ONLINE VACATION CENTER HOLDINGS CORP
Form 10-Q/A
August 14, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

(Mark One)

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

For the quarterly period ended March 31, 2009

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ______________________ to ____________________

Commission file number: 0-32137

Online Vacation Center Holdings Corp.

(Exact name of registrant as specified in its charter)

Florida State or other jurisdiction of incorporation or organization	65-0701352 (I.R.S. Employer Identification No.)

1801 N.W. 66th Avenue, Suite 102, Plantation, Florida 33313

(Address of principal executive offices) (Zip Code)

(954) 377-6400

Registrant's telephone number including area code

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

Indicate by check mark whether the registrant has electronically submitted and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes [ ]   No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer”, and smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [X]

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

At June 30, 2009, the number of shares outstanding of the registrant's common stock, $0.0001 par value was 16,303,688.

Online Vacation Center Holdings Corp.
Form 10-Q/A
Introductory Note

This Amendment No. 1 to the quarterly report on Form 10-Q/A ("Form 10-Q/A") is being filed to amend the Company's quarterly report on Form 10-Q for the period ended March 31, 2009, which was originally filed on May 7, 2009 ("Original Form 10-Q").

The purpose of this Form 10-Q/A is to restate our consolidated financial statements for the fiscal year ended December 31, 2008 ("fiscal 2008"), which are included in our Original Form 10-Q. Management and the Audit Committee of our Board of Directors concluded that the Company's 2008 financial statements should be restated due to an error relating to the accounting for its disposition of Phoenix International Publishing LLC ("Phoenix") in March 2008, in connection with its response to a comment letter received from the U.S. Securities and Exchange Commission regarding the Company's Annual Report on Form 10-K for fiscal 2008. Our management and the Audit Committee of our Board of Directors decided to change the accounting treatment for the disposition of Phoenix in our consolidated financial statements for fiscal 2008 so that the methodology utilized in determining the fair value of the Company's common stock at disposition was consistent with the methodology utilized in determining the fair value of the Company's common stock at the time of Phoenix's acquisition by the Company. In addition, we are revising our presentation and accounting treatment of convertible notes issued in conjunction with previous acquisitions to eliminate the value ascribed to the conversion feature of the notes.

As result of these adjustments, both our 2008 loss from discontinued operations and our net loss for the quarter ended March 31, 2008 were understated by $681,250. In addition, our accumulated deficit as of March 31, 2008 was understated by $681,250, our additional paid in capital as of March 31, 2008 was understated by $624,826 and our goodwill as of March 31, 2008 was overstated by $56,424. Finally, our loss per share from discontinued operations; both basic and diluted were overstated by $0.03 and our net loss per share; both basic and diluted were overstated by $0.03. There was no impact on net cash used in operating activities, the net decrease in cash and equivalents for the quarter ended March 31, 2008 or the balance of cash and equivalents as of March 31, 2008. Please see Note 2, Restatement and Revisions to our consolidated financial statements for the three months ended March 31, 2009 contained in Part I, Item 1 – Financial Statement for further information relating to the Restatement.

In addition to this Form 10-Q/A, we are simultaneously filing an amendment to our Form 10-K for the fiscal year ended December 31, 2008 and will restate 2008 quarterly data on Form 10-Q for the second and third quarters of 2009. This Form 10-Q/A amends and restates Items 1, 2, and 4T of Part 1 as applicable and Item 6 of Part II.

This Form 10-Q/A does not reflect events occurring after the filing of the Original Form 10-Q, other than the Restatement for the matter discussed above. Other events or circumstances occurring after May 7, 2009, the original filing date of the Original 10-Q or other disclosures necessary to reflect subsequent events have been or will be addressed in other reports filed with the SEC subsequent to the date of the Original 10-Q. Accordingly, this Form 10-Q/A should be read in conjunction with our periodic filings, including any amendments to those filings, as well as any Current Reports on Form 8-K filed with the SEC, subsequent to May 7, 2009, the original filing date of our Original 10-Q.

ONLINE VACATION CENTER HOLDINGS CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2009 (Restated)	December 31, 2008 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,177,387	$ 1,693,447
Accounts receivable, net	938,545	1,236,109
Deposits and prepaid items	472,758	733,000
Deferred tax asset, net	-0-	27,672
Total Current Assets	3,588,690	3,690,228
Restricted cash	63,000	63,000
Property and equipment, net	131,759	140,285
Deferred tax asset, net	27,210	-
Intangible assets, net	1,137,816	1,116,613
Goodwill	1,697,855	1,697,855
Other assets	51,718	58,306
Total Assets	$ 6,698,048	$ 6,766,287
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,236,302	$ 1,041,608
Deferred revenue	1,396,949	1,989,929
Notes payable and capital lease obligations, current portion	114,327	120,287
Total Current Liabilities	2,747,578	3,151,824
Notes payable and capital lease obligations	32,358	131,609
Deferred tax liability	113,035	75,461
Total Liabilities	2,892,971	3,358,894
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, 1,000,000 shares authorized at $.0001 par value; 0 shares issued and outstanding	-	-
Common stock, 80,000,000 shares authorized at $.0001 par value; 17,261,777 and 17,252,777 shares issued and outstanding	1,726	1,725
Additional paid-in capital	5,051,717	5,017,789
Accumulated deficit	(1,056,265)	(1,586,493)
Treasury stock at cost; 373,699 shares and 44,300 shares	(192,101)	(25,628)
Total Stockholders' Equity	3,805,077	3,407,393
Total Liabilities and Stockholders' Equity	$ 6,698,048	$ 6,766,287

