FORM 10KSB/A

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]
[amend]

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FILER

PARADISE INC

CIK:**76149**| IRS No.: **591007583** | State of Incorp.:**FL** | Fiscal Year End: **1231**
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SIC: **2060** Sugar & confectionery products

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

FORM 10-KSB/A
(AMENDMENT #1)
ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2006
Commission File No. 0-3026

PARADISE, INC.
INCORPORATED IN FLORIDA
IRS IDENTIFICATION NO. 59-1007583

1200 DR. MARTIN LUTHER KING, JR., BLVD.
PLANT CITY, FLORIDA 33563
TELEPHONE NO. (813) 752-1155

Securities Registered Under Section 12 (b) of the Exchange Act:

None

Securities Registered Under Section 12 (g) of the Exchange Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, $.30 Par Value	None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, 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 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. Yes x No

Issuer's revenues for its most recent fiscal year: $ 26,072,148

State the aggregate market value of the voting stock held by non-affiliates of the registrant, $5,882,233 (as of January 31, 2007, bid price $19.50)

Class	Outstanding at December 31, 2006
Common Stock, $.30 Par Value	519,350 Shares

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

Transitional Small Business Disclosure Format (check one): Yes ___ No x ___

PARADISE, INC.

2006 FORM 10-KSB ANNUAL REPORT

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EXPLANATORY NOTE

This Amendment Number 1 to our annual report on Form 10-KSB, for the year ended December 31, 2006, includes some minor changes to improve our disclosures, specifically in the placing of the date in the independent registered public accounting firm's opinion letter, Note 13 to the financial statements disclosing Business Segment Data, and Item 8A regarding Controls and Procedures, Changes in Internal Control over Financial Reporting. Except as required to reflect the changes noted above, this Form 10-KSB/A does not attempt to modify or update any other disclosures set forth in the original filing. Additionally, this Form 10-KSB/A does not purport to provide general update or discussion of any other developments at the Company subsequent to the original filing.

PART I

PART II

PART III

PART I

Item 1. Description of Business

Forward-Looking Statements

This Annual Report on Form 10-KSB contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact should be considered "forward-looking statements" for purposes of these provisions, including statements that include projections of, or expectations about, earnings, revenues or other financial items, statements about our plans and objectives for future operations, statements concerning proposed new products or services, statements regarding future economic conditions or performance, statements concerning our expectations regarding the attraction and retention of customers, statements about market risk and statements underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of such terminology as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other similar words. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we can give no assurance that such expectations or any of our forward-looking statements will prove to be correct. Actual results and developments are likely to be different from, and may be materially different from, those expressed or implied by our forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties.

(a) Business Development

Paradise, Inc., was incorporated under the laws of the State of Florida in September, 1961 as Canaveral Utilities and Development Corporation. After the acquisition and merger of several other assets, the Corporation was renamed Paradise Fruit Company, Inc. in February, 1964, and the corporate name was changed again to Paradise, Inc. during July, 1993. There have been no bankruptcies, receiverships, or similar proceedings during the corporation's history. There have been no material reclassifications, mergers, consolidations, purchases or sales of a significant amount of assets not in the ordinary course of business during the past three years.

(b) The Company's operations are conducted through two business segments. These segments, and the primary operations of each, are as follows:

BUSINESS SEGMENT	OPERATION
Candied Fruit	Production of candied fruit, a basic fruitcake ingredient, sold to manufacturing bakers, institutional users, and retailers for use in home baking. Also, based on market conditions, the processing of frozen strawberry products for sale to commercial and institutional users

	such as preservers, dairies, drink manufacturers, etc.
Molded Plastics	Production of plastic containers for the Company's products and other molded plastics for sale to unaffiliated customers.

For further segment information, refer to Note 13 in Part II, Item 7 of this Annual Report.

The Company knows of no other manufacturer in the Western Hemisphere whose sales of glace' (candied) fruit is equal to those of Paradise, Inc. While there are no industry statistics published, from the generally reliable sources available, management believes that Company brands account for a large majority of all candied fruit sold in supermarkets and other grocery outlets in the USA.

In terms of candied fruit dollar sales, during 2006, approximately 20% were shipped to manufacturing bakers and other institutional users, with the balance being sold through supermarkets and other retail outlets for ultimate use in the home.

Sales to retail outlets are usually generated through registered food brokers operating in exclusively franchised territories. This method of distribution is widely accepted in the food industry because of its efficiency and economy.

The principal raw materials used by the Company are fruits, fruit peels, corn syrups and plastic resins. Most of these materials are readily accessible from a number of competitive suppliers. The supply and prices may fluctuate with growing and crop conditions, factors common to all agricultural products. Feed stocks for some plastic resins are petroleum related and may be subject to supply and demand fluctuations in this market.

The trademarks "Paradise", "Dixie", "Mor-Fruit" and "Sun-Ripe" are registered with the appropriate Federal and State authorities for use on the Company's candied fruit. These registrations are kept current, as required, and have a value in terms of customer recognition. The Company is also licensed to use the trademarks "White Swan", "Queen Anne", "Palm Beach", "Golden Crown," and "Pennant" in the sale of candied fruit.

The demand for fruit cake materials is highly seasonal, with over 85% of sales in these items occurring during the months of September, October and November. However, in order to meet delivery requirements during this relatively short period, the Company must process candied fruit and peels for approximately ten months during the year. Also, the Company must acquire the fruits used as raw materials during their seasonal growing periods. These factors result in large inventories, which require financing to meet relatively large short-term working capital needs.

During 1993, and through another wholly owned subsidiary, the Company launched an enterprise for the growing and selling of strawberries, both fresh and frozen. Plant City, Florida, the location of the Company's manufacturing facilities and main office, styles itself as the "The Winter Strawberry Capital" because of the relatively large volume of fruit that is grown and harvested locally, mostly from December through April of each season. However, once competing fresh berries from the West Coast of the USA begin finding their way to market, the price of Florida fruit begins to diminish, and local growers had no other market for their product.

While there are significant freight cost advantages in the sale and marketing of local strawberries to customers in the eastern U.S., growers and producers on the West Coast, from southern California to Washington state, still dominate pricing and marketing conditions. The Company estimates more than 90% of total U.S. strawberry production is located in that area.

Therefore, Paradise, Inc. limits its activities in this market to years in which basic supply and demand statistics, such as West Coast harvest predictions and frozen strawberry prior year inventory carryovers, lead to a reasonable anticipation of profitability.

In the plastics molding segment of business, sales to unaffiliated customers continue to strengthen. This trend began several years ago when management shifted its focus from the sale of high volume, low profit "generics" to higher technology value added custom applications.

Some molded plastics container demand is seasonal, by virtue of the fact that a substantial portion of sales are made to packers of food items and horticultural interests, with well defined growing and/or harvest seasons.

In the opinion of management, the seasonal nature of some plastics sales does not have a significant impact upon the working capital requirements of the Company.

During the first several months of the year, the Company contracts with certain commercial bakers for future delivery of quantities representing a substantial portion of the sales of fruit cake materials to institutional users. Deliveries against these contracts are completed prior to the close of the fiscal year ending December 31.

Many of the commercial bakers and other institutional accounts face the same seasonal demands as the Company, and must contend with similar short-term working capital needs. The Company accommodates some of these customers with extended payment terms of up to ninety days.

By the same token, many suppliers offer similar extended payment terms to the Company.

It is a trade practice to allow some supermarket chains to return unopened cases of candied fruit products that remain unsold at year-end, an option for which they normally pay a premium. A provision for the estimated losses on retail returns is included in the Company's financial statements, for the year during which the sales are made.

With the continuing acquisitions, mergers and other consolidations in the supermarket industry, there is increasing concentration of candied fruit buying activity. During 2006, the Company derived nearly 12% of its consolidated revenues from Wal-Mart Stores, Inc. This customer is not affiliated with Paradise, Inc. in any way, and has exclusive use of a Paradise-owned controlled brand. In addition, plastics sales to Aqua Cal, Inc. accounted for 15% of the Company's consolidated revenues. The loss of any of these customers would have a material adverse effect on operating earnings.

While there is no industry-wide data available, management estimates that the Company sold approximately 70-75% of all candied fruits and peels consumed in the U.S. during 2006. The Company knows of two major competitors; however, it estimates that none of these has as large a share of the market as the Company's.

The molded plastics industry is very large and diverse, and management has no reasonable estimate of its total size. Many products produced by the Company are materials for its own use in the packaging of candied fruits for sale at the retail level. Outside sales represent approximately 80% of the Company's total plastics production at cost, and, in terms of the overall market, are insignificant.

In the above business segments, it is the opinion of management that price, which is to include the cost of delivery, is the largest single competitive factor, followed by product quality and customer service.

Given the above competitive criteria, it is the opinion of management, that the Company is in a favorable position.

During recent years, the Company has made capital investments of over $1 million in order to comply with the growing body of environmental regulations. These have included the building of screening and pretreatment facilities for water effluent, the redesign and rebuilding of one processing department in order to improve the control of the quality of air emissions, and removing underground fuel storage tanks to approved above ground locations. All of these facilities are permitted by governmental authorities at various levels, and are subjected to periodic testing as a condition of permit maintenance and renewal. All required permitting is currently in effect, and the Company is in full compliance with all terms and conditions stated therein.

By local ordinance, it is required that all water effluent is metered, tested and discharged into a municipal industrial waste treatment plant. During 2006, costs for this discharge exceeded $200,000, and management estimates that all expenses directly related to compliance with environmental regulations total well over $300,000 annually, which includes costs for permits, third party inspections and depreciation of installations.

The Company employs between 140 and 275 people, depending upon the season.

The Company conducts operations principally within the United States. Foreign activities are not material.

Item 2. Description of Property

(a) Built in 1961, the plant is located in a modern industrial subdivision at Plant City, Florida, approximately 20 miles east of the City of Tampa. It is served by three railroad sidings, and has paved road access to three major state and national highways. It has production and warehouse facilities of nearly 350,000 sq. ft.

