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ONLINE VACATION CENTER HOLDINGS CORP

Form 8-K/A

December 13, 2006

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

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 3, 2006

Online Vacation Center Holdings Corp.

(Exact name of registrant as specified in its charter)

Florida -----	0-32137 -----	65-0701352 -----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1801 N.W. 66th Avenue, Plantation, Florida -----	33313 -----
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (954) 377-6400

Not applicable

(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This report on Form 8-K/A amends the Company's previously filed Form 8-K on October 3, 2006.

Item 1.01 Entry Into a Material Definitive Agreement

On October 3, 2006, Online Vacation Center Holdings Corp. consummated the

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acquisition of La Fern, Inc., a Miami Lakes, Florida travel agency, operating as eLeisureLink.com, that provides a one stop location for great vacation values, pursuant to the terms of an Acquisition Agreement, dated October 3, 2006, by and among Online Vacation Center Holdings Corp., a Florida corporation, La Fern, Inc. d/b/a/ Leisure Link International, a Florida corporation, and Lawrence Fishkin, an individual.

Pursuant to the Acquisition Agreement, Online Vacation Center Holdings Corp. purchased and acquired all of the issued and outstanding ownership interests of La Fern, Inc. for \$ 25,000 cash and a \$ 375,000 Convertible Note, bearing interest at 6% per annum, with principal payable at maturity of October 1, 2009 and interest payable semi-annually on April 1, 2007 and on each April 1 and October 1 thereafter. The note may not be prepaid and shall be convertible at the election of Holder prior to maturity into 187,500 shares of Online Vacation Center Holdings Corp. common stock at a conversion price equal to \$2.00 per share.

The foregoing description of the Acquisition Agreement and the transactions consummated thereby is qualified in its entirety by reference to the Acquisition Agreement attached as Exhibit 2.1 hereto and the press release attached as Exhibit 99.1 hereto, and incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets

On October 3, 2006, Online Vacation Center Holdings Corp. consummated the acquisition of La Fern, Inc., a Miami Lakes, Florida travel agency, operating as eLeisureLink.com, that provides a one stop location for great vacation values, pursuant to the terms of an Acquisition Agreement, dated October 3, 2006, by and among Online Vacation Center Holdings Corp., a Florida corporation, La Fern, Inc. d/b/a/ Leisure Link International, a Florida corporation, and Lawrence Fishkin, an individual. The information set forth in Item 1.01 above is incorporated into this Item 2.01 by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired. The financial statements required under Item 9.01(a) of La Fern, Inc. are attached to this report.

(b) Proforma Financial Information. Proforma financial information at December 31, 2005 are attached to this report.

(d) Exhibits.

2.1 Acquisition Agreement, dated October 3, 2006, by and among Online Vacation Center Holdings Corp., La Fern, Inc., and Lawrence Fishkin.*

99.1 Press Release dated October 3, 2006*

*Previously filed on Form 8-K current report on October 3, 2006.

SIGNATURES

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

Date: December 13, 2006

ONLINE VACATION CENTER HOLDINGS CORP.

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BY: /s/ EDWARD B. RUDNER

Edward B. Rudner
Chief Executive Officer

La Fern, Inc.
d/b/a
Leisure Link International

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the board of directors and shareholders of
La Fern, Inc. d/b/a
Leisure Link International,

We have audited the accompanying balance sheets of La Fern, Inc. d/b/a Leisure Link International as of December 31, 2005 and 2004 and the related statements of operations, changes in stockholders' deficit 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Fern, Inc. d/b/a Leisure Link International for December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Jewett, Schwartz & Associates

December 6, 2006
Hollywood, Florida

LA FERN INC., d/b/a LEISURE LINK INTERNATIONAL

BALANCE SHEETS

DECEMBER 31,

ASSETS

Cash	\$
Accounts receivable	
Total current assets	
Fixed asset, net	
Other assets	
Total Assets	\$

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities:	
Cash overdraft	\$
Accounts payable and accrued liabilities	
Deferred revenue	
Total current liabilities	
Total Liabilities	
Commitments and contingencies	
Stockholder's Deficit	
Common stock: \$.01 par value, 100 shares authorized, issued, and outstanding	
Additional paid in capital	
Accumulated deficit	
Total stockholder's deficit	
Total Liabilities and Stockholder's deficit	\$

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See accompanying notes to the financial statements.

