(g)9, promulgated under the Securities Exchange Act as long as the price of our common stock is below $4.00 per share. Under such rule, broker-dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including a requirement that they make an individualized written suitability determination for the purchaser and receive the purchaser's consent prior to the transaction. The Securities Enforcement Remedies and Penny Stock Reform Act of 1990, also requires additional disclosure in connection with any trades involving a stock defined as a penny stock. Generally, the Commission defines a penny stock as any equity security not traded on an exchange or quoted on NASDAQ that has a market price of less than $4.00 per share. The required penny stock disclosures include the delivery, prior to any transaction, of a disclosure schedule explaining the penny stock market and the risks associated with it. Such requirements could severely limit the market liquidity of the securities and the ability of purchasers to sell their securities in the secondary market.

ITEM 3. 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 were 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.

(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.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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. If 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 is in the discovery phase and is not currently set for trial. We have been advised by our attorneys in this matter that Mr. Wright's position on the facts and the law is stronger than the positions asserted by the Smee Entities. We intend to seek dismissal of the action.

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 and will shortly enter the discovery phase and is not currently set for trial. We believe that Manuel Sanchez and Luis Vanegas claims are without merit and the claims are not material to us. This lawsuit has since been dismissed.

On March 30, 2004, Malcolm Wright, was individually named as a third-party defendant in the Circuit Court of Cook County, Illinois, Chancery Division, under the caption: Cahnman v. Travelbyus, et al. On July 23, 2004, the primary plaintiffs filed a motion to amend their complaint to add direct claims against American Leisure as well as Mr. Wright. On August 4, 2004, the plaintiffs withdrew that motion and have not asserted or threatened any direct claims against American Leisure, Mr. Wright or us. As of October 26, 2007 this matter has been settled between Cahnman v. Travelbyus, et al, and the entire case has been dismissed with prejudice

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. However, these claims were never amended and the period to amend has expired. As a result, only the breach of contract claims remain. Management, intends to defend against these claims vigorously.

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. On June 13, 2007, the parties entered into a Tolling Agreement that suspended litigation. To date, no further action has occurred in this matter.

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. The Court denied the motion for sanctions without prejudice, meaning we can refile the motion after conclusion of discovery. Berman filed an amended complaint, and we responded with another motion to dismiss and motion to strike the request for a jury trial. The Court granted the motion to strike the request for jury trial and denied the motion to dismiss, instructing that it was more appropriate for summary judgment. We have served written discovery requests.

Lufthansa City Center, et al 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.

On or about July 11, 2007, Costa Blanca Real Estate, Inc., Tierra Del Sol Resort, Inc., our wholly owned subsidiaries and one of our former employees, were served with a complaint filed in the Circuit Court of the Tenth Judicial Circuit in and for Polk County, Florida (the "Complaint"). The Complaint filed by David A. and Sandra P. Clayton (the "Claytons"), relates to a townhome and a condominium sold by us to the Claytons in August 2004. The Complaint alleges, among other things, causes for breach of contract, fraud in the inducement of the contract, violations of the Florida Deceptive and Unfair Trade Practices Act, and civil conspiracy. We have filed a motion to dismiss, which should be heard before the end of the year. We intend to vigorously defend the lawsuit.

On or about August 3, 2007, Brian Hannon sued Tierra del Sol Resort, Inc., in the United States District Court for the Middle District of Florida. The suit alleges breach of contract and violation of regulations regarding the sale of real estate. The Court has recently ordered Hannon to show cause why the case should not be dismissed for his failure to comply with a rule of procedure. We deny the allegations and intend to vigorously defend the lawsuit.

On or about August 9, 2007, American Leisure Holdings, Inc., American Leisure Equities Corporation, and Around the World Travel, Inc. were sued in the Northern District of Illinois by Apollo Galileo USA Partnership. The complaint mistakenly asserts that we assumed the liabilities from Around the World Travel as part of our acquisition of substantially all of the assets, and seeks to recover on a 2003 contract between Apollo Galileo and Around the World Travel. We have sought dismissal of the complaint, and the court has allowed Galileo to conduct discovery regarding our motion prior to responding. We intend to vigorously defend the claims.