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

ONLINE VACATION CENTER HOLDINGS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2009	2008 (Restated)
NET REVENUES	$ 2,824,743	$ 2,255,824
OPERATING EXPENSES:		
Selling and marketing	680,433	987,899
General and administrative	1,142,317	1,416,182
Depreciation and amortization	119,838	87,098
OPERATING INCOME (LOSS)	882,155	(235,355)
Interest income (expense), net	1,876	(18,694)
Income (loss) from continuing operations before provision (benefit) for income taxes	884,031	(254,049)
Provision (benefit) for income taxes	353,803	(76,642)
Income (loss) from continuing operations	530,228	(177,407)
DISCONTINUED OPERATIONS:		
Loss from discontinued operations of Phoenix International Publishing, LLC, net of tax	-	(800,524)
NET INCOME (LOSS)	$ 530,228	$ (977,931)
EARNINGS PER SHARE - Basic		
Income (Loss) from continuing operations	$ 0.03	$ (0.01)
(Loss) from discontinued operations	$ -	$ (0.04)
Net Income (Loss)	$ 0.03	$ (0.05)
Weighted average shares outstanding - Basic	17,257,406	18,496,845
EARNINGS PER SHARE - Diluted		
Income (Loss) from continuing operations	$ 0.03	$ (0.01)
(Loss) from discontinued operations	$ -	$ (0.04)
Net Income (Loss)	$ 0.03	$ (0.05)
Weighted average shares outstanding - Diluted	17,257,406	18,496,845

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

ONLINE VACATION CENTER HOLDINGS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31, 2009	March 31, 2008 (Restated)
Cash flows from continuing operating activities:		
Net income/(loss)	$ 530,229	$ (977,931)
Loss from discontinued operations, net of tax	-	(800,524)
Income/(Loss) from continuing operations	530,229	(177,407)
Adjustments to reconcile to net cash inflow from operating activities:		
Depreciation and amortization	119,838	87,098
Stock based compensation expense	90,353	69,208
Imputed interest expense	1,472	16,490
Deferred income tax expense /(benefit)	38,036	(114,214)
Decrease in accounts receivable	297,564	131,196
(Increase)/Decrease in deposits and prepaid items	260,655	(111,344)
Increase in accounts payable and accrued liabilities	194,694	265,968
Increase/(Decrease) in deferred revenue	(592,980)	19,154
Net cash provided by operating activities	939,861	186,149
Cash flows from continuing investing activites:		
Capital expenditures	(21,360)	(9,920)
Increase in intangible assets	(111,155)	(118,211)
Decrease in restricted cash	-	108
Increase in receivable upon disposition of discontinued operation	-	(100,000)
Repayment of note receivable	6,175	-
Cash paid upon disposition of discontinued operation	-	(4,932)
Cash used in investing activities	(126,340)	(232,955)
Cash flows from continuing financing activites:		
Purchase of treasury stock under approved repurchase plan	(91,473)	-
Purchase of treasury stock	(75,000)	-
Payments under capital lease obligations	(6,683)	-
Repayment of note payable	(100,000)	(100,000)
Cash used in financing activities	(273,156)	(100,000)
Discontinued Operations		
Cash provided by operating activities	-	47,912
Cash provided by discontinued operations	-	47,912
Increase (Decrease) in cash during the period	540,365	(98,894)
Cash at the beginning of the period	1,693,447	1,189,042
Cash at the end of the period	$ 2,233,812	$ 1,090,148
Supplemental information:		
Cash paid for interest	$ 737	$ -

Cash paid for taxes	$	10,400	$	1,136
Common stock received in conjunction with disposition of discontinued operation	$	-	$	725,000

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements of Online Vacation Center Holdings Corp., (the "Company"), and the notes thereto have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K, as amended for the year ended December 31, 2008, and filed with the Securities and Exchange Commission on March 27, March 31, and August 14, 2009 (the "2008 Annual Report"). The interim financial information contained herein is not certified or audited; it reflects all adjustments (consisting of only normal recurring accruals) which are, in the opinion of management, necessary for a fair statement of the operating results for the periods presented, stated on a basis consistent with that of the audited financial statements.

The results of operations for the three months ended March 31, 2009 are not necessarily indicative of annual results. The Company manages its business as one reportable segment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. For the Company, key estimates include allowance for doubtful accounts, the fair value of goodwill and intangible assets, asset lives used in computing depreciation and amortization, including amortization of intangible assets, and accounting for income taxes, contingencies and litigation. While the Company believes that such estimates are fair when considered in conjunction with the condensed consolidated financial position and results of operations taken as a whole, actual results could differ from those estimates and such differences may be material to the financial statements.

2. RESTATEMENTS AND REVISIONS

Management and the Audit Committee of its Board of Directors concluded that the Company's 2008 financial statements should be restated due to an error relating to the accounting for its disposition of Phoenix International Publishing LLC ("Phoenix") in March 2008, in connection with its response to a comment letter received from the U.S. Securities and Exchange Commission regarding the Company's Annual Report on Form 10-K for fiscal 2008. Management and the Audit Committee of its Board of Directors decided to change the accounting treatment for the disposition of Phoenix in our consolidated financial statements for fiscal 2008 so that the methodology utilized in determining the fair value of the Company's common stock at disposition was consistent with the methodology utilized in determining the fair value of the Company's common stock at the time of Phoenix's acquisition by the Company.

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

The Phoenix error was the result of a lack of consistency of methodology in determining the fair value of the shares of common stock of the Company received in consideration for the disposition of Phoenix with the methodology utilized in determining the fair value of the shares of common stock of the Company issued when Phoenix was acquired. The Company had determined the fair value of the Phoenix net assets acquired in August 2006 based on the market (fair) value of a share of the Company's common stock, $1.125, for each of the 1,450,000 shares of common stock issued in connection with the acquisition. This was calculated by using the then trading price of the Company's common shares of $1.50, discounted by 25% due to restrictions on their transfer and limited marketability. Upon the disposition of Phoenix in March 2008, the Company computed its loss on disposition of $58,382 based on the difference of the value of the 1,250,000 shares of the Company's common stock received based on the value per share at time of acquisition, $1.125, and the fair value of the net assets of Phoenix at the time of disposition. As discussed in our original 10-K, at that time, the Company believed that it could not determine fair value of either the asset transferred (Phoenix) or the asset received (shares of the Company's common stock), and therefore recorded cost was used to record the sale. The Company's management and the Audit Committee of the Board of Directors with consideration to a comment letter received from the SEC has now determined that the use of the market value of the Company's shares of common stock at the time of acquisition to compute the loss upon disposition of Phoenix was inappropriate. The computation should have been based on the market (fair) value per share at the time of disposition in March 2008, $0.58, a Level 1 input within the fair value hierarchy in accordance with Statement of Financial Accounting Standards No. 157- Fair Value Measurements, of the 1,250,000 shares of the Company's common stock received resulting in a loss of $739,632. For tax purposes, the transaction was treated as split-off with no resulting tax consequences.