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LA FERN, INC, . d/b/a LEISURE LINK INTERNATIONAL
 STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31,

	2005	2004
	-----	-----
NET REVENUE	\$ 612,710	\$ 308,638
COST OF GOODS SOLD	(11,465)	--
	-----	-----
GROSS PROFIT	601,245	308,638
	-----	-----
Expense		
Selling expense	356,808	291,341
General and administrative expense	293,114	287,018
	-----	-----
	649,921	578,358
	-----	-----
Interest expense	13,386	10,905
	-----	-----
Net loss	\$ (62,062)	\$ (280,625)
	=====	=====
Weighted average shares outstanding - basic and diluted	100	100
	=====	=====
Loss per share - basic and diluted	\$ (620.62)	\$ (2,806.25)
	=====	=====

See accompanying notes to the financial statements.

LA FERN INC., d/b/a LEISURE LINK INTERNATIONAL
 STATEMENT OF CHANGES IN STOCKHOLDER'S DEFICIT
 FOR THE YEARS ENDED DECEMBER 31,

	Common Stock			Additional Paid In Capital
	Shares Issued and Outstanding	\$.01 Par Value		
Balance, January 1, 2004	100	\$ 1	\$ 636,543	
Net shareholder contributions			116,250	
Net loss				
Balance, December 31, 2004	100	\$ 1	752,793	\$
Distributions			(15,328)	
Net loss				
Balance, December 31, 2005	100	\$ 1	\$ 737,465	\$

See accompanying notes to the financial statements.

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STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2005	2004
	-----	-----
Cash Flows from Operating Activities:		
Net loss	\$ (62,062)	\$
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,243	
Changes in operating assets and liabilities:		
Account receivable	(48)	
Accounts payable	42,574	
Deferred revenue	39,294	
	-----	-----
Net cash provided by (used in) operating activities	23,001	
Cash Flows from Financing Activities:		
Net shareholder contributions	-	
Net shareholder distributions	(15,328)	
	-----	-----
Net cash provided by (used in) financing activities	(15,328)	
	-----	-----
Net increase (decrease) in cash	7,673	
Cash, Beginning of Year	(1,763)	
	-----	-----
Cash, End of Year	\$ 5,910	\$
	=====	=====
Supplemental Disclosures:		
Cash paid for interest	\$ 13,386	\$
	=====	=====
Cash paid for taxes	\$ 630	\$
	=====	=====

See accompanying notes to the financial statements.

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La Fern, Inc. d/b/a
Leisure Link International

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Company Background

La Fern Inc. (the Company), a Florida corporation founded in 1998, conducts business under its Leisure Link International brand and the related internet website, eLeisureLink.com. Its primary role is as a travel agency, whereby the Company provides travel services such as vacation packages, hotel rooms, airfare, rental cars, and cruises at discounted prices. The company's mission is to provide uniquely valuable vacations in a friendly and convenient manner, offer a one-stop location for the world's greatest vacation values in a convenient and leisurely manner, and to eliminate the need to shop around for discount vacations by providing the foremost site for value travel in a convenient and leisurely manner. Customers can utilize the Company's services either through the website or via telephone.

Revenue Recognition

The Company presents revenue in accordance with the provision of Staff Accounting Bulletin (SAB) No. 104 "Revenue Recognition in Financial Statements", which states that revenue is realized or realizable and earned when all of the following criteria are met: Persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectibility is reasonably assured. In addition, the Company also presents revenue in accordance with Emerging Issues Task Force (EITF) Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent", which includes the weighing of the relevant qualitative factors regarding the Company's status as a primary obligor and the extent of their pricing latitude.

The primary source of the Company's revenue is commissions earned on the sale of vacation packages, hotel rooms, airfare, rental cars, and cruises for suppliers of these products. The method of net revenue presentation does not impact operating profit, net income, earnings per share or cash flows. Based upon the Company's evaluation of sales transactions and in accordance with the various indicators identified in EITF Issue No. 99-19, the Company's suppliers assume the majority of the business risks such as providing the service and the risk of unsold travel packages. As such, these sales transactions are to be recorded at the net amount, which is the amount charged to the customer less the amount to be paid to the supplier. Sales transactions are billed to customers at the time of booking, however revenue is not recognized on the accompanying financial statements until the customer's travel departure.