On or about September 17, 2007, Tierra del Sol Resort, Inc. was sued in the Ninth Judicial Circuit in and for Orange County, Florida, by Raymond Vissser in connection with a contract for the sale of a town home. The Complaint seeks specific performance or, alternatively, damages for breach of contract. We are currently discussing informal resolution of the complaint, and have not filed a response.

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. The Company believes that substantially all of the above are incidental to its 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.

ITEM 2. CHANGES IN SECURITIES

In August 2007, ALG purchased an aggregate of 2,331,016 warrants to purchase shares of our common stock held by various of our officers, Directors, and shareholders (as described in greater detail in our Form 8-K filed with the Commission on August 24, 2007)(the "ALG Purchased Warrants"). The ALG Purchased Warrants were thereafter cancelled by ALG on or about August 13, 2007.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

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ITEM 5. OTHER INFORMATION

On September 28, 2007, Michael Crosbie resigned as the "Company's Corporate General Counsel, Executive Vice President and Secretary. The Company has not appointed a Corporate General Counsel, Executive Vice President or Secretary to fill the vacancies left by Mr. Crosbie's resignation as of the date of the filing of this Report.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) EXHIBITS

Exhibit No.	Description of Exhibit
10.1(1)	Commitment Letter with KeyBank National Association for $96,000,000 for Phase I
10.2(1)	Commitment Letter with KeyBank National Association for $14,850,000 for Phase II
10.3(2)	Re-Stated Promissory Note for $6,356,740 issued in favor of Around The World Travel, Inc. dated June 30, 2005.
10.4(3)	Commitment Letter with KeyBank National Association for $96,000,000 for Phase I
10.5(4)	Commitment Letter with KeyBank National Association for $14,850,000 for Phase II
10.6(4)	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
10.7(4)	Commitment Letter with KeyBank National Association for up to $14,850,000 for Phase 2 dated December 1, 2005
10.8(5)	Construction Loan Agreement with KeyBank National Association for $40,000,000 for Phase 1 dated December 29, 2005
10.9(5)	Promissory Note with KeyBank National Association for $40,000,000
10.10(5)	Loan Agreement with KeyBank National Association for $14,850,000 for Phase 2 dated December 29, 2005
10.11(5)	Promissory Note with KeyBank National Association for $14,850,000
10.12(5)	

	Promissory Note for $4,000,000 issued by TDS Management, LLC in favor of PCL Construction Enterprises, Inc.
10.13(5)	Guaranty by the Registrant of the $4,000,000 Promissory Note to PCL Construction Enterprises, Inc.
10.14(5)	Guaranty of Malcolm J. Wright guaranteeing the $4,000,000 Promissory Note to PCL Construction Enterprises, Inc.
10.15(5)	Addendum to Construction Loan Agreement Condominium and Townhouse Project Development

10.16(5)	Payment Guaranty Phase 1
10.17(5)	Payment Guaranty Phase 2
10.18(5)	Amended Debt Guarantor Agreement
10.19(5)	Guaranty of Tierra Del Sol (Phase 1), Ltd. guaranteeing the $4,000,000 Promissory Note to PCL Construction Enterprises, Inc. (exhibit 10.7)
10.20(5)	Performance and Completion Guaranty
10.21(5)	Pledge and Security Agreement
10.22(6)	Option Exercise Agreement with Stanford Financial Group Company
10.23(6)	Assignment of Interest in Reedy Creek Acquisition Company, LLC
10.24(7)	Registration Rights Agreement with SIBL dated January 4, 2006
10.25(7)	Credit Agreement with SIBL
10.26(6)	$7,000,000 Promissory Note with Bankers Credit Corporation
10.27(6)	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement
10.28(6)	Renewed, Amended and Increased Promissory Note
10.29(7)	Stanford International Bank, Ltd. Warrant for 77,000 shares at $0.001 per share
10.30(7)	Stanford International Bank, Ltd. Warrant for 154,000 shares at $5.00 per share
10.31(6)	Irrevocable and Unconditional Guaranty
10.32(7)	Registration Rights Agreement with SIBL dated December 28, 2005
10.33(6)	SIBL $2.1 million note
10.34(7)	Partnership Interest Pledge and Security Agreement and Collateral Assignment (Phase 1)
10.35(7)	Partnership Interest Pledge and Security Agreement and Collateral Assignment (Phase 2)
10.36(7)	SIBL Warrant Agreement for 2% Phase 1 interest
10.37(7)	SIBL Warrant Agreement for 2% Phase 2 interest