During 1985, the Company acquired approximately 5.2 acres immediately adjacent to, and to the west of, its main plant building. Several buildings and a truck weight scale existed on the property. Some of these facilities have been significantly updated, remodeled, and/or rebuilt and are used for the strawberry processing and some plastics molding operations. In 2006, Paradise, Inc. built a new 10,000 square foot building on this land. The building is primarily used for the production of custom vacuum forming products for its Plastics customers.

The Company owns its plant facilities and other properties subject to a secured note and real estate mortgages.

Because of the unique processing methods employed for candied fruit, much of the equipment used by the Company is designed, built and assembled by the Company's employees. The Company considers its plant one of the most modern, automated plants in the industry. The equipment consists of vats, dehydrators, tanks, giant evaporators, carbon filter presses, syrup pumps and other scientifically designed processing equipment. Finished retail packages are stored in air-conditioned warehouses, if required.

Regarding molded plastic manufacturing, most equipment is normally available from a number of competitive sources. The molds used for specialized plastic products must be individually designed and manufactured, requiring substantial investment, and are considered proprietary.

Item 3. Legal Proceedings

None

Item 4. Submission of Matters to a Vote of Security Holders
None

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

On August 22, 1997 the Securities and Exchange Commission issued new listing requirements for companies listed on the NASDAQ Small Cap Market. The new requirements became effective on February 23, 1998. As of March 2007, the Company had not met the listing criteria.

(a) The following table shows the range of closing bid prices for the Company's Common Stock in the over-the-counter market for the calendar quarters indicated. The quotations represent prices in the over-the-counter market between dealers in securities, do not include retail mark-up, mark-down, or commissions and do not necessarily represent actual transactions.

	BID PRICES	
	High	Low
2006		
First Quarter	18.25	17.50
Second Quarter	19.50	18.20
Third Quarter	16.75	15.61
Fourth Quarter	19.00	15.10
2005		
First Quarter	22.00	20.10
Second Quarter	21.00	17.85
Third Quarter	19.00	17.05
Fourth Quarter	19.00	17.00

(b) Approximate Number of Equity Security Holders

As of December 31, 2006, the approximate number of holders of record of each class of equity securities of the Registrant were:

TITLE OF CLASS	NUMBER OF HOLDERS OF RECORD

Common Stock, $.30 Par Value 155

Item 5. Market for Common Equity and Related Stockholder Matters (Continued)

(c) Dividend History and Policy

Dividends have been declared and paid annually, only when warranted by profitability. On March 8, 2007, the Board of Directors declared dividends of $.10 per share for stockholders of record on April 13, 2007. Dividends paid to stockholders for 2005 were $.15 and for 2004, $.10.

The Company does not have a standard policy in regards to the declaration and payment of dividends. Each year dividend payments, if any, are determined upon consideration of the current profitability, cash flow requirements, investment outlook and other pertinent factors.

According to the covenants of a loan agreement, dated May 29, 1986, amended several times thereafter, and in effect until June 8, 1995, the declaration of dividends was specifically limited by certain financial parameters. That agreement was modified in 1995, and while still requiring the attainment of certain balance sheet ratios, specific references to dividends were omitted.

Item 6. Management's Discussion and Analysis or Plan of Operation

Summary

The following tables set forth for the periods indicated (i) percentages which certain items in the financial data bear to net sales of the Company and (ii) percentage increase of such item as compared to the indicated prior period.

	RELATIONSHIP TO TOTAL REVENUE YEAR ENDED DECEMBER 31,			PERIOD TO PERIOD INCREASE (DECREASE) YEARS ENDED	
	2006	2005	2004	2006-2005	2005-2004
NET SALES:					
Candied Fruit	69.9%	67.8%	70.0%	7.8%	6.1%
Molded Plastics	30.1	32.2	30.0	-2.5	17.9
	100.0	100.0	100.0	4.5	9.6
Cost of Sales	74.4	74.8	76.1	4.0	7.7
Selling, General and Administrative Expense	19.0	20.1	19.4	-1.3	13.7
Depreciation and Amortization	3.5	3.4	3.6	6.3	5.8
Interest Expense	0.9	0.8	0.6	30.2	35.3
				3.2	9.0
Income from Operations	2.2	0.9	0.3	144.8	209.2
Gain on Sale of Land		2.8			
Other Income, Net	0.1	0.2	0.2	-7.3	0.7
Income Before Provision for Income Taxes	2.3	3.9	0.5	-37.5	713.8

Provision for Income Taxes	0.9	1.7	0.2	-45.2	822.9
	-----	-----	-----	-----	-----
Net Income	1.4%	2.2%	0.3%	-31.8%	647.6%
	=====	=====	=====	=====	=====

(1) Liquidity

Management is not aware of any demands, commitments, events or uncertainties that will result in, or are reasonably likely to result in, a material increase or decrease in the Company's liquidity. One trend to be noted is the Company's ability over the past three years to materially decrease its short-term debt position while maintaining a consistent level of inventory. As discussed in footnote 5 of the Company's financial statements, a line of credit is available to the Company to finance short-term working capital needs.

(2) Capital Resources

The Company does not have any material outstanding commitments for capital expenditures. Management is not aware of any material trends either favorable or unfavorable in the Company's capital resources.

(3) Results of Operations

2006 Compared to 2005

In 2006, Paradise, Inc. reinforced its long standing position as the leading producer of glace' fruit, a primary ingredient of fruit cakes, which is sold to manufacturing bakers, institutional users and retailers throughout the United States leading up to and during the holiday season of Thanksgiving and Christmas. This position was evident as Paradise, Inc.'s glace' fruit net sales activity increased to $18,225,869 during 2006 compared to net sales of $16,906,637 for 2005. With continuing consolidation occurring in the grocery industry, Management is pleased to see the decision to expand its relabeling and coupon redemption program for the Company's brand name and private label customers has resulted in greater awareness and net sales growth for the Company's glace' fruit products.

Paradise Plastics, Inc., a wholly owned subsidiary of Paradise, Inc., which experienced cumulative growth in net sales of more than 80% over the past five years, produced net sales to unaffiliated customers of $7,846,280 for 2006 compared to $8,045,187 for 2005. This 2.5% decrease in net sales is partially attributable to the relocation of Paradise Plastics, Inc.'s Central Florida operations to its newly constructed 10,000 square foot facility located at Company's headquarters in Plant City, Florida. This relocation, successfully completed during March and April of 2006, resulted in a scheduled delay of processing customer orders as production equipment was dismantled, transferred and re-assembled at headquarters. The other factor contributing to this decrease was the decision of several existing customers' to reduce their re-orders during 2006. However, management is confident that the expertise developed in designing various high tech custom molding products over the past several years will continue to help expand this segment in the future.

Cost of goods sold, expressed as a percentage of net sales, remained consistent with the previous year's reporting as increases in the cost of raw fruit materials absorbed from suppliers were successfully incorporated into the Company's pricing structure for its glace' fruit products prior to the late spring and summer booking periods.

Selling expenses for 2006 decreased by 11.2% compared to the prior year as management's decision during 2005 to terminate several supplier and marketing agreements along with several larger than usual customer receivable write-offs resulted in a one-time charge to operations of $303,129. Excluding these charges to operations during 2005, selling expenses in 2006 decreased by less than 1.0% compared to 2005.

General and administrative expenses increased 12.0% for 2006 compared to 2005 as increases in professional fees, health and life insurance premiums and expenses associated with funding the Company's defined benefit pension plan continue to rise.

(3) Results of Operations

2006 Compared to 2005 (Continued)

In response to continuing increases in the cost associated with maintaining the Company's defined benefit pension plan, the Board of Directors of Paradise, Inc. authorized the following corporate action. The Board elected to freeze pension plan benefit accruals effective November 30, 2006, provide 100% vesting for all active participants as of November 30, 2006, terminate the pension plan effective December 31, 2006 and establish a 401(k) retirement plan for all active pension plan participants effective January 1, 2007.

Furthermore, the Company has fully complied with all accounting and disclosure provisions of FASB #158, "Employer's Accounting for Defined Pension and Other Post-retirement Plans", issued by the Financial Accounting Standard Board in October, 2006. This accounting treatment is reflected in the Company's Consolidated Statement of Income and is expanded upon in Footnote 10 of the enclosed report.

Depreciation and amortization expenses increased by 6.3% for 2006 compared to the prior year primarily due to the increase in amortization expense associated with the asset purchase of a competitor's glace' fruit business. As disclosed in previous filings, Paradise, Inc. entered into this agreement during June 2006, purchasing a competitor's customer list, remaining glace' fruit inventory and a non-compete agreement which is being amortized over a period of ten years. Total consideration equaled $1,646,000 with $671,000 paid in cash at closing. The remaining balance of $975,000 is payable in the following installments: $425,000 - December 2007; $275,000 - December 2008; and a final payment of $275,000 - December 2009.

Interest expense for 2006 increased by $57,230 compared to the prior year for the following two reasons. First, the rate of interest charged by Paradise, Inc.'s primary bank on its short-term revolving line of credit increased throughout the year. Second, the accrual of imputed interest at 6% commencing July 2006 was applied against the amounts due note disclosed in the previous paragraph.

In summary, based upon the information above, Paradise, Inc. generated consolidated net sales of $26,072,149 for 2006 compared to $24,951,824 for 2005. Net Income for 2006 was $379,914 or $.73 earnings per share compared to Net Income for 2005 of $556,780 or $1.07 earnings per share.

(3) Results of Operations

2005 Compared to 2004

Despite the continuing challenges facing the grocery industry during 2005 and coupled with the direct impact of Hurricane Katrina on the rising cost of energy during the fourth quarter of 2005, Paradise, Inc. generated consolidated net sales of $24,951,824 compared to $22,763,684 for 2004. This represents a 9.6% increase in consolidated net sales for 2005 compared to the previous year.