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La Fern, Inc. d/b/a
Leisure Link International

NOTES TO FINANCIAL STATEMENTS

For select products, the Company pre-purchases travel products and resells it to consumers. The Company's evaluation of sales transactions and in accordance with the various indicators identified in EITF Issue No. 99-19, the Company assumes the majority of the business risks, such as the risk of unsold travel packages. As such, all sales transactions for these select products are to be recorded at the gross amount, with the cost of the travel packages recorded as cost of sales. Sales transactions are billed to customers at the time of booking, however revenue is not recognized on the accompanying financial statements until the customer's travel departure.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure at the date of the financial statements and during the reporting period. The most significant of the estimates relates to third-party payer contractual allowances and the allowance for doubtful accounts. It is reasonably possible that these estimates will change in the near term due to one or more future confirming events. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2005 and 2004 cash and cash equivalents include cash on hand and cash in the bank.

Commissions Receivable

Suppliers generally pay commissions between 60 days before to 90 days after travel has commenced and overrides in the first quarter following the year earned. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the specific supplier's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. Based on the above factors, the Company has made no allowance for doubtful accounts as of December 31, 2005 and 2004 as all amounts are considered fully collectible.

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La Fern, Inc. d/b/a
Leisure Link International

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

Property and equipment are recorded at cost and depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Major replacements and betterments are capitalized and depreciated over the remaining useful lives of the assets.

Income Taxes

Federal and state income tax regulations do not require a Sub Chapter S Corporation to pay income taxes. Rather each member's allocable share of the Company's profit or loss is reported in each member's individual income tax return. Accordingly, no provision or liability for income taxes is reflected in the accompanying financial statements.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to

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concentrations of credit risk consist principally of commissions receivable.

Impairment of Long-lived Assets

The Company reviews long-lived assets for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recovered. At December 31, 2005 and 2004 the Company believes that there has been no impairment of its long-lived assets.

Fair Value of Financial Instruments

The Company's financial instruments include cash and commissions receivable. The carrying amount of these financial instruments has been estimated by management to approximate fair value.

Earnings Per Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company.

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La Fern, Inc. d/b/a
Leisure Link International

NOTES TO FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share--Based Payment" (SFAS No. 123(R)). This statement is a revision of SFAS No. 123, "Accounting for Stock--Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. In March 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 107, which expresses the staff's views on interactions between SFAS No. 123(R) and certain SEC rules and regulations and provides interpretations of the valuation of share-based payments for public companies. SFAS No. 123(R) will require the Company to measure all stock-based compensation awards using a fair value method and record such expense in its consolidated financial statements. In addition, the adoption of SFAS No. 123(R) will require additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share-based payment arrangements. In April 2005, the SEC extended the effective date for SFAS No. 123(R), and the statement is effective as of January 1, 2006 for The Company. The Company does not believe the adoption of SFAS No. 123(R) will have a material impact on its financial statements.

Conditional Asset Retirement

In March 2005, the FASB issued FASB Interpretation (FIN) No. 47 -

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"Accounting for Conditional Asset Retirement Obligations - an Interpretation of SFAS 143 (FIN No. 47). FIN No. 47 clarifies the timing of liability recognition for legal obligations associated with the retirement of a tangible long-lived asset when the timing and/or method of settlement are conditional on a future event. FIN No. 47 is effective no later than December 31, 2005. FIN No. 47 did not impact the Company for the year ended December 31, 2005.

Accounting Changes and Error Corrections

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This statement replaces APB Opinion No. 20, "Accounting Changes", and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a change in accounting principle. This statement applies to all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the

La Fern, Inc. d/b/a
Leisure Link International

NOTES TO FINANCIAL STATEMENTS

unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. SFAS No. 154 requires retrospective application to prior periods' financial statements of voluntary changes in accounting principles. SFAS No. 154 is effective for accounting changes and corrections of errors made during 2007, beginning on January 1, 2007. The Company does not believe the adoption of SFAS No. 154 will have a material impact on its financial statements.

Inventory Cost

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs--an Amendment of ARB No. 43, Chapter 4." SFAS No. 151 amends Accounting Research Bulletin ("ARB") No. 43, Chapter 4, to clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges. In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of this statement are effective for inventory costs incurred beginning in The Company's first quarter of 2006. The Company does not believe that the adoption of SFAS No. 151 will have a material impact on its financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31,

Estimated Useful

Lives Years

	2005	2004

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Computer equipment	5 Years	\$	47,982	\$	47,982
Transportation equipment	5 Years		33,000		33,000
Leasehold improvement	5 Years		1,729		1,729
Less accumulated depreciation			(64,196)		(60,953)
			-----		-----
		\$	18,515	\$	21,758
			=====		=====

Depreciation expense for the years ended December 31, 2005 and 2004 totaled \$3,243 and \$4,629 respectively.

