AMERICAN LEISURE HOLDINGS, INC.
Form 10KSB/A
October 18, 2006

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

FORM 10-KSB/A
Amendment No. 1

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

For the fiscal year ended December 31, 2005

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ------- to -------

Commission file number 333-48312

AMERICAN LEISURE HOLDINGS, INC.
(Name of small business issuer 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)

Park 80 Plaza East, Saddle Brook, New Jersey 07663
(Former Address of principal executive offices)

Issuer's telephone number (407) 251-2240

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE EXCHANGE ACT:

NONE

The Registrant is filing this Amended Report on Form 10-KSB, to amend its December 31, 2005, audited financial statements ("Statements") as filed in its Annual Report on Form 10-KSB, for the fiscal year ended December 31, 2005, which was filed with the Securities and Exchange Commission on March 31, 2006, to:

- amend the ordering of its Independent Registered Public Accounting Firm report and cover page in relation to the rest of its Statements and to amend the report to state that our auditors have conducted their review in accordance with Standards of the Public Company Accounting Oversight Board (United States);

- revise its statements of operations, to include and clarify its direct costs associated with operating revenues in arriving at gross margin for the year ended December 31, 2005;
- revise the statements of cash flows as provided in the Statements to exclude restricted cash from cash and cash equivalents, and instead reclassified restricted cash relating to pre-sold units or deposits as a change in operating assets and the restricted cash relating to the bank financing as an investing activity;
- revise the statements of cash flows to record the proper amount of non-cash interest expense and change in other assets;
- clarify how the Registrant accounts for the minority interests of its subsidiaries;
- add a description of the Registrant's accounting policy in connection with its "Land Held for Development";
- to revise and clarify the terms of the restrictions on the Registrant's restricted cash account;
- to revise and clarify the minority equity instruments the Registrant holds;
- to revise and clarify the terms of the Registrant's pre-sales contracts on resort units, including rights retained by the buyer to require a full or partial refund;
- to clarify the terms of the Registrant's prepaid commission arrangements in connection with the sale of resort properties;
- to revise and clarify the entities involved in the Registrant's purchase of the minority interest in Tierra del Sol Resorts, Inc. ("TDSR"), as well as any profit sharing arrangements which existed between TDSR and the Registrant;
- to revise Note 9 - Other Assets, to clarify the method and period over which the Registrant amortized its deferred financing costs;
- to revise Note 11 to re-order the notes payable described therein by maturity dates;
- to revise Note 14 of the Statements to clarify the definition of "Stated Value" as used therein and to disclose the amount of cumulative unpaid dividends for each issuance described therein;
- to revise and expand upon the description of the warrants in the Registrant granted throughout the year ended December 31, 2005;
- to revise Note 17 to include a more detailed description of the terms of the Registrant's management agreement with Around the World Travel; and
- to revise and reconcile the disclosure under Note 20 regarding operating segments.

Other than the items mentioned above, this Amended Report on Form 10-KSB remains identical to the Form 10-KSB filed with the Securities and Exchange Commission on March 31, 2006, and investors should review the Registrant's more recent periodic and current report filings to obtain current information about the Registrant's business operations and financial condition.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter periods 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 [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

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

The issuer's revenues for its most recent fiscal year were $19,381,284.

The aggregate market value of the issuer's voting and non-voting common equity held by non-affiliates computed by reference to the average bid and ask price of such common equity as of December 31, 2005, was approximately $2,180,519.

At December 31, 2005, there were 10,334,974 shares of the Issuer's common stock outstanding.

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PART I

FORWARD-LOOKING STATEMENTS

All statements in this discussion that are not historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Statements preceded by, followed by or that otherwise include the words "believes", "expects", "anticipates", "intends", "projects", "estimates", "plans", "may increase", "may fluctuate" and similar expressions or future or conditional verbs such as "should", "would", "may" and "could" are generally forward-looking in nature and not historical facts. These forward-looking statements were based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives. These factors include, among others, the factors set forth above under the heading "Risk Factors" in "Item 6. Management's Discussion and Analysis or Plan of Operation." Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Most of these factors are difficult to predict accurately and are generally beyond our control. We are under no obligation to publicly update any of the forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are cautioned not to place undue reliance on these forward-looking statements.

ITEM 1. DESCRIPTION OF BUSINESS

BUSINESS DEVELOPMENT

American Leisure Holdings, Inc. is in the process of developing a large, multi-national travel services, travel management and travel distribution organization. We have established a Travel Division, a Resort Development Division and a Communications Division. Through our various subsidiaries, we manage and distribute travel services, and develop, construct and will manage vacation home ownership and travel destination resorts and properties, develop and operate affinity-based travel clubs and own a call center in Antigua-Barbuda. Our businesses are intended to complement each other and create cross-marketing opportunities within our business. We intend to take advantage of the synergies between the distribution of travel services and the development, marketing, sale and management of vacation home ownership and travel destination properties.

On October 1, 2003, we acquired a 50.83% majority interest in Hickory Travel Systems, Inc. ("Hickory" or HTS") as the first building block 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 that focus primarily on corporate travel. 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. We view the members of Hickory as a resource for future acquisitions of viable travel agencies as we intend to continue to add well-positioned travel agencies to our Travel Division.

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In December 2004, Caribbean Leisure Marketing, Ltd. ("Caribbean Leisure Marketing"), a wholly owned subsidiary of our company that is 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 is operated through Caribbean Media Group, Ltd., an international business corporation formed under the laws of Barbados. We own 49% of Caribbean Media Group, Ltd., which is currently operating the call center. Our co-venturer, IMA, Ltd. owns the remaining 51%.

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 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 is based in Coral Gables, Florida.

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 vacation travel services.

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.

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 Develop Resort Properties in areas which we believe have good year round occupancy levels and then to manage the completed Resort Property and distribute its room nights through our multi-national travel services, travel management and travel distribution organization. We are in the process of developing both the Sonesta Orlando Resort which when completed will have 972 vacation resort units and our Reedy Creek Property which is currently planned to consist of approximately 522 residential units as defined and described below.

We are also in the process of integrating the administrative operations of Hickory and TraveLeaders to distribute, fulfill and manage our travel services and our Resort Properties which integration, we anticipate completing during fiscal year 2006.

We are focused on the development, construction and management of vacation homes and vacation condominiums in Vacation Travel Destination Resorts and as such have completed the planning stage for "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 0.75 miles from the 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.

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 rent 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. We plan to develop, on average, a new travel club every two months for the next eighteen months.

During the fiscal year ended December 31, 2005, we received the majority of our revenues through the operations of Hickory, which manages and distributes travel services, which subsidiary accounted for approximately 53.6% of our revenues for the year ended December 31, 2005. Additionally, we received approximately 26.1% of our revenues through the operations of our subsidiary Tierra Del Sol, Inc. (described below), which is currently constructing the Sonesta Resort; approximately 8.6% of our revenues through the operations of our subsidiary American Leisure Equities Corporation, which manages our TraveLeaders assets; and approximately 8.6% of our assets through our subsidiary Advantage Professional Management Group, Inc., which is involved in the management of

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properties other than the Sonesta Resort, and which sold its sole asset, a hotel in Davenport, Florida during the year ended December 31, 2005.

TRAVEL SERVICES

TRAVEL SERVICES INDUSTRY OVERVIEW

The travel services industry is made up of two broad categories, corporate business travel and individual leisure travel. TraveLeaders does the majority of their business in the corporate travel management category and a small portion of individual leisure travel, while Hickory provides services to a variety of agencies that focus on corporate business travel.

Corporate travel management became prevalent largely as a result of the deregulation of the airline industry in 1978. Complex pricing strategies and airline rules and the elimination of previously available commission arrangements created an opportunity for travel management companies to assist corporate clients in optimizing the value of their travel expenditures.

Travel is generally the second largest controllable expense, behind personnel, for most companies. Corporate travel management companies like TraveLeaders and most of Hickory's members reduce travel expenses for their clients by creating and documenting travel policies, negotiating favorable pricing directly with travel suppliers, and streamlining the reservation process with customized profiles and client-selected technologies including on-line booking tools.

The corporate travel management industry has changed significantly in the last ten years. Elimination of airline commissions drove the industry to fee-for-service arrangements, and rapid enhancements to technology allowed an expansion of service offerings to clients. Successfully servicing those clients requires significant technological, financial and operational resources, meaning that larger corporate travel management companies such as TraveLeaders and Hickory may have a competitive advantage. We believe the corporate travel management industry is undergoing a period of consolidation as a result and that significant growth opportunity exists in the industry.

The industry's role and capacity as a distribution channel, and its relationship with both clients and suppliers, is also undergoing significant change as a result of the Internet and other technological innovations. We believe these innovations offer opportunities for corporate travel management companies to increase the efficiency of their distribution capacities and enhance services provided to travelers and management.

OUR TRAVEL SERVICES

We manage and distribute travel services through Hickory, our 50.83% owned subsidiary and have contracted with Around The World Travel, Inc. to manage TraveLeaders, a fully integrated travel services distribution business based in Coral Gables, Florida. We acquired our interest in Hickory in October 2003.