In addition, the Company is revising the accounting treatment for the conversion feature associated with the convertible debt issued in conjunction with the acquisitions of Thoroughbred Travel LLC and La Fern Inc. ("Notes") in 2006. Value was assigned to the conversion feature of the Notes which resulted in an increase in goodwill and additional paid-in capital whereas no conversion feature value should have been assigned to the Notes. In addition to this Amendment No. 1 on Form 10-Q/A, the Company will file an amendment to its Form 10-K for fiscal 2008, which will include the restated financial statements for fiscal 2008 and will restate 2008 quarterly data on Form 10-Q for the second and third quarters of 2009.

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

As a result of these adjustments, both the Company’s loss from discontinued operations and its net loss for the quarter ended March 31, 2008 were understated by $681,250. In addition, the Company’s accumulated deficit as of March 31, 2009 and December 31, 2008 was understated by $681,250, additional paid in capital as of March 31, 2009 and December 31, 2008 was understated by $624,826 and goodwill as of March 31, 2009 and December 31, 2008 was overstated by $56,424. Finally, the Company’s loss per share from discontinued operations; both basic and diluted were overstated by $0.03 and net income per share; both basic and diluted were overstated by $0.03 for the quarter ended March 31, 2008. There was no impact on net cash used in operating activities, the net decrease in cash and equivalents for the quarter ended March 31, 2008 or the balance of cash and equivalents as of March 31, 2008.

The effects of the restatement on the consolidated balance sheet as of March 31, 2009 are summarized in the following table:

CONSOLIDATED BALANCE SHEET

	March 31, 2009		
	As Originally Reported	Adjustments	As Restated
ASSETS			
Total Current Assets	$ 3,588,690	$ --	$ 3,588,690
Restricted cash	63,000	--	63,000
Property and equipment, net	131,759	--	131,759
Deferred tax asset, net	27,210	--	27,210
Intangible assets, net	1,137,816	--	1,137,816
Goodwill	1,754,279	(56,424)	1,697,854
Other assets	51,718	--	51,718
Total Assets	$ 6,754,472	$ (56,424)	$ 6,698,048
LIABILITIES AND STOCKHOLDER’S EQUITY			
TOTAL LIABILITIES	$ 2,892,971	$ --	$ 2,892,971
STOCKHOLDERS' EQUITY			
Preferred stock	--	--	--
Common stock	1,726	--	1,726
Additional paid-in capital	4,426,891	624,826	5,051,717
Accumulated deficit	375,015	(681,250)	(1,056,265)
Treasury stock	25,628	--	25,628
TOTAL STOCKHOLDERS’ EQUITY	3,861,501	(56,424)	3,805,077
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,754,472	$ (56,424)	$ 6,698,048

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

The effects of the restatement on the consolidated balance sheet as of December 31, 2008 are summarized in the following table:

CONSOLIDATED BALANCE SHEET

	December 31, 2008		
	As Originally Reported	Adjustments	As Restated
ASSETS			
Total Current Assets	$ 3,690,228	$ --	$ 3,690,228
Restricted cash	63,000	--	63,000
Property and equipment, net	140,285	--	140,285
Intangible assets, net	1,116,613	--	1,116,613
Goodwill	1,754,279	(56,424)	1,697,854
Other assets	58,306	--	58,306
Total Assets	$ 6,822,711	$ (56,424)	$ 6,766,287
LIABILITIES AND STOCKHOLDER'S EQUITY			
TOTAL LIABILITIES	$ 3,358,894	$ --	$ 3,358,894
STOCKHOLDERS' EQUITY			
Preferred stock	--	--	--
Common stock	1,725	--	1,725
Additional paid-in capital	4,392,963	624,826	5,017,789
Accumulated deficit	(905,243)	(681,250)	(1,586,493)
Treasury stock	25,628	--	25,628
TOTAL STOCKHOLDERS' EQUITY	3,463,817	(56,424)	3,407,393
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,822,711	$ (56,424)	$ 6,766,287

The effects of the restatement on the consolidated statement of operations for the three months ended March 31, 2008 are summarized in the following table:

CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended March 31, 2008		
	As Originally Reported	Adjustment	As Restated
Loss from continuing operations	$ (177,407)	$ --	$ (177,407)
Discontinued operations:			
Loss from discontinued operations of Phoenix International Publishing LLC, net of tax	(119,274)	(681,250)	(800,524)
Net (loss)	$ (296,681)	$ (681,250)	$ (977,931)
Earnings/(Loss) per share – basic and diluted			
(Loss) from continuing operations	$ (0.01)	$ --	$ (0.01)
Loss from discontinued operations	(0.01)	(0.03)	(0.04)
Net (loss)	$ (0.02)	$ (0.03)	$ (0.05)