10.38(6)	Stanford International Bank, Ltd. Warrant for 154,000 at $0.001 per share
10.39(6)	Stanford International Bank, Ltd. Warrant for 308,000 at $5.00 per share
10.40(8)	Original Purchase Agreement
10.41(9)	First Amendment to Asset Purchase Agreement
10.42(10)	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.

10.43(11)	Stock Purchase Agreement between Harborage Leasing Corporation and the Company
10.44(11)	$1,411,705 Promissory Note payable to Harborage Leasing Corporation
10.45(11)	Malcolm J. Wright Guaranty Agreement regarding $1,411,705 Promissory Note with Harborage Leasing Corporation
10.46(11)	Harborage Leasing Corporation warrant to purchase 300,000 shares of common stock at $5.00 per share
10.47(12)	Third Party Debt Guarantor Agreement
10.48(12)	Note Modification Agreement with SIBL
10.49(12)	Stock Purchase Agreement with SIBL for the purchase of our Antigua call center operations
10.50(12)	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
10.51(13)	Purchase Agreement between Scott Roix, American Leisure Holdings, Inc. and Stanford International Bank Limited
10.52(13)	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
10.53(14)(ii)	Credit Agreement - $4,300,000 credit facility
10.54(14)	Second Renewed, Amended and Increased Promissory Note issued by Reedy Creek Development Company, LLC
10.55(14)	Second Mortgage Modification Agreement and Future Advance Certificate
10.56(14)	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement (November 2006)
10.57(14)(ii)	Amendment No. 1 to $4.3 Million Credit Agreement
10.58(14)	Third Renewed, Amended and Increased Promissory Note issued by Reedy Creek Development Company, LLC
10.59(14)	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement (December 2006)

10.60(14)	Third Mortgage Modification Agreement and Future Advance Certificate
10.61(14)(iii)	Credit Agreement - $6,200,000 credit facility
10.62(14)(iii)	Amendment No. 1 to $6.2 Million Credit Agreement
10.63(14)	Purchase Agreement (South Beach Resorts, LLC)
10.64(14)	Assignment of Interests in South Beach Resorts, LLC

10.65(14)	Promissory Note payable to Roger Maddock
10.66(14)	Guaranty Agreement in connection with Maddock Promissory Note
10.67(14)(ii)	Warrant and Participation Agreement
10.68(14)(iv)	Form of Warrant
10.69(14)	Promissory Note (South Beach Resorts, LLC)
10.70(16)	Amendment No.1 to $13,420,000 Renewed, Amended and Increased Promissory Note with (Reedy Creek Note)
10.71(16)	Amended and Restated Promissory Note (Bankers Credit - $7,860,000)
10.72(16)	Note Modification Agreement with SIBL (December 2006)
10.73(16)	Amendment to Stock Purchase Agreement (Harborage)
10.74(16)	Forbearance Agreement (LaSalle Bank/South Beach Resorts, LLC)
10.75(16)	Amendment No. 2 to $4.3 Million Credit Agreement
10.76(16)	Fourth Renewed, Amended and Increased Promissory Note issued by Reedy Creek Development Company, LLC
10.77(16)	Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement (January 2007)
10.78(16)	Fourth Mortgage Modification Agreement and Future Advance Certificate
10.79(16)	Amendment No. 2 to $6.2 Million Credit Agreement
10.80(16)	Malcolm J. Wright - Guaranty Agreement of $7,000,000 Bankers Credit Note
10.81(16)	March 2007 - $10,000,000 Credit Agreement with Stanford International Bank, Ltd.
10.82(16)	March 2007 - $10,000,000 Promissory Note payable to Stanford International Bank, Ltd.
10.83(16)	March 2007, Mortgage and Security Agreement with Stanford International Bank, Ltd.
10.84(16)	Mortgage and Security Agreement