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On December 30, 2004, we and ALEC, entered into an Asset Purchase Agreement with AWT (the "Asset Purchase Agreement") to acquire substantially all of Around The World Travel's assets which included the business name "TraveLeaders" and all of the tangible and intangible assets necessary to operate TraveLeaders. The purchase price was originally $17.5 million, which price was determined by an independent valuation company based, in part, on economic information provided by Around The World Travel, Inc. and was comprised of the value as determined by the valuation firm, $16 million, calculated on a going concern basis plus $1.5 million.

We amended the Asset Purchase Agreement effective March 31, 2005 ("Amended Purchase Agreement"), to change the form of consideration that we paid for the TraveLeaders assets. Under the amendment, the liabilities assumed were reduced to $4,242,051, we forgave certain working capital loans in the amount of $4,774,619 that Around The World Travel, Inc. owed to us and we cancelled the issuance of Series F preferred stock, which was originally included in the purchase price. In addition, we issued a 60 month, 6% per annum note in favor of Around The World Travel in the principal amount of $8,483,330 (the "Purchaser Note"). During the first quarter of 2005, we transferred to Around The World Travel allowance for doubtful accounts, pre-paids and security deposits that we had acquired pursuant to the Asset Purchase Agreement to reduce the amount of the note. The allowance for doubtful accounts is a reserve for the possibility that certain receivables will not be collected and the prepaid expenses represented things such as prepaid insurance and prepaid taxes. We also allowed Around The World Travel to retain an amount of accounts receivable that we had acquired, which further offset the note.

On or about November 14, 2005, the Company and ALEC asserted certain claims against AWT with respect to the alleged breach of the Asset Purchase Agreement and a Management Agreement (the "Management Agreement"). The claimed breach of the Management Agreement was the failure of AWT to pay withholding taxes for its employees to the Internal Revenue Service. After negotiations among the parties, the parties agreed to settle the claims made by the Company and ALEC regarding the Asset Purchase Agreement pursuant to the terms of a Settlement Agreement entered into on February 24, 2006, and effective as of December 31, 2005 (the "Settlement Agreement"). The claimed breach of the Management Agreement remains unsettled pending the good faith efforts of AWT to completely fund its tax deposit obligations.

The Settlement Agreement provides that the purchase price under the Amended Purchase Agreement will be reduced from $17,500,000 to $9,000,000. The parties agreed to implement the reduction of the purchase price by eliminating the remaining balance of the Purchaser Note (which had a balance of $5,297,788 as of December 31, 2005) and by establishing an obligation of AWT to pay to ALEC the amount of $3,185,548 as of December 31, 2005. This amount is payable on demand.

Under the terms of the Settlement Agreement, the Company, ALEC and AWT agreed to release each other (and their respective officers and directors) from all claims based upon the Asset Purchase Agreement. Additionally, the parties agree to waive any right to indemnity or contribution which they may have against each other (and their respective officers and directors) for any liability which they might incur to certain plaintiff's in certain pending litigation including Simon Hassine and Seamless Technologies, provided that the waiver does not cover any liability incurred by the releasing party that is attributable to any act or omission of the released party that constitutes bad faith or is not known to the releasing party.

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TRAVELEADERS

We provide our clients with a comprehensive range of business and vacation travel services, including corporate travel management (including reservations, profiled service levels, financial and statistical reporting and supplier negotiations), leisure sales (including sales to individuals and to travel and vacation clubs), and meeting, special event and incentive planning. We provide integrated solutions for managing corporate travel on a worldwide scale. We also offer corporate travel services on a local and regional level. Our corporate travel services provide our clients with a complete suite of travel services that range from completely 'agent-free' Internet booking tools to specialized expert travel agent guidance. Our private label websites provide our corporate clients with an exclusive portal for corporate and leisure travel planning and booking. Our corporate-clients range in size from companies with as few as two to three travelers to companies with several hundred travelers or more. We develop corporate travel policies, manage corporate travel programs and design and develop information systems tailored for our clients. The benefits derived by our clients typically increase proportionately with the amount of spending, in that we can obtain direct benefits for the clients by negotiating favored terms with suppliers and provide the client with better management information regarding their spending patterns through active, involved account management and customized reporting capabilities.

We provide vacation travel services using destination specialists who have first-hand knowledge of various destinations and the capability to handle a client's specific vacation travel needs. We help our clients design and implement vacations suited to their particular needs and try to do this in the most cost-efficient manner. We provide meeting, special event and incentive planning to corporate clients ranging from Fortune 500 companies with thousands of travelers to smaller companies with more modest meeting requirements. We plan events ranging in size from 10 to over 3,000 people. We have the capability to coordinate all aspects of a client's conference or event including servicing general travel needs, booking group airline tickets as well as meeting supervision and the production of all collateral needs. Our meeting, special event and incentive planning services include program development, promotion support, site selection, contract negotiations, registration and on-site management for corporate events in addition to fulfillment of travel service requirements. We also provide discount airline ticket and hotel programs.

HICKORY TRAVEL SYSTEMS, INC.

Hickory is a travel management service organization that serves its network/consortium of approximately 160 well-established travel agency members, comprising more than 3,000 travel agency locations worldwide, that focus primarily on corporate travel. We intend to utilize 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.

AMERICAN TRAVEL & MARKETING GROUP

American Travel & Marketing Group, Inc., our 81% owned subsidiary, develops and operates affinity-based travel clubs. We believe that highly advantageous travel benefits are the key to distinguishing our affinity club creation and management from the older model of single purpose clubs. In addition to travel benefits, we actively promote cross-marketing strategies to engage non-traditional sponsors to provide significant benefits to the members that would otherwise not be available to them in a traditional affinity club. We utilize TraveLeaders to fulfill the travel service needs of these affinity-based clubs.

DISTRIBUTION OF OUR TRAVEL SERVICES

We provide our travel services to our clients through several distribution channels, including traditional brick and mortar regional and branch offices, dedicated on-site corporate travel departments, call centers and Internet based technologies.

TraveLeaders has two large customer service operations in Coral Gables, Florida and Irvine, California with five branch offices as follows:

FLORIDA
- Boca Raton;
- Orlando;
- Tampa

OHIO
- Cincinnati

CALIFORNIA
- San Francisco

These branch offices provide several corporate and vacation travel services to our clients. These offices are primarily used by small companies as well as vacation travelers seeking expertise in domestic and international destinations. In addition, TraveLeaders has one leisure travel office in Largo, Florida.

We operate approximately twenty-two (22) on-site offices through TraveLeaders located at corporate client premises, where we provide private label websites, customized trip planning, reservation and ticketing services to the employees of such corporate clients.

Hickory operates a 24-hour call center that we plan to use to service our travel clients and provide travel marketing services.

We also maintain an online reservation and booking website at www.traveleaders.com. This website permits both corporate and vacation clients to book airline flights, hotel reservations, car rental reservations, cruises and vacation specials. We currently operate over a dozen web sites dedicated to specific types of travel planning.

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COMPETITION IN THE TRAVEL INDUSTRY

The travel services industry is highly competitive. We compete with a large number of other providers of corporate and vacation travel services. Some of our competitors include multi-national corporations that have significantly greater resources than we have. These significantly larger competitors continue to expand their size, which may provide them access to new products and more competitive pricing than we can offer and may provide them certain economies of scale, which we may be unable to compete with. We also compete with Internet travel service providers and directly with travel suppliers including, airlines, cruise companies, hotels and car rental companies. Additionally, we are faced with increasing use of the Internet by both business and vacation travelers to purchase products and services directly from travel suppliers that could result in bypassing us and travel service providers similarly situated to us. To meet that competition, we have developed and will continue to develop business models to enable TraveLeaders to obtain a growing market share of the 'agent free' travel business. We also compete by bundling our products in competitively priced tour packages.

VACATION HOME AND TRAVEL RESORT OPERATIONS

Our vacation home and travel resort operations will be conducted within three business segments. One will acquire tracts of real estate suitable for the development of vacation resort properties, which will be subdivided, improved and sold, typically on a retail basis as vacation home sales. The second segment is the ongoing hospitality management of the resorts built by us. The third operation is planned to develop, market and sell vacation ownership interests in our future resort properties primarily through vacation clubs. While our vacation home management programs will not be a condition of purchase at any of our resorts, the consumer may elect to employ our management subsidiary to handle all aspects of the care and economics of their vacation home, including but not limited to the supervision of the home in a rental arrangement.

VACATION HOMES AND TRAVEL DESTINATION RESORTS

We derive our expertise from our founding shareholders who have successfully developed real estate abroad. Our first vacation home resort in the United States will be developed through our subsidiary, Tierra Del Sol Resort, Inc. ("Tierra Del Sol"). We intend to develop additional high-quality vacation resort properties comprised of vacation homes and extensive resort amenities. We seek to acquire suitable land for this purpose in locations where the demand for vacation properties is strong throughout the year, including Florida and the Caribbean. We intend to create and promote our vacation and travel clubs to the general public to provide revenue for our vacation home and travel resort properties. In addition, we hope to derive additional revenues from vacation and travel club membership dues, conversion of travel club members to vacation club members, and travel commissions from the fulfillment of services by our Travel Division. We plan to provide qualifying vacation resort homeowners a comprehensive set of vacation rental and property management and rental services through our subsidiary Wright Resort Villas & Hotels, Inc. so that their homeowners may include their homes in voluntary rental arrangements with our subsidiary. The services will consist of marketing, reservations, guest services, basic resort services, maintenance, repair and cleaning, management of

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home owner and condo associations, record keeping and billing, and representation of homeowners' interests with transient guests.