Paradise, Inc.'s glace' fruit segment net sales, representing 67.8% of total consolidated net sales increased 6.1% for 2005 compared to 2004. This business segment continues to benefit from management's decision during 2003 to develop and implement a marketing campaign centered around the introduction of newly designed labels for Paradise, Inc.'s brand glace' fruit products. These labels include recipes for holiday baking ideas along with coupons redeemable for the purchase of additional glace' fruit items. Based upon the initial success of the program, management has expanded this labeling and coupon program to several additional private label customers during 2005. Paradise, Inc. is confident this program will continue to have a positive impact on future glace' fruit segment sales.

Paradise Plastics, Inc., a wholly owned subsidiary of Paradise, Inc. generated an increase in net sales to unaffiliated customers of 17.9% for 2005 compared to the prior year. Several factors have contributed to this growth. First, as disclosed in a previous filing, Paradise, Inc. purchased 100% of the outstanding stock of Mastercraft Products Corporation, a Central Florida plastics thermoformer on May 13, 2004. With additional support in the form of increased production capacity from the Company's Plant City, Florida location, sales to existing Mastercraft Products Corporation customers advanced by more than 25% over the same comparable period of 2005 versus 2004. Secondly, Paradise Plastics, Inc. continues to receive a steady increase in the volume of purchase orders from both new and long-term customers who are benefiting from the Company's ability to design high tech custom molded products for resale to their customers.

With the increase in consolidated net sales for 2005 of $2,188,140 over 2004, Paradise, Inc.'s accounts receivable balance as of December 31, 2005 increased to $2,085,033 from $475,211 as of December 31, 2004. Subsequent to year-end, customer payments have reduced this balance by more than $2,000,000.

Cost of goods sold expressed as a percentage of net sales within the fruit segment decreased by 1% for 2005 compared to the prior year. This decrease is evidenced by Paradise, Inc.'s ability to contract for favorable prices during late 2004 and early 2005 for deliveries of certain raw fruit commodities during the last season. As mentioned in previous filings, Paradise, Inc., in order to meet the highly seasonal demands of its glace' fruit customers, must contract and acquire product from its suppliers well in advance of its selling season in order to ensure timely deliveries. Furthermore, prices for raw materials vary at time of harvest based on changes in weather patterns, supply and demand, market conditions and product availability. During 2005, Paradise, Inc. was able to benefit from favorable market conditions and contract for various raw fruit products at prices ranging from 2-5% lower than in the previous year.

2005 Compared to 2004 (Continued)

This was critical because the Company must quote annual selling prices to supermarket customers in the spring and early summer for delivery during the holiday season. An increase in consumer demand for Paradise, Inc. glace' fruit products enabled the Company to distribute its fixed overhead over a larger production base. The results of lower raw fruit material prices along with an increase in production were greater than increases in labor, packaging materials and various other energy related cost.

The plastics segment's cost of sales as a percentage of net sales decreased by 2%, for 2005 compared to 2004 as Paradise Plastics, Inc. was successful in factoring into its selling prices corresponding cost increases for plastic resins. With plastics raw materials produced from petroleum based products, cost increases received from suppliers during the fourth quarter of 2005 place great pressure on selling margins.

During the year, a customer dispute as to product quality resulted in a charge to operations of $185,611. Selling, General and Administrative expenses for 2005 increased 13.7% compared to 2004 based on the following events: (1) the Company negotiated a settlement with a national food brokerage firm to resolve a dispute regarding certain marketing expenses; (2) due to changes in market conditions and with competitive pricing alternatives, Paradise, Inc. terminated its minority interest in its Mexican based supplier of pineapple; (3) Paradise, Inc. also incurred selling expenses with the termination of a joint marketing agreement with a West Coast distributor of frozen strawberry products; and (4) the Company charged to bad debt expense a larger than usual balance of customer receivables that were deemed to be uncollectible. The total effect of these actions resulted in a current charge to operations of $303,129.

Depreciation and amortization expenses increased by 5.8% compared to the previous year as capital expenditures outpaced the retirement of various assets during the year.

Interest expense for 2005 increased by $49,411 compared to the prior year as the Company absorbed several interest rate adjustments to its revolving line of credit. Interest expense for the Company's short-term and long-term borrowings still remains less than 1% of consolidated net sales.

During the fourth quarter of 2005, Paradise, Inc.'s Board of Directors authorized and executed the sale of approximately 20 acres of land leased to others for agricultural purposes. The property, which is located 10 miles from the Company's Plant City, Florida headquarters, generated taxable income of $697,266. This amount is disclosed on the Company's Consolidated Statement of Income and Comprehensive Income.

The proceeds from this sale were used to assist in the funding for Paradise, Inc.'s new 10,000 square foot plastics facility at the Company's headquarters. Scheduled to open during the first quarter of 2006, it facilitated the moving of Mastercraft production capacity to Plant City, Florida and increase the plastic segment's production capabilities.

In summary, based upon the information above, Paradise, Inc. generated consolidated net sales of $24,951,824 for 2005 compared to $22,763,684 for 2004. Net income for 2005 was $566,780 or $1.07 earnings per share compared to net income for 2004 of $74,455 or $.14 earnings per share.

2004 Compared to 2003

During 2004, net sales within the Company's fruit segment, which represents 70% of the Company's overall net sales, decreased by 4% compared to 2003. Directly affecting this decrease was a decision by Sam's Club, a subsidiary of Wal-Mart Stores, Inc. not to renew its annual commitment to purchase glace' fruit products. Based on Sam's Club's 2003 level of purchasing activity, this cancellation resulted in a 5% decrease in fruit segment net sales during 2004.

Excluding the cancellation from Sam's Club, fruit segment net sales produced a slight increase of 1% compared to 2003 net sales. Reasons for this small increase are directly attributable to the on-going competition and consolidation of various national and regional supermarket chains who are trying to compete with the growth of Wal-Mart Stores, Inc. and its affiliated Sam's Club. Supermarkets pressured by reduced profit margins are finding it necessary to close their less profitable locations and/or sell off various assets in order to maintain profitability. Consequently, the reduction of stores along with the pressure to remain profitable has limited the ability of Paradise, Inc. to increase its sales volume and prices to its primary retail customers during the past year.

Item 6. Management's Discussion and Analysis or Plan of Operation (Continued)

(3) Results of Operations (Continued)

2004 Compared to 2003 (Continued)

For 2004, Paradise Plastics, Inc., a wholly owned subsidiary, contributed net sales to unaffiliated customers that accounted for 30% of overall Company net sales, compared to 23% in 2003. This contribution includes $829,305 in net sales activity from the acquisition of Mastercraft Products Corporation (MPC), a Central Florida plastics thermoformer, during 2004. As mentioned in Paradise, Inc.'s earlier filing, the Company acquired 100% of the outstanding shares of MPC on May 13, 2004. Management is confident that the combination of resources, capabilities and facilities will greatly enhance the sales of plastics products currently offered to MPC's food, medical and other high-tech customers located throughout the Southeast.

Excluding the net sales activity generated from Mastercraft Products Corporation during 2004, plastics net sales to unaffiliated customers increased by 21% compared to the prior year. The primary factor for this growth has been management's ability to consistently produce high quality plastics products on a timely basis, and offer engineering and design expertise to both new and existing customers. Thus, as current customer needs expand, and Paradise Plastics' growing resources and facilities open the potential for new customers, management is confident that this segment of business will continue to flourish.

Cost of goods sold expressed as a percentage of net sales increased 4.9% compared to the prior year. One reason for this increase was the sharp rise in energy costs, both to the Company and to the Company's suppliers of plastics raw materials, who were forced to raise their prices dramatically during the second half of 2004. Furthermore, increases in gasoline prices resulted in increased transportation expenses in the form of surcharges from commercial freight carriers used to ship the majority of Paradise, Inc.'s glace' fruit products to its customers. It is trade practice to negotiate annual sales contracts for glace' fruit months in advance of actual delivery dates. Therefore, the Company was unable to pass along these increases in fuel cost. As the price of energy continues to increase, Paradise, Inc. will make every attempt to incorporate these increases into the Company's 2005 pricing structure.

Finally, increases in cost of sales were also incurred in connection with the Company's introduction of an expanded labeling and coupon redemption program for private label brands. During the prior year, Paradise, Inc. introduced this program for Company brands only.

Selling, general and administrative expenses as a percentage to net sales decreased by less than 1% compared to the prior year. Increases received relating to the Company's pension and health care programs were more than offset by payroll reductions to the Company's executive and managerial staff.

Depreciation and amortization expenses as a percentage to net sales remained relatively unchanged as additions to plant equipment were offset by an almost equal amount of retirements or dispositions.

(3) Results of Operations (Continued)

2004 Compared to 2003 (Continued)

Interest expense increased by $48,159 or 52% compared to the prior year as the Company began to receive increases in interest rates charged by its commercial lender on long-term debt and revolving short-term working capital loans.

In summary, with continuing turmoil and consolidation occurring within the grocery industry, along with the cancellation of sales by Sam's Club, fruit segments net sales decreased by 4% during 2004. Furthermore, increases in the cost of plastics raw materials received from the Company's suppliers, due to rising energy prices, added 4.8% to the Company's overall cost of sales. The combination of these events produced net income of $74,455 or $.14 earnings per share for 2004, compared to $597352 in net income or $1.15 earnings per share for 2003.

