ASCENDIA BRANDS, INC.
Form 10-Q/A
June 11, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q/A
AMENDMENT NO. 2
(Original filed July 18, 2005)
(Amendment NO. 1 filed October 11, 2005)

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

For the fiscal thirteen weeks ended May 28, 2005

Commission File Number: 033-25900

ASCENDIA BRANDS, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	75-2228820
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 AMERICAN METRO BOULEVARD, SUITE 108
HAMILTON, NEW JERSEY 08619
(Address of principal executive offices)
(Zip Code)

(609) 219-0930
(Registrant's Telephone Number, Including Area Code)

(Former Address, If Changed Since Last Report.)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X__ No __

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES ___ NO _X_

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

On May 31, 2007, the issuer had outstanding 41,779,840 shares of common stock, $.001 par value per share.

ASCENDIA BRANDS, INC. AND SUBSIDIARIES
FORM 10-Q
QUARTERLY PERIOD ENDED MAY 28, 2005

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EXPLANATORY NOTE

This amendment to the Company's Quarterly Report on Form 10-Q for the quarterly period ended May 28, 2005 ("First Quarter Form 10-Q/A") initially file on July 18, 2005 and first amended on October 11, 2005 reflects a restatement of the Consolidated Financial Statements of Ascendia Brands, Inc. (formerly, Cenuco, Inc.) as of and for the thirteen weeks ended May 28, 2005 and May 29, 2004. The restatement relates to the following adjustments:

1. To correct an error in the initial purchase price allocation to identifiable intangible assets in connection with the May 20, 2005 Merger ("the Merger").

2. To revise the purchase price paid in connection with the Merger to correctly comply with the provisions of SFAS 141 and EITF 99-12. The revised purchase price reflects the use of the market value of the Company's stock based on March 16, 2005, the date of the Merger Agreement and announcement instead of May 20, 2005, the effective date of the Merger.

This increases the purchase price and the amount of goodwill by $18,700,756. In the fourth quarter of the fiscal year ended February 28, 2006, The Company determined that there was an impairment of the goodwill with respect to this reporting unit. As such, the impairment loss recorded in the fourth quarter for the fiscal year ended February 28, 2006 will be increased by $18,700,756 and will be reflected in the amended Form 10-K for the fiscal year ended February 28, 2006.

3. To reflect transaction costs of $375,000 related to the Merger. This amount was accrued and paid in the quarter ended August 26, 2005. This amended filing reflects the $375,000 as an accrual and as an addition to goodwill as of May 28, 2005.

Further information on the effect of the restatement on the Company's Consolidated Financial Statements is discussed in Note 1 to such financial statements included in Item 1 of Part I of this First Quarter Form 10-Q/A.

This First Quarter Form 10-Q/A is being filed for purposes of amending the previously amended Quarterly Report on Form 10-Q for the thirteen weeks ended May 28, 2005 ("First Quarter Form 10-Q") of the Company, which was filed on October 11, 2005, and provides information about the financial results for the thirteen weeks ended May 28, 2005 (as restated as described above) and May 29, 2004. The following items have been amended as a result of the restatement:

- Part I - Item 1 - Consolidated Financial Statements (unaudited)
- Part I - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part I - Item 4 - Controls and Procedures

The Company has supplemented Item 6 of Part II to include current certifications of the Company's chief executive officer and chief financial officer pursuant to the Securities Exchange Act of 1934, as amended, filed as Exhibits 31.1, 31.2 and 32 to this First Quarter Form 10-Q/A.

The financial information that is included in this First Quarter Form 10-Q/A has been corrected as part of the restatement described above. This restatement is only related to the thirteen weeks ended May 28, 2005. All amounts included in this report as of and for the thirteen weeks ended May 29, 2004 and as of February 28, 2005 are not affected by the restatement. No attempt has been made in this Form 10-Q/A to modify or update other disclosures presented in the original report on Form 10-Q except as required to reflect the effects of the restatement. Information in this First Quarter Form 10-Q/A is generally stated as of May 28, 2005 and generally does not reflect any subsequent information or events other than the restatement, and except that certain forward looking statements throughout this First Quarter Form 10-Q/A have been revised to reflect events and developments subsequent to May 28, 2005.

With the filing of this First Quarter Form 10-Q/A, the Company has amended the First Quarter Form 10-Q. Accordingly, the Company's Consolidated Financial Statements for the thirteen and twenty-six weeks ended May 28, 2005 and the related financial information contained in the First Quarter Form 10-Q should no longer be relied upon.

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Part I. Financial Information

ITEM 1. FINANCIAL STATEMENTS - RESTATED

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Cenuco, Inc.
Lawrenceville, New Jersey

We have reviewed the condensed consolidated balance sheet of Cenuco, Inc. and subsidiaries as of May 28, 2005, and the related condensed consolidated statements of operations and cash flows for the three-month periods ended May 28, 2005 and May 29, 2004, included in the accompanying Securities and Exchange Commission Form 10-Q for the period ended May 28, 2005. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the combined balance sheet of the predecessor companies, Hermes Acquisition Company I LLC and subsidiaries and Hermes Real Estate I LLC as of February 28, 2005, and the related combined statements of operations, members' loss, and cash flows for the year then ended (not presented herein); and in our report dated August 12, 2005, we expressed an unqualified opinion on those combined financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 28, 2005 is fairly stated in all material respects in relation to the combined balance sheet from which it has been derived.

By: /s/ BDO Seidman, LLP

BDO Seidman, LLP

Woodbridge, New Jersey
October 10, 2005

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ASCENDIA BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Restated)

	May 28, 2005	February 28, 2005
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,351,348	$ 31,763
Trade receivables, net of allowance for doubtful accounts of $633,699 at May 28, 2005 and $547,306 at February 28, 2005	9,001,428	8,002,867
Notes receivable, current portion	115,925	-
Inventories	9,048,334	8,725,952
Prepaid expenses and other	1,372,511	564,617
Total current assets	24,889,546	17,325,199
Property, plant and equipment - net	5,902,966	6,017,533
Goodwill	49,675,436	-
Intangibles - net	8,000,000	-
Notes receivable, less current portion	584,075	-
Other assets, net	610,645	692,817
Total assets	$ 89,662,668	$ 24,035,549
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 11,570,999	$ 10,541,956
Accrued expenses	3,362,264	2,845,485
Current portion of long-tem debt	11,073,187	8,929,540
Total current liabilities	26,006,450	22,316,981
Long-term debt, less current portion	6,696,167	6,875,296
Long-term pension obligation	658,600	673,328
Other liabilities	223,358	-
Total liabilities	33,584,575	29,865,605
Stockholders' equity:		
Preferred stock, par value $.001 per share; Authorized 1,000,000 shares; issued 2,553.6746 shares at May 28, 2005; no shares issued at February 28, 2005	3	-
Common stock, par value $.001 per share; Authorized 25,000,000 shares; issued 13,750,556 shares at May 28, 2005; no shares issued at February 28, 2005	13,751	-
Additional paid in capital	56,476,485	-
Accumulated deficit	(294,496)	-
Members' contribution	-	2,000
Accumulated members' loss	-	(5,707,597)
Accumulated comprehensive loss	(117,650)	(124,459)
Total stockholders' equity (deficit)	56,078,093	(5,830,056)
Total liabilities and stockholders' equity .	$ 89,662,668	$ 24,035,549