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

3. DISPOSITION

In November 2007, the Company's Board of Directors granted the Company the authority to sell Phoenix International Publishing LLC ("Phoenix"), a publisher of consumer magazines and guides about travel to the U.S. and Canada. On March 31, 2008, the Company completed the sale of Phoenix to Simon Todd ("Mr. Todd"), pursuant to the terms of an acquisition agreement ("Acquisition Agreement"), dated March 31, 2008, by and among the Company, Phoenix, and Mr. Todd. Pursuant to the Acquisition Agreement, the Company received 1,250,000 shares of the Company's common stock from Mr. Todd at closing. The Acquisition Agreement provides for, among other matters, contingent consideration from Mr. Todd in the event that certain thresholds of profitability, as defined, are attained within three years from the date of disposition or sale of Phoenix by Mr. Todd to a third party for an amount in excess of a defined amount for a period of three years from March 31, 2008. The amount of contingent consideration, if any, can not be determined as the likelihood of such future events giving rise to such contingent consideration can not be ascertained nor the effects estimated. Upon execution of the Acquisition Agreement, Mr. Todd resigned as Vice President of the Company. Prior to the acquisition of Phoenix by the Company, Mr. Todd was the owner, sole member, and President of Phoenix. The Company acquired Phoenix from Mr. Todd on August 31, 2006 for 1,450,000 shares of the Company's common stock.

The Company valued the 1,250,000 shares of the Company's common stock based on the market (fair) value, $0.58, at the time of the transaction, a Level 1 input within the fair value hierarchy in accordance with Statement of Financial Accounting Standards No. 157- Fair Value Measurements and recorded a loss upon disposition of Phoenix, based upon the fair value of the net assets of Phoenix of $1,461,932, of $739,632.

For tax purposes, the transaction was treated as split-off with no resulting tax consequences. The Company retired the 1,250,000 shares of its common stock received as of March 31, 2008.

The results of operations and cash flows of Phoenix has been removed from the results of continuing operations and have been accounted for as discontinued operations.

	For the three months ended March 31, 2008 (Restated)
Revenues	$ 107,569
Loss before income taxes	$ 98,503
Loss on sale of Phoenix	739,632
Income tax benefit	37,611
Loss from discontinued operations	$ 800,524

In conjunction with the Acquisition Agreement, Phoenix is obligated to pay its pre-disposition intercompany debt balance to the Company of $100,000 in forty consecutive monthly payments of $2,500 commencing on October 1, 2008. The series of forty monthly payments of $2,500 has been discounted, using the Company's estimated incremental borrowing rate of 6.5% and the aggregate related unamortized imputed interest of $13,498 as of March 31, 2008 has been offset against the face value of the receivable and a corresponding interest expense recorded. The current portion of this receivable from Phoenix, $25,724, has been classified as deposits and prepaid items and the remaining balance of $51,718 as other assets as of March 31, 2009.

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

4. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Fair Value Measurements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, Fair Value Measurements, (“FAS 157”). This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position (“FSP”) FAS 157-2 that delayed, by one year, the effective date of FAS 157 for the majority of non-financial assets and non-financial liabilities. The Company’s adoption of FAS 157 for certain assets and liabilities, which were not included in FSP FAS 157-2, as of January 1, 2008, did not have a material impact on the Company’s financial position, results of operations or cash flows as of and for the year ended December 31 ,2008 except as discussed in Note 2. Cash equivalents and restricted cash are carried at cost which approximates fair value. We adopted the provisions of FSP FAS 157-2 as of January 1, 2009. Items to which the deferral under FSP FAS 157-2 applied include nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities, or recurring fair value measurements of nonfinancial assets and nonfinancial liabilities, which are not disclosed at fair value in the consolidated financial statements. We did not have nonfinancial assets or nonfinancial liabilities covered by the provisions of FAS No.157 which required remeasurement upon adoption or during the three months ended March 31, 2009, and therefore there was no impact of adoption on our financial position, results of operations, or cash flows.

In October 2008 the FASB issued FSP FAS No. 157-3, Determining the Fair Value of a Financial Asset When The Market for That Asset Is Not Active, (“FSP FAS 157-3”) to clarify the application of the provisions of FAS157 in an inactive market and how an entity would determine fair value in an inactive market. FSP FAS 157-3 was effective immediately. The application of the provisions of FSP FAS 157-3 did not materially affect our results of operations or financial condition as of and for the periods ended December 31, 2008.

In April 2009, the FASB issued FSP FAS 157-4, “Determining Fair Value When the Volume or Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly” (“FSP FAS 157-4”). FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS No.157 when the volume and level of activity for the asset or liability have significantly decreased and requires that companies provide interim and annual disclosures of the inputs and valuation technique(s) used to measure fair value. FSP FAS 157-4 is effective for interim and annual reporting periods ending after June15, 2009 and is to be applied prospectively. The Company does not expect the adoption of FSP FAS 157-4 to have a significant impact on its financial statements.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments.” FSP FAS 115-2 and FAS 124-2 amends the other-than-temporary impairment guidance to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FSP FAS 115-2 and FAS 124-2 is effective for interim and annual reporting periods ending after June 15, 2009. The Company does not expect the adoption of FSP FAS 115-2 and FAS 124-2 to have a significant impact on its financial statements.

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." FSP FAS 107-1 and APB 28-1 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FSP FAS 107-1 and APB 28-1 is effective for interim and annual reporting periods ending after June15, 2009. The adoption of FSP 107-1 and APB 28-1 will have no impact on the Company's financial statements.

Accounting for Defined Benefit Pension and Other Postretirement Plans

In September 2006 the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB SFAS Nos. 87, 88, 106 and 132(R), ("FAS 158"). This Standard requires recognition of the funded status of a benefit plan in the statement of financial position. The Standard also requires recognition in other comprehensive income certain gains and losses that arise during the period but are deferred under pension accounting rules, as well as modifies the timing of reporting and adds certain disclosures. FAS 158 provides recognition and disclosure elements to be effective as of the end of the fiscal year after December 15, 2006 and measurement elements to be effective for fiscal years ending after December 15, 2008. The Company adopted the provisions of FAS No. 158 as of January 1, 2009. The adoption did not have a material impact on the condensed consolidated financial statements.