Item 7. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Shareholders of
Paradise, Inc.
Plant City, FL 33566

We have audited the accompanying consolidated balance sheets of Paradise, Inc., and subsidiaries as of December 31, 2006, 2005 and 2004, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Paradise, Inc., and subsidiaries as of December 31, 2006, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Respectfully submitted,

/s/ Bella, Hermida, Gillman, Hancock & Mueller
BELLA, HERMIDA, GILLMAN, HANCOCK & MUELLER

Certified Public Accountants
Plant City, Florida
March 16, 2007

PARADISE, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	DECEMBER 31,		
	2006	2005	2004
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 5,271,385	$ 4,069,884	$ 3,258,811
Accounts Receivable, Net of Allowance for Doubtful Accounts of $ -0- and Allowance for Returns of $1,124,000 (2006), $981,000 (2005) and $1,185,000 (2004)	641,674	2,085,033	475,211
Inventories	6,433,402	6,077,413	6,537,254
Prepaid Expenses and Other Current Assets	497,565	326,658	452,295
Deferred Income Tax Asset	391,186	175,932	277,970
Income Tax Refund Receivable			365,485
Total Current Assets	13,235,212	12,734,920	11,367,026

PROPERTY, PLANT AND EQUIPMENT:			
Net of Accumulated Depreciation of $15,500,258 (2006), $14,615,187 (2005) and $13,901,051 (2004)	5,963,152	5,962,979	5,744,748
GOODWILL	413,280	413,280	413,280
CUSTOMER BASE AND NON-COMPETE AGREEMENT	1,195,057		
OTHER ASSETS	411,861	466,007	750,526
TOTAL ASSETS	$ 21,218,562	$ 19,577,186	$ 18,275,580

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

LIABILITIES AND STOCKHOLDERS' EQUITY

	DECEMBER 31, 2006	2005	2004
CURRENT LIABILITIES:			
Short-Term Debt	$ 90,676	$ 10,785	$ 45,216
Accounts Payable	1,060,036	570,547	217,730
Accrued Expenses	1,972,430	1,396,542	989,712
Income Taxes Payable	305,766	390,097	
Current Portion of Long-Term Debt	525,781	219,328	255,459
Total Current Liabilities	3,954,689	2,587,299	1,508,117
LONG-TERM DEBT, NET OF CURRENT PORTION	938,725	610,033	803,891
DEFERRED INCOME TAX LIABILITY	352,595	431,784	536,548

Total Liabilities	5,246,009	3,629,116	2,848,556
STOCKHOLDERS' EQUITY:			
Common Stock, $.30 Par Value, 2,000,000 Shares Authorized, 583,094 Shares Issued, 519,350 Shares Outstanding	174,928	174,928	174,928
Capital in Excess of Par Value	1,288,793	1,288,793	1,288,793
Retained Earnings	15,101,418	14,799,406	14,294,561
Accumulated Other Comprehensive Income (Loss)	(315,667)	(38,138)	(54,339)
	16,249,472	16,224,989	15,703,943
Less: Common Stock in Treasury, at Cost, 63,744 Shares	276,919	276,919	276,919
Total Stockholders' Equity	15,972,553	15,948,070	15,427,024
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 21,218,562	$ 19,577,186	$ 18,275,580

PARADISE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	FOR THE YEARS ENDED DECEMBER 31,		
	2006	2005	2004
NET SALES	$ 26,072,149	$ 24,951,824	$ 22,763,684
COSTS AND EXPENSES:			
Cost of Goods Sold (Excluding Depreciation)	19,404,930	18,665,504	17,332,636
Selling, General and Administrative Expenses	4,943,774	5,008,995	4,406,990
Depreciation and Amortization	910,476	856,706	809,412
Interest Expense	246,448	189,218	139,807

Total Costs and Expenses	25,505,628	24,720,423	22,688,845
INCOME FROM OPERATIONS	566,521	231,401	74,839
GAIN ON SALE OF PROPERTY, PLANT AND EQUIPMENT		697,266	
OTHER INCOME - NET	41,842	45,136	44,823
INCOME BEFORE PROVISION FOR INCOME TAXES	608,363	973,803	119,662
PROVISION FOR INCOME TAXES	228,449	417,023	45,207
NET INCOME	379,914	556,780	74,455
OTHER COMPREHENSIVE INCOME:			
Unrealized Gain on Pension Plan, Net of Tax	326,805		
Unrealized Gain on Available for Sale Securities, Net of Tax	8,370	16,201	7,620
COMPREHENSIVE INCOME	$ 715,089	$ 572,981	$ 82,075
EARNINGS PER SHARE:			
Basic	$ 0.73	$ 1.07	$ 0.14
Diluted	$ 0.73	$ 1.07	$ 0.14

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

PARADISE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance, December 31,				

2003	$ 174,928	$ 1,288,793	$ 14,220,106	$(61,959)
Unrealized Gain on Appreciation of Marketable Equity Securities				7,620
Net Income			74,455	
	-------	---------	----------	-------
Balance, December 31, 2004	174,928	1,288,793	14,294,561	(54,339)
Cash Dividends Declared, $.10 per Share			(51,935)	
Unrealized Gain on Appreciation of Marketable Equity Securities				16,201
Net Income			556,780	
	-------	---------	----------	-------
Balance, December 31, 2005	174,928	1,288,793	14,799,406	(38,138)
Cash Dividends Declared, $.15 per Share			(77,902)	
Unrealized Gain on Appreciation of Marketable Equity Securities				8,370
Adjustment to initially apply FASB Statement No. 158, Net of Tax				(612,704)
Gain on Retirement Plan				326,805
Net Income			379,914	
	-------	---------	----------	-------
Balance, December 31, 2006	$ 174,928	$ 1,288,793	$ 15,101,418	$(315,667)
	=======	=========	==========	=======

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

TREASURY STOCK	TOTAL
$(276,919)	$ 15,344,949
	7,620
	74,455
(276,919)	15,427,024
	(51,935)
	16,201
	556,780
(276,919)	15,948,070
	(77,902)
	8,370
	(612,704)
	326,805
	379,914
$(276,919)	$ 15,972,553

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31, 2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 379,914	$ 556,780	$ 74,455
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Allowance for Sales Returns	143,000	(204,000)	199,000
Provision for Estimated Inventory Returns	(141,000)	198,000	(252,000)
Increase (Decrease) in Net Deferred Income Tax Liability	(133,625)	(2,726)	65,692
Depreciation and Amortization	910,476	856,706	809,412
Gain on Sale of Property, Plant and Equipment		(697,266)	
Changes in Assets and Liabilities, Net of Acquisition:			
Accounts Receivable	1,300,359	(1,405,822)	29,901
Inventories	(214,989)	261,841	952,596
Prepaid Expenses and Other Current Assets	(170,907)	125,637	(13,314)
Income Tax Refund Receivable		365,485	87,052
Other Assets	7,462	16,201	5,583
Accounts Payable	489,489	352,817	(213,419)
Accrued Expenses	129,171	406,830	(145,854)
Income Taxes Payable	(84,331)	390,097	
Net Cash Provided by Operating Activities	2,615,019	1,220,580	1,599,104
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds on Sale of Property, Plant and Equipment		897,266	
Purchase of Property, Plant and Equipment	(792,652)	(518,622)	(687,435)
Construction in Progress		(696,605)	
Acquisition, Net of Cash			(738,816)
Purchase of Customer Base and Non-Compete Agreement	(425,000)		
Net Cash Used in Investing Activities	(1,217,652)	(317,961)	(1,426,251)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net Proceeds (Repayments) of Short-Term Debt	79,891	(34,431)	(229,189)

Proceeds from Issuance of Long-Term Debt	27,345	23,296	800,000

PARADISE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	FOR THE YEARS ENDED DECEMBER 31, 2006	2005	2004
Principal Payments on Long-Term Debt	(225,200)	(253,285)	(349,611)
Dividends Paid	(77,902)	(51,935)	(103,870)
Increase (Decrease) in Other Assets		224,809	(141,971)
Net Cash Used in Financing Activities	(195,866)	(91,546)	(24,641)
Net Increase in Cash	1,201,501	811,073	148,212
CASH AND CASH EQUIVALENTS, at Beginning of Year	4,069,884	3,258,811	3,110,599
CASH AND CASH EQUIVALENTS, at End of Year	$ 5,271,385	$ 4,069,884	$ 3,258,811
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash Paid During the Year for:			
Interest	$ 203,114	$ 200,359	$ 140,155
Income Taxes	$ 320,000	$	$ 333,750
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Unrealized Holding Gain on Securities	$ 8,370	$ 16,201	$ 7,620

	2006	2005	2004
Customer Base Acquired and Non-Compete Agreement Entered with Unrelated Party	$ 1,258,850	$	$
Cash Paid	(425,000)		
Note Payable Issued	$ 833,850	$	$

PARADISE, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	FOR THE YEARS ENDED DECEMBER 31, 2006	2005	2004
Fair Value of Assets Acquired on Purchase of Mastercraft Products Corporation	$	$	$ 829,034
Cash Paid for Capital Stock			(738,816)
Liabilities Assumed	$	$	$ 90,218

DISCLOSURE OF ACCOUNTING POLICY:

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

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

PARADISE, INC.
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Paradise, Inc. operations are conducted through two business segments, candied fruit and molded plastics. The primary operations of the fruit segment is production of candied fruit, a basic fruitcake ingredient, sold to manufacturing bakers, institutional users, and retailers for use in home baking. The molding plastics segment provides production of plastic containers for the Company's products and other molded plastics for sale to unaffiliated customers.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, after elimination of all material intercompany transactions and profits.

Use of Estimates

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

Fair Value of Financial Instruments

The aggregated net fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and cash equivalents, receivables, payables, accrued expenses and short-term borrowings. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand. The fair value of the Company's debt is estimated based upon the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Revenue Recognition

Management considers subsequent collection results and writes off all year-end balances that are not deemed collectible by the time the financial statements are issued. Additionally, management has provided for estimated product returns by applying an allowance against Accounts Receivable for the invoiced price of the returns. A provision to recognize a related estimate of finished goods returns has been added to inventories (Note 2). Management considers the remaining accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made. The Company does not have a policy to charge interest on past due amounts. The Company recognizes revenue on the delivery of goods to its customers.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. Cost includes material, labor, factory overhead and depreciation.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Generally, the straight-line method is used in computing depreciation. Estimated useful lives of plant and equipment are:

	Years
Buildings and Improvements	10 - 30
Machinery and Equipment	3 - 10

Expenditures which significantly increase values or extend useful lives are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the current earnings.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketable Equity Securities

The Company records unrealized gains and losses on marketable equity securities available for sale in the stockholders' equity section of its balance sheet as a component of Accumulated Other Comprehensive Income (Loss).