See accompanying notes to consolidated financial statements

ASCENDIA BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	FOR THE THIRTEEN WEEKS ENDED	
	May 28, 2005	May 29, 2004
Net Sales	$ 17,351,062	$ 17,562,445
Costs of Sales	16,299,525	14,960,528
Gross Profit	1,051,537	2,601,917
Operating Expenses:		
Selling and Marketing	966,902	1,050,563
General and Administrative	1,735,883	1,487,399
Total Operating Expenses	2,702,785	2,537,962
(Loss) income from operations	(1,651,248)	63,955
Other expense	79,881	74,367
Interest expense, net	397,361	312,231
Total other expense/interest expense	477,242	386,598
Loss before Income Taxes	(2,128,490)	(322,643)
Income taxes	-	-
Net loss	$ (2,128,490)	$ (322,643)
Basic and diluted net loss per share - common	$ (0.02)	$ -
Basic and diluted net loss per share - preferred (see Note 10)	$ (718)	$ (126)
Shares used in computing net loss per share:		
Basic and diluted - common	13,750,556	-
Basic and diluted - preferred (see Note 10)	2,554	2554

See accompanying notes to consolidated financial statements.

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Ascendia Brands, Inc. and Subsidiaries
Consolidated Statements of Stockholders' / Members' Equity (Deficit)
For the thirteen weeks ended May 28, 2005

Series A Preferred Stock Shares	$	Common Stock Shares	$	Restated Additional Paid-In Capital	Restated Accumulated Stockholders' Deficit

BALANCE AT FEBRUARY 28, 2005	-	$-	-	$ -	$ -	$ -
Other Comprehensive Loss:						
Foreign currency translation	-	-	-	-	-	-
Net loss to date of recapitalization and Merger	-	-	-	-	-	-
Net loss subsequent to Merger	-	-	-	-	-	(294,496)
Total Comprehensive Loss:						
Conversion from LLC to Corporation ...	2,553.7	3	-	-	(7,541,591)	-
Reverse acquisition of Cenuco, Inc.	-	-	13,750,556	13,751	64,018,076	-
BALANCE AT MAY 28, 2005	2,553.7	$3	13,750,556	$13,751	$56,476,485	$(294,496)

continued

See accompanying notes to consolidated financial statements.

Ascendia Brands, Inc. and Subsidiaries
Consolidated Statements of Stockholders' / Members' Equity (Deficit)
For the thirteen weeks ended May 28, 2005
continued

	Members' Contributions	Accumulated Members' Loss	Accumulated Other Comprehensive Loss	Restated Total Stockholders' / Members' Equity (Deficit)
BALANCE AT FEBRUARY 28, 2005	$ 2,000	$(5,707,597)	$(124,459)	$ (5,830,056)
Other Comprehensive Loss:				
Foreign currency translation	-	-	6,809	6,809

Net loss to date of recapitalization and Merger	-	(1,833,994)	-	(1,833,994)
Net loss subsequent to Merger	-	-	-	(294,496)
Total Comprehensive Loss:				(2,121,681)
Conversion from LLC to Corporation ...	-	7,541,591	-	3
Reverse acquisition of Cenuco, Inc.	(2,000)	-	-	64,029,827
BALANCE AT MAY 28, 2005	$ -	$ -	$(117,650)	$ 56,078,093

See accompanying notes to consolidated financial statements.

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ASCENDIA BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	FOR THE THIRTEEN WEEKS ENDED	
	May 28, 2005	May 29, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(2,128,490)	$ (322,643)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation and amortization	240,121	278,265
Provision for bad debts	57,032	21,598
Amortization of deferred financing costs	50,546	31,275
Changes in operating assets and liabilities:		
Accounts receivable	(1,000,178)	395,231
Inventories	(300,743)	(726,592)
Prepaid expenses and other	(362,272)	(117,797)
Other assets	23,358	12,679
Accounts payable	930,095	(482,348)
Accrued expenses	(35,573)	(36,824)
Long-term pension obligations	(14,728)	(4,568)
NET CASH USED IN OPERATING ACTIVITIES	(2,540,832)	(951,724)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in cash from reverse acquisition of Cenuco ...	6,002,607	-
Proceeds from Note Receivable	29,123	-
Deferred acquisition costs	(103,468)	-
Purchase of property, plant & equipment	(14,172)	(152,171)

NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	5,914,090	(152,171)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under line of credit	2,147,253	1,284,408
Deferred financing costs	(25,000)	-
Repayments of long-term debt	(169,213)	(169,213)
Repayments of capital leases	(13,522)	(16,083)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,939,518	1,099,112
Effect of exchange rates on cash	6,809	4,783
NET INCREASE IN CASH	5,319,585	-
Cash at beginning of period	31,763	1,828
CASH AT END OF PERIOD	$ 5,351,348	$ 1,828
Supplemental disclosures of cash flow information - restated:		
Cash paid for interest	$ 233,261	$ 196,556
Reverse merger, excluding cash acquired (see Note 1):		
Estimated fair value of tangible assets acquired	$ 1,199,715	$ -
Goodwill and identifiable intangible assets acquired	57,675,436	-
Liabilities assumed	(473,590)	-
Net assets obtained in reverse merger transaction	$58,401,561	$ -

See accompanying notes to consolidated financial statements.

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Ascendia Brands, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Thirteen Weeks Ended May 28, 2005 and May 29, 2004 (Unaudited)

NOTE 1 - DESCRIPTON OF BUSINESS AND REORGANIZATION (Restated)

On May 9, 2006, Cenuco, Inc. changed its name to Ascendia Brands, Inc. (the "Company"). The American Stock Exchange symbol was also changed shortly thereafter to "ASB".