We have finished the planning stage for The Sonesta Orlando Resort at Tierra Del Sol ("Sonesta Resort"), a 972-unit vacation home resort to be located just 10 miles from Walt Disney World in Orlando, Florida. On January 29, 2005, Wright Resort Villas & Hotels, Inc. entered into an operating agreement with a subsidiary of Sonesta International Hotels Corporation of Boston, Massachusetts, a nationally recognized luxury resort management company. We retained the primary management responsibility, but we delegated substantially all of the hospitality responsibilities within the management of the resort to Sonesta. Site development of the Sonesta Resort commenced in June of 2005.

As currently planned, the Sonesta Resort will be a 972 luxury town home and condominium unit property located near the Orlando, Florida theme park area. The Company plans to complete the Sonesta Resort in two phases with completion of both phases during the winter of 2007.

On December 29, 2005, certain affiliates of the Company closed two (2) credit facilities with Key Bank, National Association ("KeyBank") related to the Sonesta Resort. The credit facilities consist of a $40,000,000 revolving construction loan to be used to construct Phase 1 of the Sonesta Resort (the "Construction Loan") and a $14,850,000 term loan on the Phase 2 land the proceeds of which were contributed to the Phase 1 partnership as equity and used to repay existing debt on the property and finance part of the site work of the property for the Resort and to pay certain related costs (the "Land Loan").

To facilitate the financing for the Sonesta Resort, the Company has formed two limited partnerships, each of which will develop Phase 1 and Phase 2 of the Resort (the "Development Partnerships"). Each Development Partnership has several subsidiaries, which have been formed to develop different portions of the Sonesta Resort.

Phase 1 will also include construction of related amenities, including a swimming pool complex and sun decks, a lazy river, a poolside restaurant and other amenities typical of a resort of this kind. Phase 2 will include construction of 252 additional residential condominium units and 426 additional town home units, as well as a 126,000 square foot clubhouse (84,000 square feet under air). Construction of Phase 2 is expected to overlap with the construction of Phase 1.

The general partner of each Development Partnership is TDS Management LLC, a newly organized limited liability company controlled by Malcolm J. Wright, the Company's Chairman, Chief Executive Officer, Chief Financial Officer and a Director. The principal limited partner of each Development Partnership is Tierra Del Sol, which owns a 99.9% interest in each Development Partnership. The Company owns 100% of Tierra Del Sol Resort, Inc., as a result of the transactions described below under "Recent Events."

Each Development Partnership has granted Stanford Venture Capital Holdings, Inc. ("Stanford") the right to acquire a 2% interest in each partnership in connection with the release of a mortgage lien formerly held by Stanford. See "Release of Lien by Stanford" below.

THE CONSTRUCTION LOAN

The borrowers under the Construction Loan are Tierra Del Sol Resort (Phase 1), Ltd. (the "Phase 1 Partnership") and three other special purpose entities that are owned by the Phase 1 Partnership. The Construction Loan is structured as a $40,000,000 revolving credit facility, with maximum borrowings of up to $72,550,000.

The interest rate on the outstanding balance of the Construction Loan is the daily London Interbank Offered Rate ("LIBOR") Rate plus 2.75%. The term of the Construction Loan is 24 months, with a maturity date of December 28, 2007. Interest on the Construction Loan is due and payable monthly beginning on the fifth day of the first month following the closing. If an event of default occurs under the Construction Loan (as described and defined below), the interest rate then in effect will become the greater of (a) the interest rate otherwise applicable plus 3%; or (b) 18%.

The Construction Loan is secured by a first lien on the land within Phase 1 of the Sonesta Resort, including any improvements, easements, and rights of way; a first lien and security interest in all fixtures and personal property, an assignment of all leases, subleases and other agreements relating to the property; an assignment of construction documents; a collateral assignment of all contracts and agreements related to the sale of each condominium unit; a collateral assignment of all purchase deposits and any management and/or operating agreement.

The borrowers will be able to draw amounts under the Construction Loan upon the fulfillment of various conditions. One of these conditions is, in the case of borrowings to construct a condominium building, the sale of at least 33 of the 36 units of each such building. As of the closing, the Company had delivered approximately 100% of the contracts required for construction of the town homes and 84% of the contracts required to commence construction of the condominium buildings. The Company's management believes that vertical construction of the Phase 1 units will begin as early as May 2006.

The obligations of the borrowers under the Construction Loan are guaranteed by the Company, its Chief Executive Officer and Chairman, Malcolm J. Wright, and TDS Development, LLC, pursuant to a Payment Guaranty and a Performance and Completion Guarantee. In connection with Mr. Wright's guarantee of the Construction Loan, he earned 1,200,000 warrants of the Company's common stock for such guarantee equal to three percent (3%) of the total indebtedness of the Construction Loan at an exercise price of $1.02 per share.

In consideration of Mr. Wright's guarantee of the Construction Loan, the Phase 1 Partnership has agreed to pay Mr. Wright an annual guaranty fee equal to 2.5% of the amount of such guarantee. The payment of this fee is subordinated to the Partnership's obligations under the Construction Loan and the Partnership will accrue Mr. Wright's annual guaranty fee until such time as the Construction Loan is satisfied.

The borrowers paid 1% of the maximum borrowings under Construction Loan as a commitment fee, which totaled approximately $725,500. The Company was obligated to pay all costs and expenses of KeyBank in connection with the commitment and the closing of the loan.

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On December 29, 2005, KeyBank and the borrowers entered into the "Addendum to Construction Loan Agreement Condominium and Townhouse Project Development," which changed and amended some of the terms of the Construction Loan (the "Construction Addendum"). The Construction Addendum sets forth certain terms whereby condominium and/or townhouse units to be constructed pursuant to the Construction Loan may be released from the first priority lien on the units held by KeyBank so that the units may be sold. Unless stated otherwise, all discussions of the Construction Loan herein include the changes and additions to the Construction Loan affected by the Construction Addendum.

The occurrence of any one or more "events of default" under the Construction Loan allow KeyBank to pursue certain remedies including taking possession of the Sonesta Resort project; withholding further disbursement of the proceeds of the loan and/or terminate KeyBank's obligations to make further disbursements thereunder; and/or declaring the note evidencing the loans to be immediately due and payable.

PCL CONSTRUCTION GUARANTEE AND LOAN.

The Orlando based contractor, PCL Construction Services, Inc., a subsidiary of PCL Construction Enterprises, Inc. of Denver, Colorado ("PCL"), is the General Contractor for Phase 1 of the project. In conjunction with its designation as the General Contractor, PCL has committed to a guaranteed maximum price for the construction of Phase 1.

PCL also provided a $4,000,000 loan to TDS Development, LLC, a subsidiary of Tierra Del Sol Resort, Inc. (the "PCL Loan"). The proceeds of the PCL Loan were used to establish a $4,000,000 account with KeyBank, which was pledged as security for the Construction Loan. The loan bears interest at the rate of 14% per annum. The term of the loan is two years.

The PCL Loan is guaranteed by the Company, the Company's Chief Executive Officer and Chairman, Malcolm J. Wright, individually, and Tierra Del Sol Resort, Inc. In consideration of Mr. Wright's guarantee, and pursuant to an existing agreement between Mr. Wright and the Company, Mr. Wright will earn a fee equal to three percent (3%) of the loan. The Company paid this fee through the grant of 120,000 warrants to purchase the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration of the guaranty.

We may choose to repay the PCL Loan in the future, with separately sourced capital in order to facilitate a more favorable financial arrangement in relation to the proposed construction and related costs, of which there can be no assurance.

THE LAND LOAN

The borrowers under the Land Loan are Tierra Del Sol Resort (Phase 2), Ltd. (the "Phase 2 Partnership") and four other special purpose entities that are owned by the Phase 2 Partnership.

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The Land Loan is a $14,850,000 term loan with a maturity date of June 28, 2007. The proceeds of the Land Loan were primarily used to repay existing debt of the property for the Sonesta Resort. The Land Loan bears interest at LIBOR plus 3.10% per annum.

The Land Loan is secured by a first lien on the land within Phase 2 of the Sonesta Resort, including any improvements, easements, and rights of way; a first lien and security interest in all fixtures and personal property, an assignment of all leases, subleases and other agreements relating to the property; an assignment of construction documents; a collateral assignment of all contracts and agreements related to the sale of each condominium unit; a collateral assignment of all purchase deposits and any management and/or operating agreement.

The borrowers paid 1% of the Land Loan Agreement as a commitment fee, which totaled $148,500. The Borrowers were obligated to pay all costs and expenses of

KeyBank in connection with the commitment and closing of the loan. Additionally, the Company will pay an exit fee equal to 4% of the maximum loan amount unless the loan is repaid with a construction loan from KeyBank or KeyBank declines to grant a construction loan to the Company for Phase 2. The Company was obligated to pay all costs and expenses of KeyBank in connection with the commitment and the closing of the loan.