Business Combinations

In December 2007, the FASB issued SFAS No. 141(R), ''Business Combinations'' (''FAS 141(R)''). FAS 141(R) establishes principles and requirements for how an acquirer in a business combination:

- Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree
- Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
- Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

FAS 141(R) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company adopted the provisions of FAS 141(R) as of January 1, 2009. The adoption did not have a material impact on the condensed consolidated financial statements.

Noncontrolling Interest in Consolidated Financial Statements

In December 2007, the FASB issued SFAS No. 160, ‘‘Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51’’ (‘‘FAS 160’’). FAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends certain of ARB 51’s consolidation procedures for consistency with the requirements of FAS 141(R). FAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company adopted the provisions of FAS 160 as of January 1, 2009. The adoption did not have a material impact on the condensed consolidated financial statements.

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(Unaudited)

Accounting for Collaborative Arrangements

In December 2007, the Emerging Issues Task Force ("EITF") met and ratified EITF No.07-01, Accounting for Collaborative Arrangements ("EITF 07-01"), in order to define collaborative arrangements and to establish reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties. This EITF is effective for financial statements issued for fiscal years beginning after December15, 2008, and interim periods within those fiscal years. This EITF is to be applied retrospectively to all prior periods presented for all collaborative arrangements existing as of the effective date. The Company adopted the provisions of EITF 07-01 as of January 1, 2009. The adoption did not have a material impact on the condensed consolidated financial statements.

Determination of the Useful Life of Intangible Assets

In April 2008, the FASB issued FSP FAS 142-3, "Determination of the Useful Life of Intangible Assets,"("FSP FAS 142-3"), which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of intangible assets under FAS 142 "Goodwill and Other Intangible Assets". The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under FAS 142 and the period of the expected cash flows used to measure the fair value of the asset under FAS 141 (revised 2007) "Business Combinations" and other U.S. generally accepted accounting principles. We adopted the provisions FSP FAS 142-3 on January 1, 2009. As the provisions of FSP FAS 142-3 are applied prospectively, there was no impact of adoption on our financial position, results of operations, or cash flows

Disclosure about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued FAS No. 161, Disclosure about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133, ("FAS 161"). This Statement requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The Company is required to adopt FAS 161 on January 1, 2009. We adopted the provisions FAS 161 on January 1, 2009. As we do not engage in any hedging activities nor utilize derivatives, the adoption of FAS No.161 did not have an impact on our financial position, results of operations, or cash flows.

Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)

In May 2008, the FASB issued FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" The FSP, which clarifies the accounting for convertible debt instruments that may be settled in cash (including partial cash settlement) upon conversion ("FSP APB 141"). The FSP requires issuers to account separately for the liability and equity components of certain convertible debt instruments in a manner that reflects the issuer's nonconvertible debt (unsecured debt) borrowing rate when interest cost is recognized. The FSP requires bifurcation of a component of the debt, classification of that component in equity and the accretion of the resulting discount on the debt to be recognized as part of interest expense in our consolidated statement of operations. The FSP requires retrospective application to the terms of instruments as they existed for all periods presented. The Company adopted the provisions of FSP APB 141 as of January 1, 2009. The adoption did not have a material impact on the condensed consolidated financial statements.

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Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities

In June 2008, the FASB issued FSP EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities” (“FSP EITF 03-6-1”). FSP EITF 03-6-1 clarified that all outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends participate in undistributed earnings with common shareholders. Awards of this nature are considered participating securities and the two-class method of computing basic and diluted earnings per share must be applied. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. The Company adopted the provisions of FSP EITF 03-6-1 as of January 1, 2009. The adoption did not have a material impact on the condensed consolidated financial statements.

Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity’s Own Stock

In June 2008, the FASB ratified EITF Issue No. 07-5, “Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity’s Own Stock” (EITF 07-5). EITF 07-5 provides that an entity should use a two step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument’s contingent exercise and settlement provisions. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 is effective for fiscal years beginning after December 15, 2008. The Company adopted the provisions of EITF 07-5 as of January 1, 2009. The adoption did not have a material impact on the condensed consolidated financial statements.

A variety of proposed or otherwise potential accounting standards are currently under study by standard-setting organizations and various regulatory agencies. Because of the tentative and preliminary nature of these proposed standards, management has not determined whether implementation of such proposed standards would be material to the Company’s consolidated financial statements.

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
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(Unaudited)

5. 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 or conversion of notes into shares of the Company's common stock that could increase the number of shares outstanding and lower the earnings per share of the Company's common stock. This calculation is not done for periods in a loss position as this would be antidilutive. As of March 31, 2009, there were no stock options or stock awards that would have been included in the computation of diluted earnings per share that could potentially dilute basic earnings per share in the future. The information related to basic and diluted earnings per share is as follows:

	Quarter Ended March 31, 2009	2008 (Restated)
Numerator:		
Continuing operations:		
Income (loss) from continuing operations	$ 530,228	$ (177,407)
Effect of dilutive convertible debt	--	--
Total	$ 530,228	$ (177,407)
Discontinued operations		
Loss from discontinued operations	$ --	$ (800,524)
Net income (loss)	$ 530,228	$ (977,931)
Denominator:		
Weighted average number of shares outstanding – basic And diluted	17,257,406	18,496,845
EPS:		
Basic:		
Continuing operations	$ 0.03	$ (0.01)
Discontinued operations	0.00	(0.04)
Net income (loss)	$ 0.03	$ (0.05)
Diluted		
Continuing operations	$ 0.03	$ (0.01)
Discontinued operations	0.00	(0.04)
Net income (loss)	$ 0.03	$ (0.05)

6. TREASURY STOCK

On August 1, 2008, the Company announced that its Board of Directors had approved a program to repurchase of up to $200,000 of the Company's common stock to be funded from available working capital and subject to the applicable rules and regulations of the Securities and Exchange Commission and other applicable legal requirements. The program will not extend

ONLINE VACATION CENTER HOLDINGS CORP AND SUBSIDIARIES
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beyond June 30, 2009, does not require the Company to acquire a specific number of shares and may be suspended from time to time or discontinued. On March 2, 2009, the Company announced that its Board of Directors had approved a program to repurchase of up to an additional $150,000 of the Company's common stock to be funded from available working capital and subject to the applicable rules and regulations of the Securities and Exchange Commission and other applicable legal requirements. The program will not extend beyond June 30, 2009, does not require the Company to acquire a specific number of shares and may be suspended from time to time or discontinued. As of March 2, 2009 the Company had purchased 123,609 shares of its common stock in the open market at a cost of $66,096 in conjunction with the program.