When securities are sold, the cost of securities sold is based on weighted average cost in order to determine gross realized gains and losses.

Realized gains and losses, and declines in value judged to be other-than-temporary on available-for-sale securities, if any, are included in the determination of net income (loss) as gains (losses) on sale of securities.

Goodwill

The goodwill acquired represents the excess purchase price over the fair value of the net assets acquired in the acquisition of Mastercraft Products, Corporation. (Note 17). These costs are reviewed annually for impairment pursuant to SFAS No. 142, Goodwill and Other Intangible Assets.

Customer Base and Non-Compete Agreement

The customer base and non-compete agreement represents the fair value of these assets pursuant to the Company's purchase during 2006 of an unrelated entity's inventories, their customer list and a non-compete agreement for a period of ten years. The customer base and non-compete agreement are being amortized over ten years. Amortization expense for the year ended December 31, 2006 was $63,604.

Selling Expenses

The Company considers freight delivery costs to be selling expenses and has included $575,877 (2006), $632,418 (2005) and $458,483 (2004) in selling, general and administrative expenses in the income statements.

Advertising Expenses

The Company expenses advertising costs in the year they are incurred. Advertising expenses totaled $208,659 (2006), $297,211 (2005) and $299,820 (2004) and are included in selling, general and administrative expenses in the income statement.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation.

NOTE 2: INVENTORIES

	2006	2005	2004
Supplies	$ 160,885	$ 202,743	$ 171,442
Raw Materials	1,626,330	1,516,514	2,029,118
Work in Progress	517,142	137,459	453,991
Finished Goods	4,129,045	4,220,697	3,882,703
TOTAL	$ 6,433,402	$ 6,077,413	$ 6,537,254

Included in Finished Goods inventory are estimated returns related to the Allowance for Sales Returns totaling $977,000 (2006), $836,000 (2005) and $1,034,000 (2004).

Substantially all inventories are pledged as collateral for certain short-term obligations.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	2006	2005	2004
Land and Improvements	$ 656,040	$ 656,040	$ 856,040
Buildings and Improvements	6,933,632	5,957,590	5,914,755
Machinery and Equipment	13,873,738	13,267,931	12,875,004
Total	21,463,410	19,881,561	19,645,799
Less: Accumulated Depreciation	15,500,258	14,615,187	13,901,051
	5,963,152	5,266,374	5,744,748
Construction in Progress		696,605	
NET	$ 5,963,152	$ 5,962,979	$ 5,744,748

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NOTE 3: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Tax depreciations are calculated using rates and lives prescribed by the Internal Revenue Code. Differences in amounts of depreciation for tax and financial statement purposes are recognized through the computation of net income for financial statement purposes and that for income tax purposes in determining current and deferred income tax expense.

Expenditures which significantly increase values or extend useful lives are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the current earnings. Amortization is also computed using the straight-line method over the estimated life of the asset.

All of the real property and machinery and equipment are pledged as collateral for certain short-term and long-term obligations.

Depreciation expense for the years ended December 31, 2006, 2005 and 2004 was $790,158, $796,996 and $769,780, respectively.

NOTE 4: INVESTMENT IN MARKETABLE EQUITY SECURITIES

Available-for-sale securities, which are included in other assets in the balance sheet, consist of the following:

	2006	2005	2004
Equity Mutual Funds, at cost	$ 281,833	$ 281,817	$ 280,409
Gross Unrealized Losses, Before Tax	(62,568)	(70,923)	(87,124)
Total Marketable Equity Securities, at Fair Value	$ 219,265	$ 210,894	$ 193,285

Proceeds and gross realized gains and losses from the sale of available-for-sale securities and the change in unrealized holding loss were as follows:

NOTE 4: INVESTMENT IN MARKETABLE EQUITY SECURITIES (CONTINUED)

	2006	2005	2004
Proceeds	$ 0	$ 0	$ 0
Gross Realized Gains	$ 0	$ 0	$ 0
Gross Realized Losses	$ 0	$ 0	$ 0
Unrealized Gains on Appreciation of Marketable Equity Securities	$ 8,371	$ 16,201	$ 12,218

The above investments, held under a trust agreement, are to be used to provide deferred compensation benefits to two key executives. The investments in the trusts are subject to the claims of the Company's general creditors; therefore, the Company is treated as the owner of the trusts.

NOTE 5: IDENTIFIABLE INTANGIBLE ASSETS

Identifiable intangible assets included in Other Assets consist of a covenant not to compete and debt issue costs. In connection with the acquisition of Mastercraft Products Corporation in 2004, the Company entered into a covenant not to compete agreement with the former owner in the amount of $123,000. It is being amortized over a period of 36 months. Accumulated amortization totaled $102,500, $61,500 and $20,500 at December 31, 2006, 2005 and 2004, respectively.

Debt issue costs incurred of $50,395 are being amortized over the respective terms of the agreements of 24 and 84 months. Amortization expense for the years ended December 31, 2006, 2005 and 2004 was $56,712, $59,710 and $39,632, respectively.

Future Amortization Expense is anticipated to be $29,756 in 2007 and $2,700 per year for the years 2008 through 2011.

NOTE 6: SHORT-TERM DEBT

	2006	2005	2004
Letters of credit and other short-term debt under a revolving line of credit with a bank.	$ 90,675	$ 10,785	$ 45,216
TOTAL	$ 90,675	$ 10,785	$ 45,216

PARADISE, INC.
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

NOTE 6: SHORT-TERM DEBT (CONTINUED)

The average monthly borrowings and weighted average interest rates were determined by month-end balances. Non-interest bearing letters of credit were included in the aggregate figures.

2006	AMOUNT	WEIGHTED AVERAGE INTEREST RATE
Average bank short-term borrowings (monthly)	$ 1,393,750	7.76%
Average aggregate short-term borrowings (monthly)	$ 2,648,827	6.12%
Maximum aggregate short-term borrowings (at any month-end)	$ 7,533,475	

2005	AMOUNT	WEIGHTED AVERAGE INTEREST RATE
Average bank short-term borrowings (monthly)	$ 1,214,583	5.68%
Average aggregate short-term borrowings (monthly)	$ 2,441,025	5.46%
Maximum aggregate short-term borrowings (at any month-end)	$ 6,743,263	

2004	AMOUNT	WEIGHTED AVERAGE INTEREST RATE
Average bank short-term borrowings (monthly)	$ 1,358,352	4.02%
Average aggregate short-term borrowings (monthly)	$ 2,557,664	3.56%
Maximum aggregate short-term borrowings (at any month-end)	$ 6,737,964	

Pursuant to a revolving loan agreement, a bank has agreed to advance the Company 80% of the Company's eligible receivables and 50% of the Company's eligible inventory up to a maximum of $9,000,000. Interest is payable monthly and is computed from a daily floating rate equal to the Libor rate plus an applicable margin.

NOTE 6: SHORT-TERM DEBT (CONTINUED)

This agreement is subject to certain conditions which must be met for the Company to continue borrowing, including debt service coverage and debt to equity ratios, a resting period provision, and other financial covenants.

The amount available to be drawn down based on the available collateral at December 31, 2006 was $4,140,740, at December 31, 2005 was $5,073,533 and at December 31, 2004 was $3,373,890.

NOTE 7: LONG-TERM DEBT

	2006	2005	2004
Note Payable, Libor rate plus applicable margin, collateralized by accounts receivable, inventories, property and equipment. Monthly payments of $13,967 plus interest, ending May 31, 2010.	$ 570,394	$ 737,993	$ 905,591
Note Payable, 0% stated interest, 6% imputed interest, payments of $425,000, $275,000 and $275,000 due December 2007, 2008 and 2009, respectively (See Note 18).	833,000		
Note Payable, Other		7,099	7,828
Obligations under capital leases. Monthly payments totaling $8,413 including interest at rates ranging from 5.21% to 8.25%, collateralized by equipment, maturing March 12, 2006 through August 2, 2010.	61,112	84,269	145,931

Total Debt	1,464,506	829,361	1,059,350
Less, Current Portion	525,781	219,328	255,459
LONG-TERM DEBT	$ 938,725	$ 610,033	$ 803,891

NOTE 7: LONG-TERM DEBT (CONTINUED)

The aggregate principal amounts, excluding obligations under capital leases, maturing in each of the subsequent years are:

2007	$ 500,947
2008	409,598
2009	426,098
2010	66,751
Total	$ 1,403,394

NOTE 8: LEASES

The Company has certain equipment leases which are classified as capital leases. At December 31, 2006, 2005 and 2004, the amount capitalized was $158,679, $395,799 and $372,594, respectively, and the accumulated amortization was $158,679 (2006), $163,333 (2005) and $125,407 (2004). The amount recognized as an obligation was $61,112 (2006), $84,269 (2005) and $145,931 (2004), respectively, which has been included in long-term debt shown in Note 7. Amortization expense is included in depreciation.

The Company leases certain automobiles and office equipment under operating leases ranging in length from thirty-six to sixty months. Lease payments charged to operations amounted to $77,195 (2006), $67,692 (2005) and $66,022 (2004).

At December 31, 2006, future minimum payments required under leases with terms greater than one year, and the present value of minimum capital lease payments, were as follows:

YEARS ENDING DECEMBER 31,	CAPITAL LEASES	OPERATING LEASES
2007	$ 28,116	$ 55,669
2008	15,558	44,962
2009	11,967	29,188
2010	10,206	13,911
2011	2,785	2,232
Total Minimum Lease Payments	68,632	$ 145,962
Less, Amount Representing Interest	7,520	
PRESENT VALUE OF FUTURE MINIMUM CAPITAL LEASE PAYMENTS	$ 61,112	

NOTE 9: ACCRUED EXPENSES

	2006	2005	2004
Accrued Payroll and Bonuses	$ 276,527	$ 137,968	$ 164,350
Accrued Brokerage Payable	315,520	290,174	239,176
Accrued Pension Cost (Note 10)	446,717	168,686	195,371
Other Accrued Expenses	74,320	62,938	13,421
Coupon Reimbursement	87,500	67,501	70,000
Accrued Credit Due to Customers	457,596	566,504	193,195
Accrued Insurance Payable	158,056	98,156	109,221
Accrued Deferred Compensation	156,194		
TOTAL	$ 1,972,430	$ 1,391,927	$ 984,734

NOTE 10: RETIREMENT PLAN

The Company and its subsidiaries have a defined benefit pension plan covering all employees who become eligible for participation in the plan on the semiannual date following one year of service (1,000 hours worked) and the attainment of age 21. The total pension cost for 2006, 2005 and 2004 was

$184,457, $207,660 and $185,194, respectively, which includes amortization of past service cost over 10 years. The Company makes annual contributions to fund the plan equal to the amounts deductible for Federal Income Tax purposes. The benefit formula being used is known as the frozen initial liability cost method. The plan's assets consist of fixed income assets, whole life insurance contracts and mutual funds.