The Company and Mr. Wright have issued guarantees to KeyBank on the Land Loan. Pursuant to an existing agreement between Mr. Wright and the Company, Mr. Wright will earn a fee for such guarantee equal to three percent (3%) of the total original indebtedness of the Land Loan. This fee was paid by granting 445,500 warrants to purchase the Company's common stock to Mr. Wright at an exercise price of $1.02 per share which warrants will expire 5 years from the expiration of the guarantee.

The occurrence of any one or more "events of default" under the Land Loan allow KeyBank to pursue certain remedies including taking possession of the Sonesta Resort project; withholding further disbursement of the proceeds of the loan and/or terminate KeyBank's obligations to make further disbursements thereunder; and/or declaring the note evidencing the loans to be immediately due and payable.

WESTRIDGE COMMUNITY DEVELOPMENT DISTRICT BONDS

The closing of the new credit facilities with KeyBank triggered the closing of the sale of $25,825,000 in community development bonds issued by the Westridge Community Development District (the "District"). The proceeds of the bonds will be used, in part, to fund infrastructure at the Sonesta Resort and to acquire land for public purposes from Tierra Del Sol Resort (Phase1), Ltd., The debt service and retirement of these bonds will be funded by a special district tax upon the property owners in the District at an interest rate of 5.8% over a 30-year amortization period.

Additionally, on January 11, 2006, the Company sold forty-two acres of land in the Sonesta Resort for $9,090,130 to the 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. The land sold to the

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District will be used for public infrastructure for the Sonesta Resort, including the creation of roads and for water collection among other purposes.

RELEASE OF LIEN BY STANFORD

In connection with the closing of the new credit facilities with KeyBank, Stanford Venture Capital Holdings Inc. ("Stanford") released its existing mortgage lien on the Sonesta Resort property. In consideration of this release, the Development Partnerships granted Stanford warrants to acquire a 2% interest in each Partnership at a nominal exercise price. The Company also granted Stanford the right to exchange any distributions that it might receive on account of these interests into shares of the Company's Series E preferred stock at a strike price of $15.00 per common share.

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"). 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").

Tierra Del Sol utilized the proceeds of the SIBL Tierra Del Sol Loan to make a capital contribution to the Phase 1 Development Partnership, which in turn pledged this amount to KeyBank as additional collateral for the Construction Loan. SIBL is an affiliate of Stanford Venture Capital Holdings Inc. Tierra Del Sol used the Letters of Credit in lieu of cash to complete its equity requirements under the Construction Loan.

The SIBL Tierra Del Sol Loan has a 2-year term, with an initial interest rate of 12% per annum. The Letters of Credit are in the amounts of $4,000,000 and $2,000,000, with terms of 24 months and 12 months, respectively. Tierra Del Sol is obligated to pay a monthly fee for each letter of credit equal to 1% of the face amount of such letter of credit. Upon release of the letters of credit and upon either the payment of the note in full or the maturity of the loan from KeyBank, Tierra Del Sol is also required to pay a minimum fee equal to 3%. After six months, this fee increases by 1% each month until the letters of credit are released. Any unpaid amounts on the SIBL Tierra Del Sol Loan or Letters of Credit bear interest at the rate of 12% per year.

The obligations of Tierra Del Sol under the SIBL credit facility (the "Stanford Credit Facility") were guaranteed by the Company and Malcolm J. Wright, the Company's Chief Executive Officer and Chairman, along with other third party entities, which third party entities are beneficially owned, in part, by Roger Maddock, a significant shareholder of the Company, pursuant to an Irrevocable and Unconditional Guaranty. These obligations were also secured by a first mortgage lien on a parcel of real property owned by the third party entities. The consideration paid for the third party entities' guarantees was consistent with the existing debt guarantor agreement issued by the Company for its executives. The third party entities will receive and share in a guarantee fee

equal to 3% of the amount guaranteed. The third party entities, by virtue of pledging collateral for a debt that benefits the Company, will also receive a collateral pledge fee equal to 2% of the amount guaranteed. The Company paid this fee through the grant of 405,000 warrants to the third party entities to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration date of the guarantees.

In consideration of Mr. Wright's guarantee, and pursuant to an existing agreement between Mr. Wright and the Company, Mr. Wright earned a fee for such guarantee equal to three percent (3%) of the amount guaranteed. The Company will pay this fee through the grant of 243,000 warrants to Mr. Wright to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration date of the guarantee.

Tierra Del Sol has pledged its partnership interests in the Development Partnerships to Stanford as additional collateral for this facility. Following an event of default as defined under the Credit Agreement, Stanford has the right for thirty (30) days following such event of default, directly or through its affiliates, to purchase any unsold units in the Sonesta Resort at a price equal to the developer's cost, but only to the extent permitted by KeyBank.

The Company's relationship with Stanford includes the requirement that the Company utilize services provided by US Funding Corporation, an investment banking firm. US Funding Corporation earned an administration fee of approximately one half of one percent of the financing provided by Stanford.

As additional consideration for the loan, the Company granted SIBL warrants to purchase 308,000 shares at an exercise price of $5.00 per share of common stock and warrants to purchase 154,000 shares at an exercise price of $0.001 per share. The warrants expire 5 years from issuance. The warrants contain anti-dilution provisions, including a provision which requires the Company to issue additional shares under the warrants if the Company issues or sells any common stock at less than $1.02 per share, or grants, issues or sells any options or warrants for shares of the Company's common stock to convert into shares of the Company's common stock at less than $1.02 per share.

In connection with the warrants, the Company and Stanford entered into a Registration Rights Agreement (the "Registration Rights Agreement"). Under the Registration Rights Agreement, the Company agreed to prepare and file a Registration Statement with the SEC covering the shares underlying the warrants within 180 days of notice from SIBL of their demand that we file such Registration Statement and to use the Company's best efforts to obtain effectiveness of such Registration Statement as soon as practicable thereafter. In the event the Company does not file a Registration Statement in connection with the shares issuable in connection with the exercise of the warrants after 180 days notice from the warrant holders, the Company agreed to issue the warrant holders as liquidated damages, warrants to purchase 10% of the shares issuable in connection with the warrants, under the same terms and conditions as the warrants, upon such default and for every consecutive quarter in which such default is occurring.

We estimate that the cost to complete the construction of Phase I of the Sonesta Resort will be $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. The $14,000,000 will be funded by the bonds proceeds held by the Westridge Development District and from equity reserves held by Key Bank. Disbursement of the Construction Loan proceeds is structured as a $40,000,000 revolving construction loan credit facility. A Land Loan was also funded by Key Bank which was described above in the amount of $14,850,000 in connection with our planned Phase 2 development. As a result, we currently believe that we have sufficient funds to provide for the completion of Phase 1. Phase 2 will be financed separately.

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 December 31, 2005, Xpress has pre-sold 673 vacation homes in a combination of contracts on town homes and reservations on condominiums for total sales volume of over $234 million.

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 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."

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.

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

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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"). In connection with the acquisition of the Reedy Creek Property, the Company, ALRC and SFG entered into an Option Agreement (the "Option Agreement"), pursuant to which SFG granted ALRC the right to acquire SFC's 99% interest in Reedy Creek Acquisition Company (the "Reedy Creek Option").

Option Exercise

On December 27, 2005, the Company and ALRC entered in to an Option Exercise Agreement with SFG, pursuant to which ALRC acquired the 99% interest in Reedy Creek Acquisition Company held by SFG for the exercise price of $600,000 (the "Exercise Price"), which was less than the exercise price originally stated in the Option Agreement.

Pursuant to the terms of the Option Exercise Agreement, the parties took the following actions:

- SFG transferred its 99% interest in Reedy Creek Acquisition Company to ALRC.

- SIBL loaned an additional $850,000 to Reedy Creek Acquisition Company. This amount was used by Reedy Creek Acquisition Company to pay the Exercise Price and to pay an additional placement fee of $250,000 to certain affiliates of SIBL.

- The Company issued warrants to SIBL. The warrants entitle SIBL to purchase 154,000 shares of the Company's common stock at an exercise price of $5.00 per share and 77,000 shares of the Company's common stock at $.001 per share. Additionally, the Company granted warrants to four affiliates of SIBL, entitling them to purchase an aggregate of 154,000 shares of the Company's common stock at an exercise price of $5.00 per share and 77,000 shares at an exercise price of $.001 per share. The warrants have a term of five years and are immediately exercisable. The warrants contain anti-dilution provisions, including a provision which requires the Company to issue additional shares under the warrants if the Company issues or sells any common stock at less than $1.02 per share, or grants, issues or sells any options or warrants for shares of the Company's common stock to convert into shares of the Company's common stock at less than $1.02 per share.