10.85(15)	Michael D. Crosbie Employment Agreement
10.86(17)	Loan and Security Agreement with Kennedy ($24,900,000 loan)
10.87(17)	Promissory Note with Kennedy ($24,900,000 loan)
10.88(17)	Guaranty Agreement with Kennedy
10.89(17)	Environmental Indemnity Agreement
10.90(17)	Mortgage and Security Agreement

10.91(17)	Malcolm J. Wright Warrant Agreement
10.92(18)	Note Modification Agreement (March 2007)
10.93(18)	$10,000,000 Credit Agreement with Resorts Funding Group, LLC
10.94(18)	$10,000,000 Promissory Note with Resorts Funding Group, LLC
10.95(18)	Mortgage Agreement with Resorts Funding Group, LLC
10.96(19)	First Amendment to Loan and Security Agreement
10.97(19)	Amended and Restated Promissory Note
10.98(19)	First Amendment to Mortgage
10.99(19)	Reaffirmation Agreement
10.100(19)	Loan and Security Agreement
10.101(19)	Promissory Note
10.102(19)	Guaranty
10.103(19)	Mortgage
10.104(19)	Malcolm J. Wright Warrant Agreement
10.105(20)	First Amendment to Forbearance Agreement with LaSalle
10.106(21)	Promissory Note with Central Florida Ventures
10.107*	Second Amendment to Forbearance Agreement with La Salle
31.1*	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	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

* Filed herein.

(1) 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.

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

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

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

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

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

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

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

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

(15) 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.

(16) Filed as exhibits to the Company’s Annual Report on Form 10-KSB filed with the Commission on May 17, 2007, and incorporated herein by reference.

(17) Filed as exhibits to the Company’s Report on Form 8-K filed with the Commission on May 1, 2007, and incorporated herein by reference.

(18) Filed as exhibits to the Company’s Report on Form 10-QSB, filed with the Commission on May 21, 2007, and incorporated herein by reference.

(19) Filed as exhibits to the Company’s Report on Form 8-K filed with the Commission on July 10, 2007, and incorporated herein by reference.

(20) Filed as exhibits to the Company's Report on Form 8-K filed with the Commission on July 18, 2007, and incorporated herein by reference.

(21) Filed as exhibits to the Company's Report on Form 8-K filed with the Commission on August 8, 2007, and incorporated herein by reference.

(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%.

b) REPORTS ON FORM 8-K

The Company filed the following reports on Form 8-K during the fiscal period covered by this report:

- On July 10, 2007, to report our entry into the amended Kennedy Agreements, and the June 2007 Kennedy Funding.
- On July 12, 2007, to report the potential entry into Share Purchase Agreements with a BVI company by our majority shareholders.
- On July 18, 2007 to report our entry into the First Amendment to Forbearance Agreement with LaSalle.
- On August 8, 2007, to report TDS's entry into the Central Florida Note.
- On August 13, 2007, to report the trading of ALG on the AIM market, and the triggering of various Share Exchange and Share Purchase Agreements, described in greater detail therein.
- On August 24, 2007, to report a change in control of the Company in connection with the Share Exchange Agreements and Share Purchase Agreements entered into in connection with the AIM listing.

We filed the following report on Form 8-K subsequent to the period covered by this report:

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On October 3, 2007, to report the resignation of Michael Crosbie as the Company’s General Counsel, Executive Vice President and Secretary effective as of September 28, 2007.

SIGNATURES

In accordance with the requirements 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.
DATED: November 19, 2007	*By: /s/ Malcolm J. Wright* Malcolm J. Wright Chief Executive Officer (Principal Executive Officer)