On May 20, 2005, Hermes Holding Company, Inc., a newly formed wholly owned subsidiary of Cenuco, Inc., ("Cenuco", a public company traded on the American Stock Exchange under the symbol, "ICU") merged (the "Merger") with Hermes Acquisition Company I LLC (HACI), a limited liability company organized on April 25, 2003 in the State of Delaware.

The Merger was completed through the issuance of 2,553.7 shares of Cenuco's Series A Junior Participating Preferred Stock (representing 65% of the outstanding voting power of Cenuco capital stock) in exchange for all the outstanding membership units of HACI. As a consequence of the Merger, HACI, together with its wholly owned subsidiaries Lander Co., Inc., a Delaware corporation ("Lander US"), Hermes Real Estate I LLC, a New York limited liability company ("HREI"), and Lander Co. Canada Limited, an Ontario corporation ("Lander Canada" and together with Lander US and HREI, "Lander")

became wholly owned subsidiaries of Cenuco.

For financial reporting purposes, the Merger was treated as a recapitalization of HACI followed by the reverse acquisition of Cenuco by HACI for a purchase price equivalent to the total market value of Cenuco stock outstanding at the date of announcement and agreement (March 16, 2005), plus the fair value of the options that automatically vested on the date of the Merger (for a total purchase price of approximately $64.4 million). The average closing stock price for the few days before, after and including March 16, 2005 was $4.58, for a total value of $63.0 million. The fair value of the options were $1.0 million. The capitalized transaction fees were $0.4 million. Consistent with the accounting and presentation for reverse acquisitions, the historical financial statements of Cenuco prior to the date of the Merger reflect the financial position and results of operations of HACI and HREI, with the results of operations of Cenuco being included commencing on May 20, 2005. Effective with the completion of the Merger Cenuco changed its fiscal year end to be the last day of February, consistent with HACI's prior fiscal year.

The financial statements have been restated to reflect the following adjustments:

1. To correct an error in the initial purchase price allocation to identifiable intangible assets in connection with the May 20, 2005 Merger ("the Merger").

2. To revise the purchase price paid in connection with the Merger to correctly comply with the provisions of SFAS 141 and EITF 99-12. The revised purchase price reflects the use of the market value of the Company's stock based on March 16, 2005, the date of the Merger Agreement and announcement instead of May 20, 2005, the effective date of the Merger.This increases the purchase price and the amount of goodwill by $18,700,756. In the fourth quarter of the fiscal year ended February 28, 2006, The Company determined that there was an impairment of the goodwill with respect to this reporting unit. As such, the impairment loss recorded in the fourth quarter for the fiscal year ended February 28, 2006 will be increased by $18,700,756 and will be reflected in the amended Form 10-K for the fiscal year ended February 28, 2006.

3. To reflect transaction costs of $375,000 related to the Merger. This amount was accrued and paid in the quarter ended August 26, 2005. This amended filing reflects the $375,000 as an accrual and as an addition to goodwill as of May 28, 2005.

The above noted revisions impacted the consolidated balance sheet and the consolidated statement of Stockholders' Equity at May 28, 2005. No amortization expense for identifiable intangible assets was recorded for the thirteen weeks ended May 28, 2005 and as such, the consolidated statement of operations and the consolidated statement of cash flows for the thirteen weeks ended May 28, 2005 were not revised.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, the Company has revised the estimated the fair value of the assets acquired and liabilities assumed in the reverse acquisition of Cenuco. The estimated fair value of the assets acquired less liabilities assumed is $64,404,448.

The allocation of Purchase Price is as follows:

	(Restated)
Cash and cash equivalents	$ 6,002,887
Other current assets	496,526
Total current assets	6,499,413
Property, plant, and equipment	111,382
Goodwill (revised)	49,675,436
Intangibles (revised)	8,000,000
Other Assets	591,807
Total assets acquired	64,878,038
Total liabilities assumed	(473,590)
Estimated fair value of net assets acquired	$ 64,404,448

Ascendia Brands, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Thirteen Weeks Ended May 28, 2005 and May 29, 2004 (Unaudited)

Following the Merger, the Company's business consists of the Health and Beauty Care ("HBC") Division and the Wireless Application Development ("WAD") Division. The HBC Division is doing business as Lander Co., Inc. ("Lander"). Lander's principal business activity is the manufacture and distribution of health, beauty and oral-care products, primarily throughout the United States and Canada. The WAD Division is doing business as Cenuco, Inc. and has primary focus on wireless application development. WAD is engaged in the wireless application technology business, primarily related to the transmission of secure and non-secured video onto cellular platforms via proprietary technologies. This is also known as remote video monitoring via cellular device. In this wireless segment, WAD provides cellular carriers, Internet Service Providers, resellers, and distributors a host of wireless video streaming products that can generate an increase in subscriber adoption of wireless data services, as well as broadband Internet services.

HACI was formed to acquire the business activities of Lander US and Lander Canada. Effective May 31, 2003, HACI purchased certain assets and assumed certain liabilities associated with the Lander US business operations and acquired 100% of the outstanding stock of Lander Canada for an aggregate purchase price of $11,091,456, including acquisition costs of $1,160,456. In addition, HREI purchased the Lander US production plant located in Binghamton, New York for a purchase price of $3,304,864, including acquisition costs of $254,864, on October 15, 2003 (collectively the "Acquisitions"). Property, plant and equipment was recorded at fair value reduced by the excess of fair value of net assets acquired over the purchase price of $1,095,813. In accounting for these acquisitions, the Company followed the provisions of SFAS No. 141. This Statement requires the purchase method of accounting be used for all business combinations and provide specific criteria for the initial recognition and measurement of intangible assets apart from goodwill. On March 1, 2005, HREI became a wholly owned subsidiary of HACI. Prior thereto, HACI an HREI had the same ownership.

The Company is subject to various risks, including, but not limited to, (i) the ability to obtain adequate financing to fund operations, (ii) a limited operating history, (iii) reliance on certain markets, and (iv) reliance on key personnel.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Restated)

The accompanying unaudited consolidated financial statements of Cenuco as of and for the thirteen weeks ended May 28, 2005 and May 29, 2004 have been prepared in accordance with generally accepted accounting principles. The financial information furnished reflects all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary for a fair presentation of the consolidated financial position, results of operations and cash flows for the periods presented. The results of operations for the respective interim periods are not necessarily indicative of results to be expected for the full year.