- The Company entered into a Registration Rights Agreement (the "Ready Creek Registration Rights Agreement") with Stanford, pursuant to which, the Company agreed to prepare and file a Registration Statement with the SEC covering the shares underlying the Warrants within 180 days of notice from Stanford of their demand and to use its best efforts to obtain effectiveness of such Registration Statement as soon as practicable thereafter. In the event that the Company does not file a Registration Statement in connection with the shares issuable in connection with the exercise of the warrants after 180 days notice from the warrant holders, the Company must issue the warrant holders as liquidated damages, warrants to purchase 10% of the shares issuable in connection with the warrants, under the same terms and conditions as the warrants, upon such default and for every consecutive quarter in which such default is occurring.

- Reedy Creek Acquisition Company agreed to modify the existing SIBL mortgage on the Reedy Creek Property to secure the additional $850,000 loan made by SIBL. As a result, the principal amount secured by the SIBL mortgage was increased to $8,000,000.

- SIBL agreed to subordinate its mortgage on the Reedy Creek Property to a new $7,000,000 loan to be made to Reedy Creek Acquisition Company by Bankers Credit Corporation. This loan is described below.

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 has a maturity date of December 31, 2006, a principal balance of $8,000,000 and bears interest at the rate of 8% per year. Interest on the Amended Note is payable quarterly on March 31, 2006, June 30, 2006, September 30, 2006 and on the maturity date of the Amended Note. 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 is secured by a second lien on the Reedy Creek Property. It is guaranteed by the Company and Malcolm J. Wright, the Company's Chief Executive Officer and Chairman pursuant to a Modification and Reaffirmation of Guaranty and Environmental Indemnity Agreement. In consideration for Mr. Wright's guarantee, and pursuant to an existing agreement between Mr. Wright and the Company, Mr. Wright earned a fee equal to three percent (3%) of principal amount of the Amended Note. The Company will pay this fee through the grant of 240,000 warrants to Mr. Wright to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration of the guaranty.

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.

The Bankers Credit loan is evidenced by a Promissory Note (the "Bankers Credit Note") and bears 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 Bankers Credit Note as of March

15, 2006 was 15% (with a prime rate, as reported by the Wall Street Journal of 7.5%). Interest on the Bankers Credit Note is payable monthly. The maturity date of the Bankers Credit Note is January 3, 2007, when all principal and unpaid interest is due and payable. 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. Additionally, if repaid by Reedy Creek Acquisition Company prior to July 3, 2006, the Bankers Credit Note is subject to an additional 1% repayment fee; however, if repaid after July 3, 2006, the Bankers Credit Note is not subject to the repayment 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. In consideration for Mr. Wright's guarantee, and pursuant to an existing agreement between Mr. Wright and the Company, Mr. Wright earned a fee equal to three percent (3%) of the Bankers Credit Note. The Company will pay this fee through the grant of 210,000 warrants to Mr. Wright to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration of the guaranty.

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

The Company's development of the Reedy Creek Property is currently planned to begin in the fourth quarter of 2007 and is currently planned to be completed sometime in 2009, funding 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. The Company does not currently have any funding in place for any of the capital which will be required to complete the development of the Reedy Creek Property and there is no assurance that funding will be available on favorable terms, if at all. The Company is currently seeking a joint venture partner for this property.

Note Modification Agreement

In February 2006, we entered into a Note Modification Agreement with SIBL, whereby we agreed to modify certain provisions of our 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, shall be due and payable on September 30, 2006, with all interest thereafter payable with the original terms of that note; that all interest accrued on the $3,000,000 note we have with SIBL, from the date of the note until September 30, 2006, shall be due and payable on September 30, 2006, with all interest thereafter payable with the original terms of that note; that the maturity date of our $1,250,000 note with SIBL be extended until September 30, 2006, and that no payments of principal or interest on that note shall be payable until the extended due date of that note; that the maturity date of our $1,355,000 note with SIBL be extended until June 30, 2007, and that no payments of principal or interest on that note shall be payable until the extended due date of that note; that the maturity date of our $305,000 note with SIBL be extended until June 30, 2007, and that no payments of principal or interest on that note shall be payable until the extended due date of that note; and that interest on our $2,100,000 note with SIBL be payable in arrears, on a quarterly basis, with the first payment due on March 28, 2006, and subsequent payments due on each June 28, September 28, December 28 and March 28, until the maturity date of December 27, 2007, with the outstanding principal and interest shall be due (collectively, all the notes described above shall be referred to as the "Notes").

Furthermore, SIBL agreed, pursuant to the Note Modification Agreement, to waive any defaults arising under the Notes prior to the date of the Note Modification Agreement, attributable to our failure to make any payments of interest due under the Notes prior to the date of the Note Modification Agreement; and any default of us and/or Around The World Travel, Inc. ("AWT") under the $1,250,000 note to fulfill the financial reporting requirements under the loan documents related to the $1,250,000 note. SIBL also waived our obligation and AWT's under the $1,250,000 note to fulfill the financial reporting requirements described in the note in the future, provided that SIBL may reinstate such requirements at any time upon written demand to us of such note.

PURCHASE OF MINORITY INTEREST IN TIERRA DEL SOL

In March 2006, and effective as of December 31, 2005, we purchased the minority interest of our now wholly owned subsidiary, Tierra Del Sol, Inc. (the "Minority Interest") from Harborage Leasing Corporation ("Harborage"). The purchase price of the Minority Interest from Harborage was a promissory note for $1,411,705 ("Harborage Note"); the right to receive, without payment, two (2) three-bedroom condominium units to be constructed in Phase 2 of the 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. The warrants expire if unexercised five (5) years from their date of grant. Pursuant to the Stock Purchase Agreement, Harborage has the right to require the Company to purchase all or a portion of the Harborage 197,000 shares at $5.00 per share, for sixty (60) days, beginning January 1, 2007 (the "Put Option"). The Put Option will no longer be in effect provided that both of the following events occur: (i) Harborage is able to sell the Harborage Shares pursuant to an effective Registration Statement under the Securities Act of 1933 (the "Act"), or pursuant to Rule 144 of the Act; and after the fulfillment of (i) above, the average closing price of the Company on the Over-The-Counter Bulletin Board or principal exchange on which the Company's common stock then trades, exceeds $5.00 per share for a period of thirty (30) consecutive days. The Harborage Note and shares are guaranteed by Malcolm J. Wright, the Company's Chief Executive Officer and Director, for which he received a guaranty fee equal to three percent (3%)_of the amount guaranteed. The Company paid this fee through the grant of 102,351 warrants to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration date of the guaranty.

TRAVEL CLUBS

We are also in the process of developing additional affinity clubs. We plan to open approximately nine clubs in the next 18 months. We have developed a travel club system and travel incentive strategy that creates and fulfills the travel and incentive needs of corporations, organizations and associations with significant member bases. Typically, we identify a national retail entity and propose to create a club comprising persons in their target demographic for the purpose of fostering loyalty to the entity's brands. The incentives for membership are a rich assortment of discounted travel opportunities that are tailored to the target demographic as well as a significant array of special membership benefits that are provided by sponsors of nationally known products and services. We will derive revenues from membership dues, sponsorship premiums and travel commissions. In addition to revenue generation, we will also seek to provide traffic to our vacation home and resort properties. We believe that we will generate increased travel business through the creation of additional clubs

comprised of affinity-based travelers. We believe that we are poised to secure a strong market share of the affinity-travel marketing segment. We are the proprietor and manager of the clubs that it creates. As such, we anticipate that we will generate substantial revenue from annual membership fees and commissions earned on the sale of travel services once our infrastructure has been finalized to enable our other businesses to communicate and sell to the affinity-based club databases we operate. We expect to derive revenue from sales opportunities to Hickory's corporate clients, Hickory's bulk purchasing power and fulfillment capacity, and access to vacation home and resort properties that we plan to develop. We recently unveiled a vacation creation program, which enables consumers to employ our proprietary budgeting and finance technique to enjoy annual vacations at premier properties that would otherwise not be available to them at the pricing that we are able to offer. We have contracted with premier properties to enhance the properties' occupancy rates during their off-season and the few weeks just before and after their prime season. We have received favored pricing from these properties as a result.

COMMUNICATIONS SERVICES

In December 2004 we entered into a joint venture with IMA Antigua, Ltd., a Barbados company, to operate a call center in Antigua that we own. The joint venture is operated through Caribbean Media Group, Ltd., an international business corporation formed under the laws of Barbados. We own 49% of this joint venture which is currently operating the call center. Our co-venturer, IMA, Ltd. owns the remaining 51%. The call center provides in-bound and out-bound traffic for customer service, customer retention and accounts receivable management. The clients of the call center are well known national businesses with well-established credit and operational systems.

We opened the call center in Antigua due to the new demand for call centers in the Caribbean. The call center business is in demand in the Caribbean as a result of telecommunications deregulation in the islands, which has reduced costs and caused companies in the United States to spread their growing overseas call center business to lower-cost sites near the United States. Based on a news release by Global Information, Inc. dated January 31, 2005, interpreting the Zagada Institute's "Caribbean Call Center Report 2005: A CRM Market", persons employed in Caribbean call centers have more than doubled to 25,000 over the past two years and likely will double again by the end of 2006. Proximity means U.S. managers can easily visit and troubleshoot. Plus, it means call-center agents tend to be more familiar with U.S. culture than agents in more distant lands such as India. Caribbean nations are pursuing the call-center business, anxious to create jobs and nurture clean industry that complements their vital tourism industry. Many islands offer tax breaks, training programs and other incentives. Competition may be robust but at present we believe that the demand continues to exceed the supply. We cannot provide any assurance as to how long these market conditions may persist.