On March 23, 2009 the Company entered into an agreement with two shareholders to purchase 150,000 shares and 100,000 shares, respectively, of the Company’s common stock at $0.50 per share at an aggregate cost of $125,000. This repurchase transaction is not part of the Company’s previously announced repurchase program.

7. STOCK BASED COMPENSATION

In conjunction with the Share Exchange Agreement, the Company's Board of Directors amended its 2005 Management and Director Equity Incentive and Compensation Plan (the “Plan”). This Plan provides for the grants of stock options, restricted stock, performance-based and other equity-based incentive awards to directors, officers and key employees. Under this Plan, stock options must be granted at an option price that is greater than or equal to the market price of the stock on the date of the grant. If an employee owns 10% or more of the Company’s outstanding common stock, the option price must be at least 110% of the market price on the date of the grant. Options granted under this Plan become exercisable in accordance with the terms of the grant as determined by a committee of the Company’s Board of Directors. All options granted expire no more than 10 years following the date of grant. All stock option grants currently outstanding vested either on the date of grant or will vest two years from the date of grant, provided that the individual is continuously employed with the Company. All outstanding restricted stock grants vest 20% upon grant and ratably over the successive four years, subject to continued employment with the Company.

No stock options were granted during the three months ended March 31, 2009.

A summary of the activity in our Plan for the quarter ended March 31, 2009 is presented below:

	Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2008	2,447,400	$ 1.39
Granted	-	0.00
Canceled	5,000	3.02
Exercised	-	0.00
Options outstanding at March 31, 2009	2,442,400	$ 1.39

Compensation cost recognized for the quarters ended March 31, 2009 and 2008 was $18,359 and $52,958, respectively.

As of March 31, 2009, there was approximately $39,185 of total stock-based compensation expense not yet recognized relating to non-vested awards granted under our option plan as calculated under SFAS 123R. This expense is net of estimated forfeitures and is expected to be recognized over a weighted-average period of approximately 10 months. The number of non-exercisable shares was 472,400 shares of common stock at March 31, 2009. At March 31, 2009, 1,970,000 shares of common stock at weighted average strike price of $1.36 per share were exercisable.

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(Unaudited)

For the quarter ended March 31, 2009, 9,000 restricted shares were granted to employees and directors under the Plan. Compensation expense for the quarters ended March 31, 2009 and 2008 related to the restricted share grants was $15,570 and $16,250, respectively.

8. COMMITMENTS AND CONTINGENCIES

The Company is involved from time to time in various legal claims and actions arising in the ordinary course of business. While from time to time claims are asserted that may make demands for sums of money, The Company does not believe that the resolution of any of these matters, either individually or in the aggregate, will materially affect its financial position, cash flows or the results of its operations.

On January 1, 2008, the Company entered into employment contracts with six employees. The contracts are each for a term of one year with an aggregate compensation commitment of $665,000. One contract provides for incentives in the event that certain annual targets are attained.

9. SUBSEQUENT EVENTS

On May 5, 2009, the Company entered into an agreement with Reginald Flosse to purchase 150,000 shares of the Company’s common stock at a purchase price of $0.50 per share. The purchase price was paid from the Company's working capital. Reginald Flosse is an affiliate of the Company and holds more than 10% of the Company's issued and outstanding stock. This repurchase transaction is not part of the Company’s previously announced repurchase program.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

This Quarterly Report on Form 10-Q/A includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position, made in this Quarterly Report on Form 10-Q/A are forward-looking. We use words such as anticipates, believes, expects, future, intends, and similar expressions to identify forward-looking statements. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Actual results could differ materially for a variety of reasons, including, those risks described in our Annual Report on Form 10-K, as amended (collectively, the “2008 10-K”) for the year ended December 31, 2008 filed with the Securities and Exchange Commission (“SEC”) on March 27, 2009, March 31, 2009 and July XX, 2009 and the risks discussed in other SEC filings. These risks and uncertainties, as well as other risks and uncertainties, could cause our actual results to differ significantly from management’s expectations. The forward-looking statements included in this report reflect the beliefs of our management on the date of this report. We undertake no obligation to update publicly any forward-looking statements for any reason.

Overview

We are focused on internally growing and developing our group of diversified vacation marketing companies with a range of products that can be cross-sold to an extensive customer base and provide a high degree of personalized service to help consumers research, plan and purchase a vacation.

We provide vacation marketing services through eight wholly owned subsidiaries. Our portfolio of travel companies includes:

- Online Vacation Center, Inc., a full service vacation seller focused on serving the affluent retiree market. Historically, this subsidiary has been the core business, accounting for the majority of revenue and net income through the sale of high margin cruise packages. This business is now integrated with our other travel companies, Curves Travel, the licensed travel management company of Curves International, Inc., La Fern, Inc., operating as eLeisureLink.com and focusing on land-based vacations, and Cruises for Less, our home-based selling group,
- Dunhill Vacations, Inc., the publisher of three travel newsletters, "Top Travel Values", "Spotlight", and "TRAVELFLASH", and
- La Tours and Cruises, Inc. and Thoroughbred Travel, LLC, our Houston travel agencies operating as "West University Travel / Journeys Unlimited", focused on providing luxury personal travel products such as cruises, European tours and all-inclusive vacations.