A summary of the Cenuco's significant accounting policies follows:

Basis of Consolidation: The accompanying consolidated financial statements include the accounts of Cenuco, Inc. and subsidiaries. All intercompany accounts have been eliminated in consolidation.

Accounts Receivable: Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required, which would increase our operating costs.

Inventories: Inventories are stated at the lower of cost or market, with cost determined using the first-in, first-out (FIFO) method. Inventories consist of raw materials used to manufacture the Company's health, beauty and oral care products, as well as, finished goods that consist of the Company's product lines sold to its customers. The Company writes down inventory for estimated excess and discontinued products equal to the difference between cost and estimated market value based upon assumptions about future demand and market conditions. Excess and discontinued product inventory could arise due to numerous factors, including but not limited to, the competitive nature of the market and product demand by consumers. If market conditions are less favorable than those anticipated by management, additional write-downs may be required, including provisions to reduce inventory to net realizable value.

Property, Plant and Equipment: Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The costs of major additions and improvements are capitalized and maintenance and repairs that do not improve or extend the life of the respective assets are charged to operations as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from three to twenty-five years. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives. If the Company determines that a change is required in the useful life of an asset, future depreciation/amortization is adjusted accordingly.

Impairment of Long-Lived Assets: Accounting for the impairment of long-lived assets, including property, plant and equipment, requires that long-lived assets and certain identifiable intangibles to be held and used or disposed of by an

entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Under such circumstances, the accounting principles require that such assets be reported at the lower of their carrying amount or fair value less costs to sell. Accordingly, when events or circumstances indicate that long-lived assets may be impaired, the Company estimates the assets' future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized based on the excess of the carrying amount over the fair value of the asset.

Goodwill and Other Intangibles: As a result of the Merger (see Note 1), the Company recorded goodwill of $49,675,436 and purchased software of $8,000,000. Goodwill represents the excess of cost over the fair value of net assets acquired. SFAS 142, "Goodwill and Other Intangible Assets", requires goodwill and other intangibles that have indefinite lives to not be amortized but to be reviewed annually for impairment or more frequently if impairment indicators arise. SFAS 142 also requires that intangible assets with finite useful lives be amortized over their respective estimated useful lives and reviewed for impairment.

Other Assets, Net: Other assets, net consist of deferred acquisition costs and deferred financing costs that are being amortized using the straight-line method over the expected term of the revolving line of credit. Amortization expense related to deferred financing costs was $50,546 for the thirteen weeks ended May 28, 2005 and $31,275 for the thirteen weeks ended May 29, 2004.

Fair Value of Financial Instruments: The carrying amounts reported in the accompanying balance sheets for accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of these accounts. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions.

Revenue Recognition: For the Health & Beauty Care (HBC) division, revenue from product sales is recognized when the related goods are shipped, all significant obligations of the Company have been satisfied, persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable and collection is reasonably assured or probable.

Amounts billed to customers related to shipping and handling are classified revenues. The cost of shipping products to the customer is recognized at the time the products are shipped and is included in cost of sales.

In connection with the development and sale of wireless solutions and web services, which include the development of business-to-business and business-to-consumer wireless applications, and state of the art wireless technology and services, the Wireless Application Development (WAD) division recognizes revenue as services are performed on a pro-rata basis over the contract term or when products are delivered. WAD periodically enters into agreements whereby the customer or distributor may purchase wireless products on a consignment type basis. Revenues are recognized under these arrangements only

when the customer or distributor has resold the product and the Company has an enforcement right to its sales price.

Revenues are earned from licensing arrangements pursuant to the terms of those agreements.

Foreign Currency Translation: In accordance with SFAS No. 52, Foreign Currency Translation, the financial statements are measured using local currency as the functional currency. Assets and liabilities of Lander Canada have been translated at U.S. dollars at the fiscal period-end exchange rates. Revenues and expenses have been translated at average exchange rates for the related period. Net translation gains and losses are reflected as a separate component of stockholders' equity until there is a sale or liquidation of the underlying foreign investment.

Foreign currency gains and losses resulting from transactions are included in the consolidated statements of operations.

Estimates: The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates the estimates and may adjust them based upon the latest information available. These estimates generally include those related to product returns, bad debts, inventory reserves for excess and discontinued products, income taxes and contingencies. The Company bases the estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Concentration of Credit Risk: Cenuco provides credit to its customers in the normal course of business and does not require collateral. To reduce credit risk, Cenuco performs ongoing credit evaluations of its customers.

Five trade customers comprised 49% of Cenuco's net sales, with two customers comprising 25% and 10% respectively, for the thirteen weeks ended May 28, 2005 and represented 51% of receivables, with two customers comprising 25% and 10% respectively, at May 28, 2005.

Five trade customers comprised 41% of Cenuco's net sales, with two customers comprising 25% and 10% respectively, for the thirteen weeks ended May 29, 2004 and represented 51% of receivables, with one customer comprising 25%, at May 29, 2004.

Income Taxes: Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In accessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. A full valuation allowance at May 28, 2005 and February 28, 2005 has been estimated by management due to the uncertainty that future income will be realized.

Earnings per share: Emerging Issues Task Force ("EITF") 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128" ("EITF 03-6") provides guidance in determining when the two-class method, as defined in SFAS No. 128, "Earnings per Share" must be utilized in calculating earnings per share by a Company that has issued securities other than common stock that contractually entitles the holder to participate in dividends and earnings of the Company when, and if, the Company declares dividends on its common stock. Under the two-class method earnings are allocated to common stock and participating securities to the extent that each security may share in such earnings and as if such earnings for the period had been distributed. Under the

two-class method losses are allocated to participating securities to the extent that such security is obligated to fund the losses of the issuing entity or the contractual principal or mandatory redemption amount of the participating security is reduced as a result of losses incurred by the issuing entity. In accordance with EITF 03-6, basic earnings per share for the Company's common stock and Series A Junior Participating Preferred Stock ("Series A Preferred") is calculated by dividing net loss allocated to common stock and Series A Preferred by the weighted average number of shares of common stock and Series A Preferred outstanding, respectively. Diluted earnings per share for the Company's common stock is calculated similarly, except that the calculation includes the effect, if dilutive, of the assumed exercise of stock options issuable under the Company's stock-based employee compensation plan and the assumption of the conversion of all of the Company's Series A Preferred stock to common stock. Basic and diluted loss per share for the Company's common stock is calculated by dividing the net loss for the period during which such shares were outstanding by the weighted average number of shares outstanding. No losses are allocated to the Series A Preferred for the period during which the Company's common stock is outstanding since the holders of the Series A Preferred are not obligated to share in the Company's losses as described above.