The Company elected to freeze the pension plan benefit accruals effective November 30, 2006, provide 100% vesting for all active participants as of November 30, 2006 and terminate the pension plan effective December 31, 2006. The Company has filed with the appropriate regulators and will terminate the plan in 2007 once approvals have been given. The Company has treated the action as a curtailment as no further benefits will accrue after November 30, 2006.

NOTE 10: RETIREMENT PLAN (CONTINUED)

The following table sets forth the changes in benefit obligations, changes in plan assets and the reconciliation of funded status for 2006, 2005 and 2004:

	2006	2005	2004
Change in Benefit Obligation:			
Benefit Obligation at Beginning of Year	$ 3,764,387	$ 3,475,312	$ 3,274,584
Service Cost	183,899	174,942	171,208
Interest Cost	193,955	182,081	178,444
Actuarial Loss	1,126,955	120,167	105,418
Benefits Paid	(111,278)	(188,115)	(254,342)
Effect of Curtailment	(1,567,551)		

Benefit Obligation at End of Year	3,590,367	3,764,387	3,475,312
Change in Plan Assets:			
Fair Value of Plan Assets at Beginning of Year	2,931,132	2,695,393	2,602,907
Actual Return on Plan Assets	277,396	216,191	209,450
Employer Contributions	46,400	207,663	137,378
Benefits Paid	(111,278)	(188,115)	(254,342)
Fair Value of Plan Assets at End of Year	3,143,650	2,931,132	2,695,393
Funded Status at end of year (Underfunded)	(446,717)		
Amounts recognized in Statement of Financial Position			
Current Deferred Income Tax Assets	160,818	N/A	N/A
Current Liabilities	(446,717)	N/A	N/A
Accumulated Other Comprehensive Income, Net of Current Deferred Income Tax Assets	285,899	N/A	N/A

NOTE 10: RETIREMENT PLAN (CONTINUED)

	2006	2005	2004
Weighted-average assumptions used to determine benefit obligations			
Discount rate	4.69%	5.25%	N/A
Rate of compensation increase	3.96%	4.01%	N/A

The 12/31/2006 amounts include the effect of the plan curtailment.

The items marked N/A are new this year due to the application of SFAS 158. Retrospective application is not required.

The Components of Net Periodic Benefit Cost and Other Changes Recognized in Other Comprehensive Income (OCI) for 2006, 2005 and 2004 included the following components:

	2006	2005	2004
Components of net periodic benefit cost			
Service Cost	$ 183,899	$ 174,942	$ 171,208
Interest Cost	193,955	182,081	178,444
Expected Return on Plan Assets	(192,546)	(172,303)	(159,140)
Amortization of net loss	29,383	27,746	26,673
Amortization of Prior Service (Credit)	(31,488)	(31,488)	(31,991)
Effect of Curtailment	(12,709)		
Net Periodic Benefit Cost	$ 170,494	$ 180,978	$ 185,194

	2006	2005	2004
Other Changes Recognized in OCI			
Net loss	$ 1,042,105	N/A	N/A
Amortization of Net Gain	(29,383)	N/A	N/A
Amortization of Prior Service Cost	31,488	N/A	N/A
Amount Recognized Due to Curtailment	(1,554,842)	N/A	N/A

NOTE 10: RETIREMENT PLAN (CONTINUED)

	2006	2005	2004
Total Recognized in Other			

Comprehensive Income (Loss)	(510,632)	N/A	N/A
Deferred Income Tax Expense	183,827	N/A	N/A
Net Amount Recognized in Other Comprehensive Income (Loss)	$(326,805)	N/A	N/A
Total Recognized in Net Periodic Benefit Cost and OCI Gain	$(156,311)	N/A	N/A

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost			
Discount Rate	5.25%	5.50%	5.50%
Expected Long-Term Return on Plan Assets	6.50%	6.50%	6.50%
Rate of Compensation Increase	4.01%	4.01%	4.01%

Basis used to determine expected long-term return on plan assets

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

	2006	2005	2004
Comparison of Obligations to Plan Assets:			
Projected benefit obligation	$ 3,590,367	$ 3,764,387	$ 3,475,312
Accumulated benefit obligation	3,590,367	2,896,637	2,600,345
Fair value of plan assets at measurement date	3,102,650	2,931,132	2,695,393

	2006	2005	2004
Plan Assets by Category:			
Cash and cash equivalents	100%	0%	0%
Equity securities	0%	48%	44%
Debt securities	0%	13%	13%
Real estate	0%	0%	0%
Uncategorized - Whole Life Insurance Contract	0%	39%	43%
Total	100%	100%	100%

Description of investment policies

Prior to 2006, the assets of the Plan were allocated in a diversified portfolio of investments. The portfolio was primarily invested in mutual funds with a significant portion of the Plan's assets allocated to the cash value of life insurance contracts. With government approval to terminate the Plan expected to take between 12-18 months, Paradise, Inc.'s Board of Directors authorized the transfer of its pension plan investments to a certificate of deposit and money market account. This investment strategy is conservative and is solely designed for the protection of the Plan's assets during this termination period.

Estimated future contributions

In 2007, the Company expects to make $178,379 of contributions directly to pension plan assets. The Company does not expect to make any further contributions due to the planned termination of the pension plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

NOTE 10: RETIREMENT PLAN (CONTINUED)

Estimated future benefit payments

The following benefit payments are expected to be paid over the next 10 fiscal years ending:

2007	$ 3,590,000
2008	0
2009	0
2010	0
2011	0
Years 2012-2016	0

These amounts are based on current data and assumptions and reflect expected future service, as appropriate.

Net Periodic Benefit Cost for Upcoming Year

	2007
Components of net periodic benefit cost:	
Interest cost	$ 84,194
Expected return on plan assets	(78,066)
Net periodic benefit cost	$ 6,128
Weighted-average assumptions used to determine net periodic benefit cost:	
Discount rate	4.69%
Expected long-term rate of return	5.50%
Rate of compensation increase	N/A

PARADISE, INC.
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

NOTE 10: RETIREMENT PLAN (CONTINUED)

Basis used to determine expected long-term return on plan assets

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted-average rate was developed based on those overall rates and the target asset allocation of the plan.

NOTE 11: PROVISION FOR FEDERAL AND STATE INCOME TAXES

The provisions for income taxes are comprised of the following amounts:

	2006	2005	2004
CURRENT:			
Federal	$ 299,837	$ 372,490	$ (20,485)
State	51,035	47,260	
	350,872	419,750	(20,485)
DEFERRED:			
Federal	(104,530)	(2,328)	56,090
State	(17,893)	(399)	9,602
	(122,422)	(2,727)	65,692
TOTAL PROVISION FOR INCOME TAXES	$ 228,449	$ 417,023	$ 45,207

PARADISE, INC.
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

NOTE 11: PROVISION FOR FEDERAL AND STATE INCOME TAXES (CONTINUED)

A reconciliation of the differences between the tax provisions attributable to income from continuing operations and the tax provision at statutory Federal income tax rate follows:

	2006	2005	2004
Income Taxes Computed at Statutory Rate	$ 206,576	$ 331,093	$ 40,685
State Income Tax, Net of Federal Income Tax Benefit	21,873	32,313	6,337
Other, Net		53,617	(1,815)
PROVISION FOR INCOME TAXES	$ 228,449	$ 417,023	$ 45,207

NOTE 12: EARNINGS PER COMMON SHARE

Basic and diluted earnings per common share are based on the weighted average number of shares outstanding and assumed to be outstanding during the year (519,350 shares in 2006, 2005 and 2004 for basic) and (519,350 shares in 2006, 2005 and 2004 for diluted).

NOTE 13: BUSINESS SEGMENT DATA

The Company's operations are conducted through two business segments. These segments, and the primary operations of each, are as follows:

BUSINESS SEGMENT OPERATION

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Candied Fruit	Production of candied fruit, a basic fruitcake ingredient, sold to manufacturing bakers, institutional users, and retailers for use in home baking. Also, based on market conditions, the processing of frozen strawberry products, for sale to commercial and institutional users such as preservers, dairies, drink manufacturers, etc.
Molded Plastics	Production of plastics containers and other molded plastics for sale to various food processors and others.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

NOTE 13: BUSINESS SEGMENT DATA (CONTINUED)

NET SALES IN EACH SEGMENT	YEAR ENDED 2006	YEAR ENDED 2005	YEAR ENDED 2004
Candied Fruit:			
Sales to Unaffiliated Customers	$ 18,225,869	$ 16,906,637	$ 15,939,808
Molded Plastics:			
Sales to Unaffiliated Customers	7,846,280	8,045,187	6,823,876
NET SALES	$ 26,072,149	$ 24,951,824	$ 22,763,864

	YEAR ENDED 2006	YEAR ENDED 2005	YEAR ENDED 2004
THE OPERATING PROFIT OF EACH SEGMENT IS LISTED BELOW			
Candied Fruit	$ 4,426,349	$ 3,479,015	$ 3,152,647
Molded Plastics	1,484,029	2,097,688	1,636,567

OPERATING PROFIT OF SEGMENTS	5,910,378	5,576,703	4,789,214
General Corporate Expenses, Net	(4,943,774)	(5,008,995)	(4,406,990)
General Corporate Depreciation and Amortization Expense	(153,635)	(147,089)	(167,578)
Interest Expense	(246,448)	(189,218)	(139,807)
Other Income	41,842	742,402	44,823
INCOME BEFORE PROVISION FOR INCOME TAXES	$ 608,363	$ 973,803	$ 119,662

Operating profit is composed of net sales, less direct costs and overhead costs associated with each segment. Due to the high degree of integration between the segments of the Company, it is not practical to allocate general corporate expenses, interest, and other income between the various segments.