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La Fern, Inc. d/b/a
Leisure Link International

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEFERRED REVENUE

Deferred revenue consists of sales commission received from vacation travel suppliers in advance of passenger travel dates, net of cancellations. The advance sales commission is considered unearned revenue and recorded as deferred revenue in the accompanying balance sheets. At December 31, 2005 and 2004, deferred revenues were \$117,769 and \$78,475, respectively.

NOTE 4. SUBSEQUENT EVENTS

Subsequent to December 31, 2005, the Company was acquired by Online Vacation Center Holdings Corp. ("OVCH") on October 3, 2006. The Company will become a wholly owned subsidiary of OVCH and continue its operations as such.

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Balance Sheet as of December 31, 2005

The following pro forma unaudited consolidated financial information gives effect to the acquisition. This pro forma balance sheet assumes the transactions occurred as of December 31, 2005. The pro forma unaudited consolidated financial information is presented for illustrative purposes only. It is not necessarily indicative of the operating results or financial position that would have occurred if the acquisition had been consummated at the beginning of the period indicated, nor is such information indicative of the future operating results or financial position of Online Vacation Center Holdings Corp. after the acquisition.

	Online Vacation Center Holdings Corp.	La Fern, Inc.	Ef La F acq
ASSETS			

CURRENT ASSETS			
Cash and cash equivalents	\$ 2,213,182	\$ 5,910	\$ (
Accounts receivable, net	581,896	12,254	
Other current assets	220,720	--	
	-----	-----	-----
Total Current Assets	3,015,798	18,164	(
Restricted cash	315,000	--	
Property and equipment, net	111,100	18,515	
Deferred income taxes	1,116,148	--	
Goodwill	--	--	4
Other assets		8,112	
Intangible assets, net	44,314	--	
	-----	-----	-----
Total Assets	\$ 4,602,360	\$ 44,791	\$ 4
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 894,187	\$ 132,152	
Related party loans	--	--	
Deferred revenue	479,434	117,769	
Customer deposits	1,575,475	--	
	-----	-----	-----
Total Current Liabilities	2,949,096	249,922	
Interest payable, long-term portion			
Convertible note			1
Subordinate debentures	3,000,000	--	
	-----	-----	-----
Total Liabilities	5,949,096	249,922	2
	-----	-----	-----
Common stock, \$0.01 par value, 100 shares authorized, issued, and outstanding			1
ORIGINAL CAPITAL STRUCTURE			
Common Stock, 20,000,000 shares authorized at			

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\$.001 par value; 171,429 shares issued and outstanding	171		
Additional paid-in capital	248,473	737,465	(7
Accumulated deficit	(1,595,380)	(942,597)	9
	-----	-----	-----
Total Shareholders' Equity (Deficiency)	(1,346,736)	(205,131)	2
	-----	-----	-----
Total Liabilities & Shareholders' Equity	\$ 4,602,360	\$ 44,791	\$ 4
	=====	=====	=====

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PRO FORMA UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2005

The following pro forma unaudited consolidated financial information gives effect to the acquisition and assumes the transactions occurred as of January 1, 2005. The pro forma unaudited consolidated financial information is presented for illustrative purposes only. It is not necessarily indicative of the operating results or financial position that would have occurred if the acquisition had been consummated at the beginning of the period indicated, nor is such information indicative of the future operating results or financial position of Online Vacation Center Holdings Corp. after the acquisition.

	Online Vacation Center Holdings Corp.	La Fern, Inc.	E La ac
	-----	-----	-----
NET REVENUES	\$ 7,975,688	\$ 612,710	
Cost of goods sold		11,465	

GROSS PROFIT		601,245	
OPERATING EXPENSES:			
Sales and marketing	2,052,933	356,808	
General and administrative	3,875,781	293,114	
	-----	-----	
INCOME (LOSS) FROM OPERATIONS	2,046,974	(48,676)	
	-----	-----	
Other expenses:			
Interest expense, net	(238,607)	(13,386)	
	-----	-----	
Total other expenses, net	(238,607)	(13,386)	
	-----	-----	
Earnings from continuing operations before provision for income taxes	1,808,367	(62,062)	
Provision (benefit) for income taxes	(412,168)	-	
	-----	-----	
NET INCOME (LOSS)	\$ 2,220,535	\$ (62,062)	\$

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EARNINGS PER SHARE - Basic	\$	12.95	\$	(620.62)
Weighted average shares outstanding - basic		171,429		100
EARNINGS PER SHARE - Fully Diluted	\$	12.95	\$	(620.62)
Weighted average shares outstanding - fully diluted		171,429		100