NOTE 3 - INVENTORIES

Inventory consists of the following:

	MAY 28, 2005	FEBRUARY 28, 2005
Raw materials	$3,389,007	$2,900,803
Finished goods	5,659,327	5,825,149
	$9,048,334	$8,725,952

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	MAY 28, 2005	FEBRUARY 28, 2005
Land	$ 660,000	$ 660,000
Computer equipment and software	903,160	890,020
Furniture and fixtures	252,652	252,717
Building	2,644,864	2,644,864
Machinery and equipment	3,303,276	2,961,469
Dies and molds	75,626	75,731
Leasehold improvements	117,058	118,571
Construction in progress	8,975	77,959
	7,965,611	7,681,331
Less accumulated depreciation and amortization	(2,062,645)	(1,663,798)
	$ 5,902,966	$ 6,017,533

Depreciation and amortization expense related to property, plant and equipment totaled $240,121 for the thirteen weeks ended May 28, 2005 and $278,265 for the thirteen weeks ended May 29, 2004. As of May 28, 2005 and February 28, 2005, machinery and equipment includes assets under capital leases totaling $153,559. Accumulated amortization on the capital leases totaled $26,300 as of May 28, 2005 and $24,314 as of February 28, 2005. Amortization expense related to capital leases is included in depreciation and amortization expense for the thirteen weeks ended May 28, 2005 and May 29, 2004.

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following:

	MAY 28, 2005	FEBRUARY 28, 2005
Revolving line of credit loans	$10,346,187	$ 8,198,935
Machinery and equipment loans	978,000	1,039,125
Real estate term loans	1,873,530	1,981,618
Subordinated notes	4,500,000	4,500,000
Capital leases	71,637	85,158
	17,769,354	15,804,836
Less current portion	11,073,187	8,929,540
	$ 6,696,167	$ 6,875,296

In connection with the Acquisitions, HACI/HREI obtained long-term financing

commitments (Financing Arrangement) from a financial institution comprised of the following (collectively the Loans):

- Revolving line of credit facility of $11,000,000 with a three-year term expiring in June 2006. Annual renewals of the facility are available in one-year increments after the initial term. Available borrowings are determined by a borrowing base calculation using eligible receivables and inventories of Lander US and Lander Canada, which are the collateral for this facility. As of May 28, 2005, unused availability under the borrowing base calculation amounted to $764,564. As of February 28, 2005 the unused availability amounted to $567,995. Interest on outstanding balance is payable monthly. For purposes of classifying the outstanding debt in the May 28, 2005 and February 28, 2005 balance sheets, the Company has reflected the $10,346,187 and $8,198,935, respectively, of borrowings under the revolving line of credit facility as a current liability, since it is subject to collection lock-box arrangements and contains a subjective acceleration clause.

- Machinery and equipment term loans with initial principal amounts aggregating $1,467,000 have six-year amortization terms expiring in June 2009. Such loans are subject to termination upon the expiration of the revolving line of credit and are collateralized by the machinery and equipment of Lander US and Lander Canada. Principal payments aggregating $20,375 plus interest are payable monthly.

- Real estate term loan with initial principal amount of $2,450,000 has a six-year amortization term expiring in December 2009. Such loan is subject to termination upon the expiration of the revolving line of credit and is collateralized by the Lander US production plant located in Binghamton, New York. Principal payments aggregating $36,029 plus interest are payable monthly.

The interest rates on the Loans bear an annual interest rate of a national bank's prime rate plus 1.25%. HACI/HREI has the option of converting all or a portion of the Loans outstanding to an annual interest rate of the one-, two- or three-month LIBOR rate plus 3.75%. As of May 28, 2005, the national bank prime rate was 6.00% and the one-, two- and three-month LIBOR rates were 3.11%, 3.23%, and 3.33%, respectively. The interest rate on the Loans was 7.25% at May 28, 2005. As of February 28, 2005, the national bank prime rate was 5.50% and the one-, two- and three-month LIBOR rates were 2.72%, 2.80%, and 2.92%, respectively. The interest rate on the Loans was 6.75% at February 28, 2005. To date the Company has not exercised the option of converting the prime rate to LIBOR.

The Loans contain financial and non-financial covenants including a limitation of $1,250,000 on capital expenditures during any fiscal year and maintaining on a monthly basis a fixed charges coverage ratio of no less than 1.0 to 1.0. The fixed charge ratio is calculated by dividing earnings before interest, depreciation and amortization less any unfunded capital expenditures and improvements by fixed charges. Fixed charges include interest expense, capital lease obligations, principal payments on indebtedness and payments for income tax obligations.

HACI/HREI was not in compliance with the fixed charges coverage ratio and the limitation on capital expenditures for fiscal 2004 and fiscal 2005 and through

May 28, 2005. In June 2004, December 2004 and July 2005, the Financing Agreement was amended and the events of noncompliance were waived by the financial institution. As part of the third amendment, which was dated July 15, 2005, the fixed charge coverage ratio covenant requirement is only triggered when availability under the revolving line of credit is less than $2,000,000.

As part of the HACI/HREI Acquisition of the Lander US business, HACI also has long term financing from the seller in the form of a $4,500,000 subordinated note ("Seller Note") with a three year term expiring in June 2006. The Seller Note is subordinate to the Financing Agreement. Interest is payable quarterly at an annual interest rate of 10%. Annual principal payments of $1,166,667 are required under this Seller Note; however a provision permits the Company to defer principal payments if certain financial targets, pursuant to the Financing Arrangement are not achieved by Lander. As a result of the Company not achieving these financial targets in fiscal 2004 and 2005, principal payment due in June 2004 and June 2005 have been deferred until June 2006. Additionally, there is a provision in the Seller Note that permits the deferral of interest payments in the event of non-compliance with certain covenants contained in the Financings Arrangement. Accordingly, HACI has not paid any interest accrued on the Seller Note from July 1, 2004 to date. Accrued interest on the Seller Note totaled $360,464 and $297,964 as of May 28, 2005 and February 28, 2005, respectively.