We also own telecommunications equipment such as switches, dialers and other telephone equipment that may have application for a telecommunications program that we are considering in the United States. Part of this equipment can be used to serve as the switches for a telephone system that we plan to operate for the Sonesta Resort while other parts of the equipment are used for the travel fulfillment operations by TraveLeaders.

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PATENTS, TRADEMARKS & LICENSES

We, through our wholly owned subsidiary American Leisure Equities Corporation ("ALEC"), have filed for a trademark, Serial Number 78611764, for the service mark "Traveleaders." While we are currently in the process of having such trademark registered, no final determination as to the registrability of the mark has been made by the United States Patent and Trademark Office.

GOVERNMENT REGULATION

The travel, real estate development and vacation ownership industries are subject to extensive and complex regulation. We are, and may in the future be, subject to compliance with various federal, state, and local environmental, zoning, consumer protection and other statutes and regulations regarding the acquisition, subdivision and sale of real estate and vacation ownership interests. On a federal level, the Federal Trade Commission has taken an active regulatory role through the Federal Trade Commission Act, which prohibits unfair or deceptive acts or competition in interstate commerce. We are, or may be subject to the Fair Housing Act and various other federal statutes and regulations. In addition, there can be no assurance that in the future, vacation ownership interests will not be deemed to be securities subject to regulation, which could increase the cost of such products. We believe that we are in compliance in all material respects with applicable regulations. However, the cost of complying with applicable laws and regulations may be significant. Any failure to comply with current or future applicable laws or regulations could have a material adverse effect on us.

We are subject to various federal and state laws regarding our tele-service sales and telemarketing activities. We believe we are in compliance in all material respects with all federal and state telemarketing regulations. Our practices and methods may be or become subject to additional regulation or regulatory challenge.

The industries we will serve may also be subject to varying degrees of government regulation. Generally, in these instances, we rely on our clients and their advisors to develop and provide us with the scripts for their particular purposes. We anticipate that our clients will indemnify us against claims and expenses arising with respect to the scripts provided by our clients.

EMPLOYEES

We have approximately 84 employees, all of which are employed on a full-time basis. Those employees are distributed among our parent and subsidiary companies as follows:

- o Hickory Travel Systems, Inc. - 78 employees;
- o American Leisure Equities Corporation - 1 employee; and
- o American Leisure Holdings, Inc. - 5 employees.

There are no collective bargaining contracts covering any of our employees. We believe our relationship with our employees is satisfactory.

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ITEM 2. DESCRIPTION OF PROPERTY

Our corporate headquarters are located in Orlando, Florida. Our Orlando facility is approximately 9,000 square feet, of which 250 square feet houses our executive offices. This facility is leased by American Leisure Real Estate Group, Inc., a company owed by Mr. Wright, our Chairman and Chief Executive Officer, that manages the development of our resort properties in return for a fee of 4% of the total costs as per the agreement entered into in November 2003 with Tierra Del Sol Resort, Inc., see below. The lease on our corporate headquarters expires on April 30, 2008.

Our subsidiary owns the land on which The Sonesta Orlando Resort at Tierra Del Sol will be situated. It purchased this land for $5,560,366 in February 2000. We have spent approximately $4,450,000 to entitle and create the Westridge Community Development District. The land is currently subject to the KeyBank mortgages described above. As a developer of vacation resort properties, we plan to also purchase additional parcels of land for resort development.

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.

The TraveLeaders assets are located in a building leased by Around The World Travel, Inc. TraveLeaders occupies almost all of the 30,000 square feet at 1701 Ponce De Leon Boulevard, Coral Gables, Florida. The lease expires in December of 2006 and we have commenced our search for alternative leaseholds.

ITEM 3. LEGAL PROCEEDINGS

Our subsidiary American Leisure, Inc. and our Chief Executive Officer and Chairman, Malcolm J. Wright are parties to 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 J. 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

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against Mr. Wright, American Leisure, Inc. 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 an 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.

In March 2004, Manuel Sanchez and Luis Vanegas as plaintiffs filed a lawsuit, Case No. 04-4549 CA 09, in the Circuit Court of the Eleventh Judicial Circuit in and for Miami Dade County, Florida which includes American Leisure Holdings, Inc., Hickory Travel Systems, Inc., Malcolm J. Wright and L. William Chiles as defendants. They are claiming securities fraud, violation of Florida Securities and Investor Protection Act, breach of their employment contracts, and claims for fraudulent inducement. We and the other defendants have denied all claims and have a counterclaim against Manuel Sanchez and Luis Vanegas for damages. The litigation 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. We intend to vigorously defend the lawsuit.

In February 2003, American Leisure, Inc. and Malcolm J. Wright were joined in a lawsuit captioned as Howard C. Warren v. Travelbyus, Inc., William Kerby, David Doerge, DCM/Funding III, LLC, and Balis, Lewittes and Coleman, Inc. in the Circuit Court of Cook County, Illinois, Law Division, which purported to state a claim against us as a "joint venturer" with the primary defendants. The plaintiff alleged damages in an amount of $5,557,195.70. On November 4, 2004, the plaintiff moved to voluntarily dismiss its claim against us. Pursuant to an order granting the voluntary dismissal, the plaintiff had one (1) year from the date of entry of such order to seek to reinstate its claims, which claims were not restated by such deadline.

In early May 2004, Around The World Travel, Inc., of which we subsequently purchased substantially all of the assets, 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. We 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.

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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, Seamless' 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. In June of 2005, the court dismissed certain claims of tortious interference against the Company and Malcolm J. Wright and provided Seamless with leave to amend all of their other claims with specificity. In addition, the court dismissed a claim of conspiracy and a demand for judgment. As of January 18, 2006, the Defendants filed their amended answer and amended counterclaim. The Company's attorneys have filed a comprehensive reply seeking to dismiss the counterclaim against the Company and Mr. Wright.

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. The plaintiffs allege that that they have not been paid for i) a subordinated promissory note owed by AWT 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 in Around The World Travel to Around The World Holdings, LLC; 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 to Around The World Holdings, LLC. 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. Despite the absence of any executed agreements, the plaintiffs also allege that in December 2004 they entered into a settlement agreement with the Company regarding some of 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. The Plaintiffs also seek a declaratory judgment that they are not bound by a provision in the underlying documents on which they rely that their action is barred by said provision. In the alternative, the Plaintiffs seek a ruling that the promissory note, undistributed retained earnings and accrued bonuses are not subordinated to the Galileo Debt. The suit seeks full payment of the promissory note, undistributed retained earnings and accrued bonuses plus prejudgment interest, stated interest on the note, costs and reasonable attorney's fees. Despite the absence of any executed agreements, 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 attorney's 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. We intend to vigorously defend the lawsuit. We 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 documents that grants exclusive jurisdiction to the courts located in Cook County, Illinois; a motion to disqualify, based upon an alleged conflict of interest by the plaintiff's attorneys. A hearing on the case has been postponed to a to be determined date later in 2006 due to a declared conflict of interest held by the sitting judge who has recused herself as a result of the potential for a conflict of interest.

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

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

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

We did not submit any matters to a vote of security holders during the fourth quarter of 2005.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock, $.001 par value per share, is traded on the over-the-counter Bulletin Board (the "OTCBB") under the trading symbol "AMLH."

The following table sets forth the high and low bid prices for our common stock for the periods indicated as reported on the OTCBB, except as otherwise noted. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

	HIGH BID	LOW BID
December 31, 2005	$ 1.50	$ 0.86
September 30, 2005	$ 1.50	$ 0.76
June 30, 2005	$ 3.00	$ 1.50

	HIGH BID	LOW BID
December 31, 2004	$ 1.50	$ 1.25
September 30, 2004	$ 2.02	$ 1.30
June 30, 2004	$ 2.00	$ 0.45

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(1) Our common stock was de-listed from the OTCBB during the period from May 21, 2004 to January 26, 2005, as a result of one delinquent filing with the Commission. Our common stock was cleared for quotation on the OTCBB on January 26, 2005.As of December 31, 2005, the Company had approximately 326 holders of record of its common stock. The number of holders of the common stock includes nominees of various depository trust accounts for an undeterminable number of individual stockholders.

DIVIDEND POLICY

We have never declared or paid dividends on our common stock. We do not anticipate paying dividend on our common stock in the foreseeable future. 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 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, which accrues dividends at a rate of $1.00 per share per annum, payable in preference and priority to any payment of any cash dividend on our common stock; however no shares of Series F preferred stock are currently outstanding. Dividends on our preferred stock accrue from the date on which such shares of preferred stock are issued and outstanding 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 may authorize and/or issue additional shares of preferred stock with dividends rights that are superior to our common stock. We have never paid any cash dividends on our preferred stock. 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.