NOTE 13: BUSINESS SEGMENT DATA (CONTINUED)

	YEAR ENDED 2006	YEAR ENDED 2005	YEAR ENDED 2004
IDENTIFIABLE ASSETS OF EACH SEGMENT ARE LISTED BELOW			
Candied Fruit	$ 7,422,446	$ 7,907,087	$ 6,970,061
Molded Plastics	6,067,845	5,508,452	5,029,726
Identifiable Assets	13,490,291	13,415,539	11,999,787
General Corporate Assets	7,773,378	6,161,647	6,275,793
TOTAL ASSETS	$ 21,263,669	$ 19,577,186	$ 18,275,580

Included in the Identifiable Assets of the Molded Plastics Segment is goodwill totaling $413,280 at December 31, 2006 and 2005.

Identifiable assets by segment are those assets that are principally used in the operations of each segment. General corporate assets are principally cash, land and buildings, and investments.

	YEAR ENDED 2006	YEAR ENDED 2005	YEAR ENDED 2004
DEPRECIATION AND AMORTIZATION EXPENSE OF EACH SEGMENT ARE LISTED BELOW			
Candied Fruit	$ 444,445	$ 460,945	$ 377,403
Molded Plastics	312,396	248,672	264,431
Segment Depreciation and Amortization Expense	756,841	709,617	641,834
General Corporate Depreciation and Amortization Expense	153,635	147,089	167,578
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	$ 910,476	$ 856,706	$ 809,412

NOTE 13: BUSINESS SEGMENT DATA (CONTINUED)

	YEAR ENDED 2006	YEAR ENDED 2005	YEAR ENDED 2004
CAPITAL EXPENDITURES OF EACH SEGMENT ARE LISTED BELOW			
Candied Fruit	$ 412,814	$ 397,436	$ 173,450
Molded Plastics	343,284	739,703	431,920
Segment Capital Expenditures	756,098	1,137,139	605,370
General Corporate Capital Expenditures	36,554	78,088	113,143

TOTAL CAPITAL EXPENDITURES	$ 792,652	$ 1,215,227	$ 718,513

The Company conducts operations only within the United States. Foreign sales are insignificant; primarily all sales are to domestic companies.

NOTE 14: MAJOR CUSTOMERS

With the continuing acquisitions, mergers and other consolidations in the supermarket industry, there is increasing concentration of candied fruit buying activity. During 2006, the Company derived nearly 12% of its consolidated revenues from Wal-Mart Stores, Inc. This customer is not affiliated with Paradise, Inc. in any way, and has exclusive use of a Paradise-owned controlled brand. In addition, plastics sales to Aqua Cal, Inc. accounted for 15% of the Company's consolidated revenues. The loss of any of these customers would have a material adverse effect on operating earnings.

NOTE 15: CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash equivalents and unsecured trade receivables. The Company's cash equivalents are maintained with several financial institutions located in Florida. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to $100,000. Uninsured balances aggregate to $5,170,885 at December 31, 2006. The Company grants credit to customers, substantially all of whom are located in the United States. The Company's ability to collect these receivables is dependent upon economic conditions in the United States and the financial condition of its customers.

NOTE 16: DEFERRED INCOME TAXES

The Company recognizes deferred tax assets and liabilities for future tax consequences of events that have been previously recognized in the Company's financial statements or tax returns. The measurement of deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated.

Significant components of the Company's deferred tax assets and liabilities at December 31, 2006, 2005 and 2004 were:

	2006	2005	2004
Deferred Tax Assets resulting from:			
Inventory Valuation	$ 105,075	$ 97,019	$ 148,739
Allowance for Sales Returns and Related Provision for Return of Finished Goods	55,316	54,563	56,821
Contribution and Loss Carryforwards			39,625
Unrealized Loss on Investments	11,201	24,350	32,785
Deferred Compensation Liability	58,776		
Retirement Plan Unfunded Liability	160,818		
Total Deferred Tax Assets	391,186	175,932	277,970
Deferred Tax Liabilities resulting from:			
Tax over Book Depreciation	352,595	431,784	536,548
Total Deferred Tax Liabilities	352,595	431,784	536,548
Net Deferred Tax (Asset) Liability	$(38,591)	$ 225,852	$ 258,578
The Net Deferred Tax (Asset) Liability is reflected in the Balance Sheet under these captions:			
Deferred Income Tax Asset	$(391,186)	$(175,932)	$(277,970)
Deferred Income Tax Liability	352,595	431,784	536,548
	$(38,591)	$ 225,852	$ 258,578

NOTE 17: ACQUISITION

On May 13, 2004, the Company acquired 100 percent of the outstanding shares of

Mastercraft Products Corporation, for a total cost of $894,417. The results of Mastercraft Products Corporation operations have been included in the consolidated financial statements since April 1, 2004. Mastercraft Products Corporation manufactures and sells custom plastic and related products. The acquisition was made to increase the Company's customer base and add new products to the Company's existing line of plastics goods. The source of funds for the acquisition was a combination of the Company's available cash and loan proceeds of $800,000.

The following summarizes the fair values at the date of acquisition:

Cash	$ 155,600
Accounts Receivable	144,671
Inventory	106,228
Other Current Assets	13,471
Property, Plant and Equipment, net	151,385
Goodwill	413,280
Total Assets Acquired	984,635
Accounts Payable	39,558
Other Current Liabilities	44,560
Other Liabilities	6,100
Total Liabilities	90,218
Net Assets Acquired	$ 894,417

NOTE 17: ACQUISITION (CONTINUED)

The following (unaudited)pro forma consolidated results of operations have been prepared as if the acquisition of Mastercraft Products Corporation had occurred at January 1, 2003:

	2004
Net Sales	$ 23,060,262
Net Income	91,656
Net Income per Share - Basic	$ .18
Net Income per Share - Diluted	$ .18

The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisition been consummated as of that time, nor is it intended to be a projection of future results.

NOTE 18: CUSTOMER LIST AND NON-COMPETE AGREEMENT

In June 2006, the Company used their existing revolving line of credit to enter into an agreement with an unrelated entity to purchase inventories, their customer list and a non-compete agreement for a period of ten years. The Company paid $671,000 in cash and executed a note payable to the entity of $975,000 with payments due as follows:

December 2007	$ 425,000
December 2008	275,000
December 2009	275,000
	$ 975,000

The note does not provide for interest. The Company imputed interest at 6%, approximating its marginal borrowing rate, and discounted the note to a principal balance of $833,850.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

NOTE 18: CUSTOMER LIST AND NON-COMPETE AGREEMENT (CONTINUED)

The purchase price was allocated based on fair value as follows:

Inventories	$ 246,000
Customer Base and Non-Compete Agreement	1,258,850
	$ 1,504,850

NOTE 19: SUBSEQUENT EVENT

On March 8, 2007, the Company declared a regular dividend of $.10 per share to stockholders of record at April 13, 2007.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 8A. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the Company's disclosure controls and procedures as of December 31, 2006. Based on their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded as of December 31, 2006, that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms. There were no changes in the Company's internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The most recent evaluation of these controls by the Company's Chief Executive Officer and Chief Financial Officer did not identify any deficiencies or material weaknesses in the Company's internal controls over financial reporting; therefore, no corrective actions were taken.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons, Compliance with Section 16 (a) of the Exchange Act

Directors of the Registrant

Melvin S. Gordon - CEO and Chairman of the Registrant, 73 years old. Term of office will expire at next stockholders' meeting. Officer with Registrant past 42 years.

Eugene L. Weiner - Vice-President of the Registrant, 75 years old. Term of office will expire at next stockholders' meeting. Officer with Registrant past 41 years. (See note on page III-2)

Randy S. Gordon - President of the Registrant, 51 years old. Term of office will expire at next stockholders' meeting. Employee or officer of Registrant past 28 years.

Tracy W. Schulis - Senior Vice-President and Secretary of the Registrant, 49 years old. Term of office will expire at next stockholders' meeting. Employee or officer of Registrant past 27 years.

Mark H. Gordon - Executive Vice-President of the Registrant, 44 years old. Term of office will expire at next stockholders' meeting. Employee or Officer of Registrant past 21 years.

Executive Officers of the Registrant

Melvin S. Gordon - CEO and Chairman, 73 years old. Term of office will expire at next annual directors' meeting. Officer with Registrant past 42 years.

Eugene L. Weiner - Vice-President, 75 years old. Term of office will expire at next annual directors' meeting. Officer with Registrant past 41 years.

Randy S. Gordon - President, 51 years old. Term of office will expire at next annual directors' meeting. Employee or officer of Registrant past 28 years.

Tracy W. Schulis - Senior Vice-President and Secretary, 49 years old. Term of office will expire at next annual directors' meeting. Employee or officer of Registrant past 27 years.

Mark H. Gordon - Executive Vice-President, 44 years old. Term of office will expire at next annual directors' meeting. Employee or Officer of Registrant past 21 years.

Jack M. Laskowitz - CFO and Treasurer, 50 years old. Term of office will expire at annual directors' meeting. Employee or officer with Registrant past 6 years.

Mr. Weiner relinquished his duties as COO, CFO, Treasurer and Secretary of the corporation as of June 30, 2002. Mr. Weiner remains a Director and Vice President, concentrating on corporate development.

Family Relationships

Melvin S. Gordon is first cousin by marriage to Eugene L. Weiner.