On March 16, 2005, HACI and the seller entered into Settlement and Release Agreement whereby HACI has the option to pay $2,000,000, plus interest at 10%, to satisfy the $4,500,000 principal amount of the Seller Note. In addition, HACI would be required to pay interest accrued on the $4,500,000 Seller Note from July 1, 2004 through March 16, 2005 and interest on the $2,000,000 from March 17, 2005 through the date of payment. Such option is available to HACI up to November 30, 2005. In exchange for this option, HACI has agreed to release the seller from certain claims against and indemnifications of the seller under the agreement for the purchase of Lander US and Lander Canada.

The aggregate maturities of long-term debt are as follows:

	MAY 28, 2005	FEBRUARY 28, 2005
2006	$ 11,073,187	$ 8,929,540
2007	6,696,167	6,875,296
	$ 17,769,354	$ 15,804,836

NOTE 6 - PENSION AND 401(k) PLANS

Pension Plans:

The Company has two non-contributory defined benefit pension plans (the "Plans") that cover substantially all employees in the United States ("US") and Canada. It is the Company's policy to fund, at a minimum, pension contributions as required by the Employee Retirement Income Security Act of 1974 ("ERISA") each year.

At February 28, 2005, the US Plan assets consisted of fixed return contracts.

During the past year the US plan was frozen and no longer available to new employees for participation. The Canadian Plan assets consisted primarily of stocks, bonds and US Treasury Bills. The pension liabilities and their related costs are computed in accordance with the laws of the US and Canada and the appropriate actuarial practices.

Net periodic pension costs of the defined benefit pension plans covering the year ended February 28, 2005 were as follows:

	US	Canada	Total
Service costs on benefits earned during the year	$ 80,544	$ 183,379	$ 263,923
Interest cost on projected benefit obligation ..	99,262	156,446	255,708
Expected return on plan assets	(99,100)	(147,411)	(246,511)
Amortization of unrecognized net loss	34,792	-	34,792
Net periodic pension cost	$ 115,498	$ 192,414	$ 307,912

During fiscal 2005, the Company contributed $131,087 to the US Plan and $205,732 to the Canadian Plan. Benefit payments made amounted to $113,511 for the US Plan and $272,623 for the Canadian Plan in fiscal 2005. The present value of benefit obligations and funded status of the Plans as computed by the actuaries as of February 28, 2005 were as follows:

	US	Canada	Total
Projected benefit obligation	$(1,847,272)	$(2,305,779)	$(4,153,051)
Plan assets at fair value	1,589,586	2,105,121	3,694,707
Funded status	(257,686)	(200,658)	(458,344)
Unrecognized net (gain) or loss	664,109	(171,638)	492,471
Net pension asset/(liability)	$ 406,423	$ (372,296)	$ 34,127

As of February 28, 2005, the accumulated benefit obligation was $1,847,272 for the US Plan and $2,305,779 for the Canadian Plan.

Amounts recognized in the combined balance sheet as of February 28, 2005 consist of:

	US	Canada	Total
Current portion of accrued benefit liability, included in accrued expenses	$ (120,000)	$ (187,543)	$ (307,543)
Long term portion of accrued benefit liability,			

included in other long term liabilities	$ (137,686)	$ (535,642)	$ (673,328)
Net amount recognized	$ (257,686)	$ (723,185)	$ 980,871

Weighted-average assumptions used in developing the projected benefit obligation and net cost as of and for the year ended February 28, 2005 were as follows:

	US	Canada
Discount rate	5.75%	5.25%
Rate of increase in compensation	0%	3.00%
Rate of return on plan assets	6.50%	7.00%

The Company's expected long-term rate of return on assets is 6.50 % for the US Plan and 7.00 % for the Canadian Plan. The expected long- term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Plan(s) Assets

The weighted-average asset allocation of the US and Canadian pension benefits at February 28, 2005 were as follows:

	US	Canada
Equity Securities	0%	60%
Debt securities	100%	40%
Total	100%	100%

The Company's investment policies and strategies for the pension benefits plans utilize target allocations for the individual asset categories. The Company's investment goals are to maximize returns subject to specific risk management policies.

Cash Flows

For the US Plan the benefits expected to be paid in each year ending February 28 2006-2010 are $33,695, $39,240, $44,444, $60,504, and $75,368, respectively. The aggregate benefits expected to be paid in the five years from 2011-2015 are $509,778.

For the Canadian Plan the benefits expected to be paid in each year ending February 28, 2006-2010 are $375,740, $112,224, $69,400, $156,343 and $209,866, respectively. The aggregate benefits to be paid in the five years from 2011-2015 are $1,756,822.

The expected benefits are based on the same assumptions used to measure the

Company's benefit obligation at February 28 and include estimated future employee service.

401(K) Plan:

The Company also has a defined contribution plan under Section 401(k) of the Internal Revenue Code for all United States employees. Employees can elect to contribute up to certain maximum percentages of their weekly gross pay. The Company matches are discretionary. The Company had no discretionary matches for the fiscal year ended February 28, 2005.

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Ascendia Brands, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Thirteen Weeks Ended May 28, 2005 and May 29, 2004 (Unaudited)

NOTE 7 - INCOME TAXES

The significant components of the Company's net deferred tax assets as of February 28, 2005 are as follows:

	US Dollars		
Deferred tax assets (liabilities):	US	Canada	Total
Accounts receivable	$ 170,000	$ -	$ 170,000
Inventory	183,000	-	$ 183,000
Fixed asset depreciation and amortization	(269,000)	57,000	(212,000)
Accrued expenses and other	152,000	196,000	348,000
Net operating loss carry forward .	1,933,000	231,000	2,164,000
Total deferred tax assets	$ 2,169,000	$ 484,000	$ 2,653,000
Valuation allowance	$(2,169,000)	$(484,000)	$(2,653,000)
Net deferred tax assets	$ -	$ -	$ -

Lander US has a net operating loss carry forward as of February 28, 2005 of approximately $5,524,000 ($4,928,000 for U.S. income tax purposes) which will begin to expire in 2024. The Lander Canada net operating loss carry forward of approximately U.S. $700,000 will begin to expire in 2011.

The net loss of $2.1 million for the thirteen weeks ended May 28, 2005 will increase the valuation allowance by approximately $0.8 million.