We generate revenues from:

- commissions on cruises
- commissions on other travel related products
- commissions on travel insurance

- advertising and marketing services provided to travel suppliers

We currently market our services by:

- producing travel-related publications for consumers
- telemarketing to our existing customer base
- direct mailing to our existing customer base as well as targeted prospects
- sending emails to our opt in subscription base

Operating expenses include those items necessary to advertise our services, produce our marketing materials, maintain and staff our travel reservation and fulfillment center including technological enhancements, payroll, commissions and benefits, telephone, ticket delivery and general and administrative expenses including rent and computer maintenance fees.

All references in this Quarterly Report to the "Company", "we" or "our" refer to Online Vacation Center Holdings Corp. and our subsidiaries unless otherwise noted. Our main telephone number is 954-377-6400 and our web site is located at www.onlinevacationcenter.com. The content on our web site is not incorporated by reference into this filing.

Restatement

The purpose of this Form 10-Q/A is to restate ("Restatement") our consolidated financial statements for the fiscal year ended December 31, 2008 ("fiscal 2008"), which are included in our Original 10-Q. Management and the Audit Committee of our Board of Directors concluded that the Company's 2008 financial statements should be restated due to an error relating to the accounting for its disposition of Phoenix International Publishing LLC ("Phoenix") in March 2008, in connection with its response to a comment letter received from the U.S. Securities and Exchange Commission regarding the Company's Annual Report on Form 10-K for fiscal 2008. Our management and the Audit Committee of our Board of Directors decided to change the accounting treatment for the disposition of Phoenix in our consolidated financial statements for fiscal 2008 so that the methodology utilized in determining the fair value of the Company's common stock at disposition was consistent with the methodology utilized in determining the fair value of the Company's common stock at the time of Phoenix's acquisition by the Company. In addition, we are revising our presentation and accounting treatment of convertible notes issued in conjunction with previous acquisitions to eliminate the value ascribed to the conversion feature of the notes. Please see Note 2, Restatement and Revisions to our financial statements for the quarter ended March 31, 2009 contained in Item 1 of Part 1 of this 10-Q/A and Note 3, Restatement and Revisions to our audited consolidated financial statements for fiscal 2008 for further information relating to the Restatement. These changes have been incorporated into Management's Discussion and Analysis of Financial Condition and Results of Operations below.

Results of Operations

Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008

Continuing operations:

Revenues increased by $568,919 or 25.2% to $2,824,743 for the three months ended March 31, 2009 ("the first quarter of 2009") compared with $2,255,824 for the three months ended March 31, 2008 ("the first quarter of 2008"). The increase is attributable to an increase in commission revenue and publishing revenue.

Selling and marketing expenses decreased by $307,466 or 31.1% to $680,433 for the first quarter of 2009 compared with $987,899 for the first quarter of 2007. The decrease is primarily attributable to a reduction in marketing materials costs. Selling and marketing expenses primarily consist of sales staff compensation and costs to produce marketing materials.

General and administrative expenses decreased by $273,865 or 19.3% to $1,142,317 for the first quarter of 2009 compared with $1,416,182 for the first quarter of 2008. The decrease is primarily attributable to a reduction in management and non sales staff compensation and fees for professional services. General and administrative expenses primarily include management and non sales staff compensation, professional services, and occupancy costs.

Depreciation and amortization expense for the first quarter of 2009 was $119,838 compared with $87,098 for the first quarter of 2008. Amortization expense increased by $35,693 during the first quarter of 2009, resulting from an increase in the amortization expense of the Dunhill subscriber list.

Interest Income/ (Expense) increased from expense of $18,694 for the first quarter of 2008 to income of $1,876 for the first quarter of 2009. The first quarter of 2008 expense was primarily attributable to the imputed interest associated with the receivable from Phoenix payable over 40 months and less interest income earned on lower cash balances at the bank coupled with declining interest rates. The income in the first quarter of 2009 represents the excess of interest income earned on our cash balances at the bank over the interest expense on the debt issued by us in conjunction with our acquisition of La Tours and Cruises, Inc and our capital lease obligation.

Our income before provision for income taxes was $884,031 in the first quarter of 2009 compared with our loss before benefit for income taxes of $254,049 in the first quarter of 2008. These results are primarily attributable to the increase in revenues, a decrease in selling and marketing expenses and general and administrative expenses, an increase in interest income offset by an increase in amortization expenses associated with the Dunhill subscriber list.

The provision for income taxes increased from a benefit of $76,642 for the first quarter of 2008 compared with tax expense of $353,803 for the first quarter of 2009. The decrease is directly related to an increase in results from operations whereby income before income taxes for the first quarter of 2009 was $884,031 whereas the loss before income taxes for the first quarter of 2008 was $254,049. The tax rate in the first quarter of 2009 was 40.0% primarily as a result of the effects of non-tax deductible items and the benefit rate in the first quarter of 2008 was 30.2%.

As a result of the foregoing, our net income from continuing operations was $530,228 for the first quarter of 2009 compared with a net loss from continuing operations of $177,407 for the first quarter of 2008.

Discontinued Operations

We acquired Phoenix, a United Kingdom publisher of consumer magazines and guides about travel to the U.S. and Canada, on August 31, 2006 for 1,450,000 shares of our common stock from Simon Todd (“Mr. Todd”). In November 2007, the Company's Board of Directors granted the Company the authority to sell Phoenix. On March 31, 2008, we sold Phoenix to Mr. Todd, the former owner of Phoenix, in exchange for 1,250,000 shares of our common stock which were owned by Mr. Todd. We recorded the sale of Phoenix at its fair value, as defined by Statement of Financial Accounting Standards No. 157, Fair Value Measurements, resulting in a loss of $739,632. For tax purposes, the transaction was treated as split-off with no resulting tax consequences. We retired the 1,250,000 shares of our common stock received from Mr. Todd in the sale transaction as of March 31, 2008.