RECENT SALES OF UNREGISTERED SECURITIES

The Company has issued the following securities without registration under the Securities Act of 1933 (the "Act" or the "Securities Act") during the period covered by this report:

On December 28, 2005 we granted warrants to Malcolm J. Wright, our Chief Executive Officer and Director, to purchase 2,008,500 shares of our common stock at an exercise price of $1.02 per share. We issued the warrants to Mr. Wright as consideration for his personal guarantee regarding the construction and land loans with KeyBank, N.A. We claim an exemption from registration afforded by Section 4(2) of the Act since the foregoing grants did not involve a public offering, the recipient took the warrants for investment and not resale and we took appropriate measures to restrict transfer.

In December 2005, in connection with the Stanford Credit Facility, the Company granted SIBL and its designees warrants to purchase 308,000 shares of the Company's common stock at an exercise price of $5.00 per share and warrants to

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purchase 154,000 shares of the Company's common stock at an exercise price of $0.001 per share, which warrants expire five years from their grant date. (The Stanford Credit Facility and warrants are described in greater detail above). The Warrants have an exercise price of $1.02 per share. We claim an exemption from registration afforded by Section 4(2) of the Act since the foregoing issuance did not involve a public offering, the recipient took the warrants for investment and not resale and we took appropriate measures to restrict transfer.

In December 2005 in connection with their guaranty of the Stanford Credit Facility pursuant to the Irrevocable and Unconditional Guaranty, the Company agreed to issue an aggregate of 405,000 warrants to purchase shares of the Company's common stock to certain third party entities. The warrants have an exercise price of $1.02 and expire 5 years from the expiration date of the third parties guaranties. (the Stanford Credit Facility and Irrevocable and Unconditional Guaranty are described in greater detail above). The Warrants have an exercise price of $1.02 per share. We claim an exemption from registration afforded by Section 4(2) of the Act since the foregoing grant did not involve a public offering, the recipient took the warrants for investment and not resale and we took appropriate measures to restrict transfer.

Subsequent Events

In January 2006, in connection with the SIBL Reedy Creek Loan, the Company granted SIBL warrants to purchase 154,000 shares of the Company's common stock at an exercise price of $5.00 per share and warrants to purchase 77,000 shares of the Company's common stock at an exercise price of $0.001 per share, which warrants expire five years from their grant date. We claim an exemption from registration afforded by Section 4(2) of the Act since the foregoing issuance did not involve a public offering, the recipient took the warrants for investment and not resale and we took appropriate measures to restrict transfer.

In January 2006, in connection with the SIBL Reedy Creek Loan, the Company granted warrants to four separate affiliates of SIBL entitling them to purchase an aggregate of 154,000 shares of the Company's common stock at an exercise price of $5.00 per share and 77,000 shares at an exercise price of $.001 per share. The warrants have a term of five years and are immediately exercisable. The warrants have an exercise price of $1.02 per share. We claim an exemption from registration afforded by Section 4(2) of the Act since the foregoing grant did not involve a public offering, the recipient took the warrants for investment and not resale and we took appropriate measures to restrict transfer.

In January 2006, in connection with Mr. Wright's guarantee of the Amended Note, the Company agreed to grant Mr. Wright warrants to purchase 240,000 shares of the Company's common stock at an exercise price of $1.02 per share. The warrants are being granted pursuant to an existing agreement between the Company and Mr. Wright and expire 5 years from the expiration date of the guarantees. In addition, the Company has agreed to register the shares underlying the warrants granted to Mr. Wright on its next registration statement. The Warrants have an exercise price of $1.02 per share. We claim an exemption from registration afforded by Section 4(2) of the Act since the foregoing grant did not involve a public offering, the recipient took the warrants for investment and not resale and we took appropriate measures to restrict transfer.

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In March 2006, we agreed to grant 100,000 warrants to our General Counsel, Executive Vice President and Secretary, Michael Crosbie in consideration for accepting his position as General Counsel to the Company and services to be rendered to the Company, of which 50,000 warrants vested immediately, with the remaining 50,000 vesting over the next two years of employment. The Warrants have an exercise price of $1.02 per share. We claim an exemption from registration afforded by Section 4(2) of the Act since the foregoing grant did not involve a public offering, the recipient took the warrants for investment and not resale and we took appropriate measures to restrict transfer.

In March 2006, we appointed Jeffrey Scott as President of Hickory. In connection with Mr. Scott's appointment and continued employment, we agreed to grant him warrants to purchase 100,000 shares of the Company's common stock. The warrants have an exercise price of $5.00 per share. One half, or 50,000 of Mr. Scott's warrants vested on March 2, 2006, with the remaining 50,000 warrants vesting as follows, 25,000 warrants on March 2, 2007 and the remaining 25,000 warrants on March 2, 2008, assuming Mr. Scott is still employed by the Company on those dates. The Company will rely on the exemption from registration set forth in Section 4(2) of the Act in issuing these warrants as the issuance of these securities will not involve a public offering, the recipient acquired the warrants for investment purposes and the Company will take appropriate measures to restrict transfer. No underwriters or agents were involved in the foregoing issuances and no underwriting discounts were paid by the Company.

On March 23, 2006, and effective as of December 30, 2005, we purchased the minority interest of our now wholly owned subsidiary, Tierra Del Sol, Inc. (the "Minority Interest") from Harborage Leasing Corporation ("Harborage"). The purchase price of the Minority Interest from Harborage was a promissory note for $1,411,705 ("Harborage Note"); the right to receive, without payment, two (2) three-bedroom condominium units to be constructed in Phase 2 of the Tierra Del Sol Resort, or in the event title to both such units is not delivered by December 31, 2007, then, in lieu thereof, payment of $500,000.00 for each such unit that is not transferred by such date; 197,000 shares of the Company's common stock; and warrants to acquire 300,000 additional shares of the Company's common stock at a price of $5.00 per share. The warrants expire if unexercised five (5) years from their date of grant. Pursuant to the Stock Purchase Agreement, Harborage has the right to require the Company to purchase all or a portion of the Harborage 197,000 shares at $5.00 per share, for sixty (60) days, beginning January 1, 2007 (the "Put Option"). The Put Option will no longer be in effect provided that both of the following events occur: (i) Harborage is able to sell the Harborage Shares pursuant to an effective Registration Statement under the Securities Act of 1933 (the "Act"), or pursuant to Rule 144 of the Act; and after the fulfillment of (i) above, the average closing price of the Company on the Over-The-Counter Bulletin Board or principal exchange on which the Company's common stock then trades, exceeds $5.00 per share for a period of thirty (30) consecutive days. The Harborage Note and shares are guaranteed by Malcolm J. Wright, the Company's Chief Executive Officer and

Chairman, for which he received a guaranty fee equal to three percent (3%)_of the amount guaranteed. The Company paid this fee through the grant of 102,351 warrants to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration date of the guaranty.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

OVERVIEW

We are developing an organization that will provide, on an integrated basis, travel services, travel distribution as well as development, sales, management and rentals of destination resorts. To that end we have acquired or established businesses that manage and distribute travel services, develop vacation home ownership and travel destination resorts and develop and operate affinity-based clubs. The continuing trend in the travel industry is towards consolidation, which has caused us to seek to create a vertically integrated travel services organization that provides comprehensive services to our clients and generates revenue from several sources. We believe that we have a synergistic strategy that involves using our travel distribution, fulfillment and management services to provide consumer bookings at our planned resorts, selling and renting vacation homes that we plan to manage at these resorts, and fulfilling the travel service needs of our affinity-based travel clubs. We also own a 49% interest in a call center in Antigua-Barbuda.

Malcolm J. Wright, our Chief Executive Officer and Chairman and one of our founders, has successfully developed vacation properties in Europe. We are currently developing our first luxury vacation home and destination resort, The Sonesta Orlando Resort at Tierra Del Sol and relying on Mr. Wright's experience to do so. This resort is currently planned to include 540 town homes and 432 condominiums. As of December 31, 2005, we have pre-sold 673 town homes, resulting in over $234,000,000 in gross contract value. In June 2005, we began the earth moving and clearing process on the land for the resort. We anticipate commencing the delivery of the town home units in October 2006, with all 540 units planned to be finished during the summer of 2007. We anticipate completing the construction of the first condominium units in March 2007, with all 452 units planned to be finished during the winter of 2007. Upon completion of these units, we will offer our management services to certain qualified purchasers to permit them to voluntarily include their qualifying units in a rental program that our subsidiary Wright Resort Villas & Hotels, Inc. will operate. In addition, we will retain a 45-day, right of first refusal to repurchase the units in the resort that become available for resale.

Our TraveLeaders business 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. We acquired the assets of TraveLeaders effective December 31, 2004, from Around The World Travel, Inc. Around The World Travel is currently managing the assets for us. See the discussion below under "Recent Events." Our business plan includes the acquisition of additional travel agencies so that we can compete for greater volume buying discounts and market share.

In October 2003, we acquired a 50.83% interest in Hickory. Hickory is a travel management service organization that primarily serves its network/consortium of approximately 160 well-established travel agency members, comprised of over

3,000 travel agents worldwide that focus on corporate travel. The services provided by Hickory include a 24-hour reservation service, international rate desk services, discount hotel programs, preferred supplier discounts, commission enhancement programs and marketing services. Additionally, we may acquire additional travel agencies in the future so that we can compete for greater volume buying discounts and market share. We view the members of Hickory as a resource for future acquisitions of viable travel agencies.