The table below summarizes the differences between the Company's effective tax rate and the statutory federal rate as follows:

A reconciliation summary of the differences between the statutory federal rate and the Company's effective tax rate for fiscal 2005 as follows:

US

Statutory tax expense (benefit)	-34.00%
Abatements, credits and surtax	0.00%
State and Foreign income taxes	-5.00%
Valuation allowance	39.00%
Effective tax rate	0.0%

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NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Company has various noncancelable operating leases for manufacturing and office facilities. Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments for each period are as follows:

	MAY 28, 2005	MAY 28, 2005	FEBRUARY 28, 2005	FEBRUARY 28, 2005
	CAPITAL LEASES	OPERATING LEASES	CAPITAL LEASES	OPERATING LEASES
2006	$ 55,210	$ 767,072	$ 59,944	$ 762,790
2007	19,822	389,428	31,820	342,136
2008	0	264,334	0	282,940
2009	0	206,717	0	207,105
2010	0	204,000	0	204,428
2011	0	51,000	0	102,000
Total minimum lease payments	$ 75,032	$ 1,882,551	$ 91,764	$ 1,901,399
Less amounts representing Interest (at rates ranging from 5.25% to 8.31%)	(3,395)		(6,606)	
Present value of net minimum Capital lease payments	$ 71,637		$ 85,158	

The Company is subject to certain claims and litigation in the normal course of business. Management believes, after consulting with legal counsel, that the ultimate liability resulting from these matters will not materially affect the combined results of operations or financial position of the Company.

NOTE 9 - STOCK OPTIONS AND WARRANTS

The Company accounts for stock options issued to employees in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation cost is measured on the date of grant as the excess of the current market price of the underlying stock over the exercise price. Such

compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and SFAS 148, "Accounting for Stock-Based Compensation -Transition and Disclosure", which permits entities to provide pro forma net income (loss) and pro forma earnings (loss) per share disclosures for employee stock option grants as if the fair-valued based method defined in SFAS No. 123 had been applied. The Company accounts for stock options and stock issued to non-employees for goods or services in accordance with the fair value method of SFAS 123.

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The exercise prices of all options granted by the Company equal the market price at the dates of grant. From the date of the Merger to May 28, 2005 no options were issued. Had compensation cost for the stock option plan been determined based on the fair value of the options at the grant dates consistent with the method of SFAS 123, "Accounting for Stock Based Compensation", the Company's net loss and loss per share would have been changed.

With respect to vesting, as a result of the Merger on May 20, 2005, all unvested options automatically vested.

A summary of the status of the Company's outstanding stock options as of May 28, 2005 and changes since February 28, 2005 is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at February 28, 2005	0	$ 0.00
Cenuco options outstanding at date of acquisition	556,668	1.52
Granted	0	0.00
Exercised	(0)	(0.00)
Forfeited	(0)	(0.00)
Outstanding at May 28, 2005	556,668	$ 1.52
Options exercisable at end of period	556,668	$ 1.52
Weighted-average fair value of options granted during the period		$ 0.00

The following information applies to options outstanding at May 28, 2005:

	Options Outstanding			Options Exercisable	
Range of Prices	Shares	Weighted - Average Remaining Contractual Life (Years)	Weighted - Average Exercise Price	Shares	Weighted - Average Exercise Price
$0.42	73,332	7.09	$ 0.42	73,332	$0.42

$0.55	40,000	5.59	$ 0.55	40,000	$0.55
$1.15	218,335	8.69	$ 1.15	218,335	$1.15
$1.55	35,001	7.69	$ 1.55	35,001	$1.55
$2.00	130,000	8.69	$ 2.00	130,000	$2.00
$3.71	40,000	8.84	$ 3.71	40,000	$3.71
$4.00	20,000	9.09	$ 4.00	20,000	$4.00
	556,668			556,668	

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Ascendia Brands, Inc. and Subsidiaries
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Common stock warrants

A summary of the status of the Company's outstanding stock warrants granted for services as of May 28, 2005 and changes since February 28, 2005 is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at February 28, 2005	0	$ 0.00
Cenuco warrants outstanding at date of acquisition	2,230,044	3.96
Granted	-	-
Exercised	-	-
Forfeited	-	-
Outstanding at May 28, 2005	2,230,044	$ 3.96
Warrants exercisable at May 28,2005	2,230,044	$ 3.96

The following information applies to all warrants outstanding at May 28, 2005:

	Warrants Outstanding			Warrants Exercisable	
Range of Prices	Shares	Weighted - Average Remaining Contractual Life (Years)	Weighted - Average Exercise Price	Shares	Weighted - Average Exercise Price
$1.00	401,500	3.49	$ 1.00	401,500	1.00
$4.00	105,784	4.09	$ 4.00	105,784	4.00
$4.50	1,372,760	3.97	$ 4.50	1,372,760	4.50
$5.00 to $6.50	350,000	4.09	$ 5.21	350,000	5.21
	2,230,044				

NOTE 10 - CAPITAL STRUCTURE & NET LOSS PER COMMON SHARE

Capital Structure:

At May 28, 2005, the outstanding share capital of the Company is comprised of: (i) 13,750,556 shares of common stock ("Common Stock"), and (ii) 2,553.7 shares of Series A Junior Participating Preferred Stock (the "Preferred Stock").

The Preferred Stock was issued in connection with the completion of the Merger as described in Note 1 to the consolidated financial statements. The holders of the Preferred Stock are entitled to receive when, as and if declared by the Board of Directors, quarterly cumulative dividends commencing on March 31, 2006 in an amount per share equal to $0.001. In addition to the dividends payable to the holders of Preferred Stock, the Company shall declare a dividend or distribution on the Preferred Stock equal to the amount declared on the Common Stock. Holders of the Preferred Stock (using the number of common shares into which each share of Preferred Stock is convertible) and the holders of Common Stock vote together as one class on all matters submitted to a vote of stockholders of the Company provided however that the holders of the Preferred Stock are not entitled to any voting rights on any matter relating to the Merger. Upon liquidation, dissolution or winding up of the Company, the holders of the Preferred Stock are entitled to liquidation preferences over all other classes of capital stock. The holders of Preferred Stock shall receive an amount equal to $1,000 per share of the Preferred Stock, plus an amount equal to accrued and unpaid dividends and distributions prior to any distribution of holders of any other class of capital stock. If the assets available for distribution are sufficient to permit a full payment of the above amounts then, after such amounts have been fully distributed, holders of the Preferred Stock shall share equally with holder of the Common Stock on a per share basis (using the number of common shares into which each share of Preferred Stock is convertible). Each share of Preferred Stock carries the voting rights on a basis such that the rights of the Preferred Stock as a whole correspond to 65 percent of the aggregate rights of the Preferred Stock and Common Stock outstanding as of the completion of the Merger. Upon the approval of the holders of the Common Stock and an increase in the Company's authorized share capital, each share of Preferred Stock will automatically convert into shares of Common Stock on such a basis that, following conversion, the holders of the Preferred Stock will hold the same proportional rights to general distributions and voting rights that they held immediately prior to such conversion. The Preferred Stock is not redeemable.