Melvin S. Gordon is the father of Randy S. Gordon and Mark H. Gordon and the father-in-law of Tracy W. Schulis.

Audit Committee Financial Expert

Rules recently adopted by the Securities and Exchange Commission (the "SEC") to implement sections of the Sarbanes-Oxley Act of 2002 (the "Act") require disclosure of whether the Company has an audit committee financial expert on its audit committee. The Company has not formally designated an audit committee; however, the Act stipulates that if no such committee exists, then the audit committee is the entire board of directors.

The Company's Board of Directors has determined that Eugene L. Weiner, is "an audit committee financial expert". Eugene L. Weiner is a Director and also a Vice-President of the Company and therefore is not independent of management.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to all executive officers, directors and employees of the Company. The Code of Business Conduct and Ethics is attached as an exhibit to this Annual Report on Form 10-KSB.

Item 10. Executive Compensation

(a) and (b) The following summary compensation table sets forth all remuneration paid or accrued by the Company and its subsidiaries for the years ended December 31, 2006, 2005 and 2004 to its Chief Executive Officer and the four other highest paid executive officers whose total remuneration exceeded $100,000.

		COMPENSATION		
NAME AND PRINCIPAL POSITION	YEAR	SALARY (1)	BONUS	BENEFITS UPON RETIREMENT (2) (3)
Melvin S. Gordon, Chief Exec. Officer	2006	$ 353,226	$ 65,000	
	2005	353,478	65,000	(4)
	2004	352,891	10,000	
Randy S. Gordon, President	2006	213,846	49,257	$ 44,977
	2005	206,814	49,257	72,000
	2004	206,433	10,000	72,000
Tracy W. Schulis, Senior Vice-President and Secretary	2006	212,420	49,257	42,633
	2005	206,516	49,257	72,000

	2004	206,701	10,000	72,000
Mark H. Gordon, Executive Vice-President	2006	212,964	49,257	33,888
	2005	205,858	49,257	72,000
	2004	205,818	10,000	72,000
Jack M. Laskowitz, Chief Financial Officer	2006	111,804	13,800	5,419
	2005	104,079	12,000	22,217
	2004	98,672	2,000	21,877

NOTES TO THE ABOVE TABLE

1. Includes personal use of Company automobiles and PS-58 costs.

2. The amounts at December 31, 2006 were calculated based on the retirement plan being frozen on November 30, 2006 pursuant to the Company's curtailment of plan benefits in connection with actions taken to terminate the plan in 2007 as soon as regulatory approval is received. The prior year amounts were computed actuarially according to the Retirement Plan of the Company assuming certain facts as follows: a) that the participant remains in the service of the Company until his normal retirement date at age 65; b) that the participant's earnings increase 4.50% annually during the remainder of his service until retirement age subject to the maximum annual compensation limits established by law; and c) that the plan be continued without substantial modification.

3. As of the latest available actuarial valuation date.

4. Received a "lump-sum" distribution in 1999.

(c) and (d) Options, Warrants, or Rights

Not applicable

(e) Long-Term Incentive Plan Awards Table

Not Applicable

Item 11. Security Ownership of Certain Beneficial Owners and Management

(a) The following table sets forth as of December 31, 2006, information concerning the beneficial ownership of the common stock of the Company by the persons who own, are known by the company to own, or who the Company has been advised have filed with the S.E.C. declarations of beneficial ownership, of more than 5% of the outstanding common stock.

Item 11. Security Ownership of Certain Beneficial Owners and Management (Continued)

NAME AND ADDRESS OF BENEFICIAL OWNER	TITLE OF CLASS	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF CLASS
Melvin S. Gordon 2611 Bayshore Blvd. Tampa, Florida	Common	192,742 (1)	37.1%
TOTAL		192,742	37.1%

(1) Includes 141,760 shares owned by the Helen A. Weaner Family Partnership, Ltd., control of which Mr. Gordon shares with his wife as Trustees.

(b) Beneficial ownership of common stock held by all directors and officers of the Company as a group:

	TITLE OF CLASS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF CLASS
Directors and Officers As a Group	Common	217,697	41.9%
Melvin S. Gordon	Common	192,742 (2)	37.1%
Eugene L. Weiner	Common	307	0
Randy S. Gordon	Common	7,400	1.4
Tracy W. Schulis	Common	8,648	1.7
Mark H. Gordon	Common	8,600	1.7

(1) The nature of the beneficial ownership for all shares is sole voting and investment power.

(2) Includes 141,760 shares owned by the Helen A. Weaner Family Partnership, Ltd., control of which Mr. Gordon shares with his wife as Trustees.

(c) The Company knows of no contractual arrangements which may at a subsequent date result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

None

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibit (3) - Articles of Incorporation and By-Laws (Incorporated by reference from Exhibits to Paradise, Inc.'s Annual Report on Form 10-KSB for the year ended December 31, 1993, filed on March 31, 1994)

Exhibit (11) - Statement Re: Computation of Per Share Earnings (Incorporated by reference from Exhibits to page II-24 of this Form 10-KSB)

Exhibit (14.1) - Code of Business Conduct and Ethics

Exhibit (21) - Subsidiaries of the Small Business Issuer (filed herewith)

Exhibit (31.1) - Certification of Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith)

Exhibit (31.2) - Certification of Chief Financial Officer pursuant to Rule 13a-14(a) (filed herewith)

Exhibit (32.1) - Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (filed herewith)

Exhibit (32.2) - Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (filed herewith)

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of the year ended December 31, 2006.

Item 14. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed for professional services rendered by Bella, Hermida, Gillman, Hancock & Mueller for the audit of the Company's annual financial statements and review of financial statements included in the Company's Forms 10-QSB for fiscal years 2006 and 2005 were $97,350 and $96,450, respectively. At the time of this filing, not all audit fees had been billed for the 2006 fiscal year.

Audit-Related Fees

The aggregate fees billed in fiscal years 2006 and 2005 for assurance and related services by Bella, Hermida, Gillman, Hancock & Mueller that were reasonably related to the performance of the audit or review of the Company's financial statements were $-0- and $5,500, respectively. The nature of those services was employee benefit plan audits, due diligence related to potential acquisitions, and accounting consultations in connection with potential acquisitions.

Tax Fees

The aggregate fees billed in fiscal years 2006 and 2005 for professional services rendered by Bella, Hermida, Gillman, Hancock & Mueller for tax compliance, tax advice and tax planning were $33,000 and $19,500, respectively. The nature of those services involved the preparation of federal, state and local tax returns, tax payment-planning services and preparation of employee benefit plan tax forms.

All Other Fees

No fees were billed in fiscal years 2006 and 2005 for professional services rendered by Bella, Hermida, Gillman, Hancock & Mueller for other products or services.

The Company has not formally designated an audit committee and as a result, the entire board of directors performs the duties of an audit committee. It's the Board's policy to pre-approve all services provided by Bella, Hermida, Gillman, Hancock & Mueller effective as of May 30, 2006. Since all services provided by the principal accountant are pre-approved, the Company does not rely on pre-approval policies and procedures.

SIGNATURES

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

December 7, 2007
Date

PARADISE, INC.

/s/ Melvin S. Gordon
Melvin S. Gordon
CEO and Chairman

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

/s/ Melvin S. Gordon Melvin S. Gordon	CEO, Chairman and Director	December 7, 2007 Date
/s/ Eugene L. Weiner Eugene L. Weiner	Vice-President and Director	December 7, 2007 Date
/s/ Randy S. Gordon Randy S. Gordon	President and Director	December 7, 2007 Date
/s/ Tracy W. Schulis Tracy W. Schulis	Senior Vice-President, Secretary and Director	December 7, 2007 Date
/s/ Mark H. Gordon Mark H. Gordon	Executive Vice-President and Director	December 7, 2007 Date

/s/ Jack M. Laskowitz ---------------------- Jack M. Laskowitz	CFO and Treasurer	December 7, 2007 ----------------- Date

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SIGNATURES

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

December 7, 2007 ----------------- Date	PARADISE, INC.
	-------------------- Melvin S. Gordon CEO and Chairman

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

---------------------- Melvin S. Gordon	CEO, Chairman and Director	December 7, 2007 ----------------- Date
---------------------- Eugene L. Weiner	Vice-President and Director	December 7, 2007 ----------------- Date
---------------------- Randy S. Gordon	President and Director	December 7, 2007 ----------------- Date
---------------------- Tracy W. Schulis	Senior Vice-President, Secretary and Director	December 7, 2007 ----------------- Date

----------------------	Executive Vice-President and Director	December 7, 2007
Mark H. Gordon		Date
----------------------	CFO and Treasurer	December 7, 2007
Jack M. Laskowitz		Date

Exhibit 31.1

Certification of Chief Executive Officer
pursuant to Rule 13a-14(a)

I, Melvin S. Gordon, certify that:

1. I have reviewed this annual report on Form 10-KSB of Paradise, Inc.

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this annual report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: December 7, 2007

/s/ Melvin S. Gordon

Melvin S. Gordon
Chief Executive Officer and Chairman

Exhibit 31.2

Certification of Chief Financial Officer
pursuant to Rule 13a-14(a)

I, Jack M. Laskowitz, certify that:

1. I have reviewed this annual report on Form 10-KSB of Paradise, Inc.

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this

annual report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: December 7, 2007

/s/ Jack M. Laskowitz

Jack M. Laskowitz
Chief Financial Officer and Treasurer

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Paradise, Inc. on Form 10-KSB for the period ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Melvin S. Gordon, as Chief Executive Officer of Paradise, Inc., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Paradise, Inc.

/s/ Melvin S. Gordon   Date: December 7, 2007

Melvin S. Gordon
Chief Executive Officer and Chairman

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Paradise, Inc. on Form 10-KSB for the period ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jack M. Laskowitz, as Chief Financial Officer of Paradise, Inc., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Paradise, Inc.

/s/ Jack M. Laskowitz   Date: December 7, 2007

Jack M. Laskowitz
Chief Financial Officer and Treasurer

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