We are integrating the administrative operations of Hickory and TraveLeaders. The integration process has been slower than we anticipated because it has taken us longer than expected to identify those operations that could be consolidated and determine the allocation and re-assignment of the personnel best suited for the consolidated enterprise; however, we expect such integration process to be completed in fiscal 2006. In addition, 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 "Item 3. Legal Proceedings." As such, expenditures have been higher than anticipated.

Our American Travel & Management Group subsidiary develops and operates Internet structured clubs that specialize in using demographic affinities to promote brand loyalty through the delivery of customized travel and other benefits to a constituency that is built under the auspices of a national retailer, publisher or national cause. A vital component to the benefits provided to club members and the sponsors is the inclusion of a sophisticated rewards program that will provide customer retention tracking data to those sponsors while enabling the members to enjoy significant discounts and rewards for their loyalty. We have recently entered into agreements with a prominent sports media organization, a national publisher and an international retail food service company. Based upon current agreements, we expect to launch a new club on an average of one every other month for the next eighteen months. We fulfill travel service orders produced by these clubs through TraveLeaders.

In December 2004, we entered into a joint venture with IMA Antigua, Ltd. to operate a call center that we own located in Antigua. The joint venture is operated through Caribbean Media Group, Ltd. We own 49% of this joint venture company. Our co-venturer, IMA, Ltd. owns the remaining 51%. The call center provides in-bound and out-bound traffic for customer service, customer retention and accounts receivable management. The clients of the call center are well known national businesses with well-established credit and operational systems. During the first quarter of 2005, we generated approximately 43% of our revenue from the sale of land held for development in Davenport, Florida. For that period, we also recognized revenue from fees derived from Hickory's services and our affinity-based travel clubs as well as revenue from the operations of TraveLeaders.

Under our arrangement with Around The World Travel, which operates the TraveLeaders assets on our behalf and from whom we acquired the assets, we receive and recognize as income 90% of the net earnings of the TraveLeaders assets before interest, taxes, depreciation and amortization. The balance is retained by Around The World Travel as a management fee.

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We are currently generating modest revenues from our call center joint venture in Antigua. We expect revenues from our call center operations to increase throughout the year based on existing contracts with major clients that will require an increase in the number of seats in the first and second quarters of 2006.

As discussed in "Liquidity and Capital Resources," the capital requirement for the first phase of the resort is approximately $135,500,000, of which $8,000,000 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"). KeyBank, N.A. is the lender of two credit facilities for the benefit of AMLH. The first is a land loan in the amount of $14,850,000, which is secured by Project land that is dedicated to specific phases of the development. The second is a $40,000,000 revolving construction loan, for up to $72,550,000 in funding that will fund the development and construction for Phase 1 of the Resort. Both loans are part of a comprehensive finance plan from KeyBank, N.A. who had the underwriting role in the sale of the Community Development District Bonds. 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 we expect to begin the vertical construction in approximately May 2006.

RECENT EVENTS

On December 30, 2005 we closed on $54,850,000 in senior debt to be used in the development of The Sonesta Orlando Resort at Tierra Del Sol (the "Project"). KeyBank, N.A. is the lender of two credit facilities for the benefit of AMLH. The first is a land loan in the amount of $14,850,000, which is secured by Project land that is dedicated to specific phases of the development. The second is a $40,000,000 revolving construction loan, which will provide up to $72,550,000 in funding, which will fund the development and construction for Phase 1 of the Resort. Phase 1 consists of 114 town homes and 180 mid-rise condominiums in a luxury vacation home resort community. Both loans are part of a comprehensive finance plan for the development of the Project that also includes funding in the amount of $25,825,000 from the Westridge Community Development District ("CDD"). The Westridge Community Development District, is 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, at an estimated cost exceeding $19 million, will be 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 were successfully sold and closed simultaneous with the closing of the Key Bank senior debt facilities.

On December 30, 2005, we paid off two notes (payable to third parties) in the aggregate amount of $7,862,250 that matured on March 31, 2005 and were extended through the date of the closing of the credit facilities from KeyBank, N.A.

On or about November 14, 2005, the Company and ALEC asserted certain claims against AWT with respect to the alleged breach of the Asset Purchase Agreement and a Management Agreement (the "Management Agreement"). The claimed breach of the Management Agreement was the failure of AWT to pay withholding taxes for its employees to the Internal Revenue Service. After negotiations among the parties, the parties agreed to settle the claims made by the Company and ALEC regarding the Asset Purchase Agreement pursuant to the terms of a Settlement Agreement entered into on February 24, 2006, and effective as of December 31, 2005 (the "Settlement Agreement"). The claimed breach of the Management Agreement remains unsettled pending the good faith efforts of AWT to completely fund its tax deposit obligations.

The Settlement Agreement provides that the purchase price under the Amended Purchase Agreement will be reduced from $17,500,000 to $9,000,000. The parties agreed to implement the reduction of the purchase price by eliminating the remaining balance of the Purchaser Note (which had a balance of $5,297,788 as of December 31, 2005) and by establishing an obligation of AWT to pay to ALEC the amount of $3,185,548 as of December 31, 2005. This amount is payable on demand.

Under the terms of the Settlement Agreement, the Company, ALEC and AWT agreed to release each other (and their respective officers and directors) from all claims based upon the Asset Purchase Agreement. Additionally, the parties agree to waive any right to indemnity or contribution which they may have against each other (and their respective officers and directors) for any liability which they might incur to certain plaintiff's in certain pending litigation including Simon Hassine and Seamless Technologies, provided that the waiver does not cover any liability incurred by the releasing party which is attributable to any act or omission of the released party which constitutes bad faith or is not known to the releasing party.

On December 28, 2005, the Company completed the sale of 41 acres of its development property located in Polk County, Florida (adjacent to the Sonesta Resort property) for $8,000,000 and realized a profit of $3,334,774 on the sale. The sale was brokered through American Leisure Real Estate Group, Inc, an entity controlled by Malcolm J. Wright, the Company's Chief Executive Officer and Chairman; the broker commission on the sale amounted to $400,000, and the Company therefore received net profits of $2,934,774, of which $1,823,000 was due to the Company as of December 31, 2005.

On December 31, 2005, the Company acquired the minority interest of Tierra Del Sol (the "Minority Interest") in connection with the entry into a Stock Purchase Agreement with Harborage Leasing Corporation ("Harborage"). The Minority Interest was purchased from Harborage for a promissory note for $1,432,046, which is due on July 1, 2006, and which bears interest at 12% per year (the

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"Harborage Note"); two (2) three-bedroom condominium units to be constructed in Phase 2 of the Sonesta Resort, which are to be delivered to Harborage by December 31, 2007 (or if such units are not available, $500,000 for each such unit not transferred by December 31, 2007); 197,000 shares of the Company's restricted common stock (the "Harborage Shares") and warrants to purchase 300,000 shares of common stock at an exercise price of $5.00 per share. The warrants expire if unexercised five (5) years from their date of grant. Pursuant to the Stock Purchase Agreement, Harborage has the right to require the Company to purchase all or a portion of the Harborage 197,000 shares at $5.00 per share, for sixty (60) days, beginning January 1, 2007 (the "Put Option"). The Put Option will no longer be in effect provided that both of the following events occur: (i) Harborage is able to sell the Harborage Shares pursuant to an effective Registration Statement under the Securities Act of 1933 (the "Act"), or pursuant to Rule 144 of the Act; and after the fulfillment of (i) above, the average closing price of the Company on the Over-The-Counter Bulletin Board or principal exchange on which the Company's common stock then trades, exceeds $5.00 per share for a period of thirty (30) consecutive days. The Harborage Note and shares are guaranteed by Malcolm J. Wright, the Company's Chief Executive Officer and Director, for which he received a guaranty fee equal to three percent (3%) of the amount guaranteed. The Company paid this fee through the grant of 102,351 warrants to purchase shares of the Company's common stock at an exercise price of $1.02 per share. These warrants will expire 5 years from the expiration date of the guaranty.

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

Additionally, under the Amended Debt Agreement, the fee which the Guarantors receive for a pledge of personally owned collateral to secure Company indebtedness was increased from 1% of such total indebtedness guaranteed (as was provided under the original Debt Guarantor Agreement), to 2% of the total amount of indebtedness guaranteed. The 2% fee is paid to the Guarantors in Guarantor Warrants with the same terms and conditions as provided above.

We also entered into a Third Party Debt Guarantor Agreement (the "3rd Party Guarantor Agreement") on March 20, 2006, with an effective date of June 14, 2002, which provided for fees identical to those which are provided to Mr. Wright and Mr. Chiles pursuant to the Amended Debt Agreement, described above, to be issued to certain third parties who guarantee the indebtedness of the Company.

As of the date of this filing, the Company anticipates using "Resorts Construction LLC," to construct and develop part of the Sonesta Resort and properties ("Resorts Construction"). It is anticipated that Resorts Construction will be 40.5% owned by Malcolm J. Wright, the Company's Chief Executive Officer and Chairman. It is also anticipated that the yet to be signed construction contract with Resorts Construction will provide significant construction savings over the PCL contract