The results of operations and cash flows of Phoenix have been removed from the results of continuing operations as of March 31, 2008. The results of operations of Phoenix for the first quarter of 2008 are as follows:

	For the Quarter Ended March 31, 2008
	(Restated)
Revenues	$ 107,569
Operating (loss)	$ (98,805)
(Loss) on sale of Phoenix	$ (739,632)
Net (loss) from discontinued operations	$ (800,524)

As a result of the foregoing, our net income was $530,228 for the first quarter of 2009 compared with a net loss of $977,931 for the first quarter of 2008.

Liquidity and Capital Resources

Cash at March 31, 2009 was $2,177,387 compared with cash of $1,693,447 at December 31, 2008. The primary source of our liquidity and capital resources has come from our operations.

Cash flows provided by operating activities were $939,861 and $186,149 in the first quarter of 2009 and 2008, respectively. The increase of $753,712 was primarily attributable to an increase in income from continuing operations of $707,636, an increase in non-cash operating items of $191,117 in 2009 offset by an increase in cash used for working capital items of $145,041 in 2009.

Cash flows used in investing activities decreased to $126,340 in the first quarter of 2009 compared with $232,955 during the first quarter of 2008. The primary decrease in cash out flows related to the pre-disposition intercompany balance receivable from Phoenix totaling $100,000 during the first quarter of 2008.

Cash flows used in financing activities increased to $273,156 in the first quarter of 2009 compared with $100,000 in the first quarter of 2008. The primary increase in cash outflows was due to the Company’s purchase of its common stock under a stock repurchase program authorized by our Board of Directors in August 2008, which was amended in March 2009 and private repurchase transactions outside of the publicly announced stock repurchase program with existing shareholders aggregating $166,473, and the payment under a capital lease obligation for new telephone equipment.

Cash flows provided by discontinued operations, solely from operating activities were $47,912 in the first quarter of 2008. There were no discontinued operations in the first quarter of 2009.

At March 31, 2009, we had working capital of $841,112 compared with working capital of $538,404 at December 31, 2008, an increase of $302,708. We had an accumulated deficit of $1,056,265 at March 31, 2009, a decrease of $530,228.

Management believes that the existing cash and cash expected to be provided by operating activities will be sufficient to fund the short term capital and liquidity needs of our operations. We may need to sell equity or debt securities or obtain credit lines from financial institutions to meet our longer-term liquidity and capital requirements. We can not provide any assurances that we will be able to obtain additional capital or financing in amounts or on terms acceptable to us, if at all or on a timely basis.

We have historically been heavily dependent on our relationships with five major cruise lines: Celebrity Cruises, Princess Cruises, Norwegian Cruise Line, Azamara Cruises and Royal Caribbean Cruise Line. We also depend on third party service providers for processing certain fulfillment services.

Seasonality and Inflation

The domestic and international leisure travel industry is seasonal. Our results have been subject to quarterly fluctuations caused primarily by the seasonal variations in the travel industry. Leisure travel net revenues and net income are generally lower in the third quarter. We expect seasonality to continue in the future. We do not expect inflation to materially affect our revenues and net income.

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Critical Accounting Policies

We prepared our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. As such, management is required to make certain estimates, judgments and assumptions that it believes are reasonable based on the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. A more extensive list of significant accounting policies and a description of accounting policies that are considered critical may be found in our 2008 Annual Report in the Notes to the Consolidated Financial Statements, Note 2, and the Critical Accounting Policies section. The significant accounting policies which management believes are the most critical to aid in fully understanding and evaluating our reported financial results include revenue recognition, intangible asset testing and income taxes.

Revenue Recognition

We recognize revenue in accordance with 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, services have been rendered, the seller's price to the buyer is fixed or determinable, and collectibility is reasonably assured. Vacation travel sales transactions are billed to customers at the time of booking, however, commission revenue is not recognized in the accompanying consolidated financial statements until the customers' travel occurs. Advertising revenue is recognized upon distribution of the marketing publication.

Emerging Issues Task Force (EITF) Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent", discusses the weighing of the relevant qualitative factors regarding our status as a primary obligor and the extent of our pricing latitude. Based upon our evaluation of vacation travel sales transactions and in accordance with the various indicators identified in EITF Issue No. 99-19, our vacation travel suppliers assume the majority of the business risks such as providing the service and the risk of unsold travel packages. As such, all vacation travel sales transactions are recorded at the net amount, which is the amount charged to the customer less the amount to be paid to the supplier. The method of net revenue presentation does not impact operating profit, net income, earnings per share or cash flows.

Intangible Asset Testing

Absent any circumstances that warrant testing at another time, we test for goodwill and non-amortizing intangible asset impairment as part of our year-end closing process. Our goodwill testing consists of comparing the estimated fair values of each of our operating entities to their carrying amounts, including recorded goodwill. We estimate the fair value of our reporting unit by discounting its projected future cash flow. Developing future cash flow projections requires us to make significant assumptions and estimates regarding the sales, gross margin and operating expenses of our reporting unit, as well as economic conditions and the impact of planned business or operational strategies. Should future results or economic events cause a change in our projected cash flows, or should our operating plans or business model change, future determinations of fair value may not support the carrying amount of our unit, and the related goodwill would need to be written down to an amount considered recoverable. Any such write down would be included in the operating expenses. While we make reasoned estimates of future performance, actual results below these expectations, or changes in business direction can result in additional impairment charges in future periods.

ITEM 4(T). – CONTROLS AND PROCEDURES

As of March 31, 2009 under the supervision of and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this report (the "Evaluation Date"). Based upon the evaluation and in consideration of the Restatement described herein, our Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the Evaluation Date. Disclosure controls are controls and procedures designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls include controls and procedures designed to reasonably ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with this evaluation, our management identified no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
32.1	Certification by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+
32.2	Certification by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+

+ Filed herewith

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.

ONLINE VACATION CENTER HOLDINGS CORP.

/S/ Edward B. Rudner

Chief Executive Officer, President,

Chief Financial Officer and Director

Date: August 14, 2009