Net loss per share:

For purposes of computing loss per share, the Company's net loss is allocated between the two classes of stock, common stock and Series A Preferred. The allocation between each class is based upon the two-class method. The following table shows how the net loss was allocated using the two-class method:

	For the thirteen weeks ended	
	May 28, 2005	May 29, 2004
Allocation of net loss		

Basic and Diluted:		
- Common Stock	$ $(294,496)	$ -
- Series A Preferred	(1,833,994)	(322,643)
Net loss	$(2,128,490)	$(322,643)

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The following table illustrates the weighted average number of Common Stock and Series A Preferred shares outstanding during the period utilized in the calculation of loss per share:

Weighted average number of Common Stock shares - basic and diluted	13,750,556	-
Weighted average number of Series A Preferred shares - basic and diluted	2,554	2,554
Basic and diluted net loss per share - common	$ (0.02)	$ -
Basic and diluted net loss per share - Series A Preferred	$ (718)	$ (126)

NOTE 11 - SEGMENT INFORMATION AS OF AND FOR THE THIRTEEN WEEKS ENDED MAY 28, 2005

DIVISION	HBC	WAD	TOTAL
Revenues	$17,347,747	$ 3,314	$17,351,062
Operating loss	(1,588,019)	(63,229)	(1,651,248)
Net loss	(2,065,861)	(62,629)	(2,128,490)
Assets (restated)	$25,314,080	$64,348,588	$89,662,668

GEOGRAPHIC	REVENUES	Restated LONG-LIVED ASSETS
United States	$11,480,889	$63,002,221
Canada	3,729,740	576,181
Other foreign countries	2,140,433	-
Total	$17,351,062	$63,578,402

NOTE 12 - TRANSACTIONS WITH RELATED PARTIES

The Hermes Group LLP (THGLLP), a certified public accounting firm, provided various professional services and facilities usage to the Company. THGLLP also

paid expenses on behalf of the Company. THGLLP invoiced the Company a total of $133,029 for professional fees, facility usage and reimbursable expenses for the thirteen weeks ended May 28, 2005 and $145,013 for the thirteen weeks ended May 29, 2004. At May 28, 2005, and February 28, 2005, the Company owed THGLLP $0 and $28,341, respectively, which is reflected in accrued expenses. A Managing Member of HACI (pre-Merger), is a founding Partner and is currently a non-active partner in THGLLP. THGLLP ceased providing facilities to the Company in June 2005.

Zephyr Ventures LLC (ZVLLC) provided consulting services to the Company. A member of the Board of Directors of Cenuco (effective May 20, 2005) is a Managing Member of ZVLLC. For the thirteen weeks ended May 28, 2005 and May 29, 2004, ZVLLC invoiced the Company $19,078 and $10,946, respectively. Effective May 20, 2005, the date of the Merger, ZVLLC ceased providing consulting services to the Company. The balance due ZVLLC at May 28, 2005 and February 28, 2005 totaled $2,559 and $0, respectively.

Another member of the Board of Directors of Cenuco, Inc. (effective May 20, 2005) provided consulting services to the Company totaling $5,000 for the thirteen weeks ended May 28, 2005. Effective May 20, 2005, the date of the Merger, this member of the Board of Directors ceased providing consulting services to the Company. These consulting services were paid in full by the Company as of May 28, 2005.

The Company's management believes the charges for the above related party services and facilities are consistent with those that would be paid to independent third parties.

NOTE 13 - SUPPLEMENTAL PRO FORMA INFORMATION - Restated

The following discloses the results of operations (excluding discontinued operations) for the current interim period (and corresponding period in the preceding year) as though the Merger had been completed as of March 1, the beginning of the period. The combined results consist of the thirteen weeks ended May 28, 2005 and May 29, 2004 for the HBC division and the three months ended June 30, 2005 and 2004 for WAD division.

	13 weeks ended May 28/June 30 2005	13 weeks ended May 29/June 30 2004
Net sales	$17,419,029	$17,600,763
Net loss	$(2,924,057)	$(3,376,917)
Amortization of intangibles included in net loss (revised)...............	400,000	400,000
Loss per common share- basic and diluted (revised)...................	$ (.21)	$ (.25)
Weighted average shares	13,750,556	13,750,556

Ascendia Brands, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Thirteen Weeks Ended May 28, 2005 and May 29, 2004 (Unaudited)

NOTE 14 - SUBSEQUENT EVENTS

- On October 10, 2005 the Company entered into agreements with Prencen, LLC, Highgate House Funds and Cornell Capital Partners for equity and convertible debt financing to be used in connection with the acquisition of a series of leading brands from a leading Consumer Products company (the "Asset Acquisition"), the refinancing of existing debt, and general working capital purposes. This financing facility (the "New Financing") includes three elements: (i) proceeds of $25 million in connection with the sale of shares of a new series of participating preferred stock at a price of $3.80 per share, convertible into an aggregate of 6,578,947 shares of common stock, subject to certain restrictions on conversion, along with the issuance of warrants exercisable for a period of 5 years to acquire an aggregate of 1,973,684 shares of common stock at an exercise price of $4.37 per share, (ii) proceeds of $40 million in connection with the issuance of a 24 month secured debenture, convertible into common stock at any time at a conversion price at $4.56 per share, bearing interest at 12% per annum, along with warrants ("Debt Warrants") exercisable for a period of 5 years to acquire 1,052,631 shares of common stock at an exercise price of $4.56 per share, and (iii) a standby equity subscription facility, providing for the sale of up to $100 million in common stock of Cenuco at 98% of the then current market price (as defined). The exercise price of the Debt Warrants noted above is subject to a discount to $0.95 per share in the event certain conditions of default are triggered under the secured debenture financing agreement. Funding under the New Financing will not be available until the completion of various corporate and securities law requirements, including a vote of the Company's shareholders to approve the issuance of the common stock and convertible securities in connection with the New Financing. Prior to that date, the Company anticipates entering into a bridge loan facility for $65 million with the same parties involved in the New Financing for purposes of closing on the Asset Acquisition and paying existing indebtedness as described below. The Company anticipates finalizing the bridge loan facility prior to October 21, 2005.

  Of the $65 million in proceeds received from the bridge loan facility, $45 million will be used in connection with the $60 million Asset Acquisition, with the balance of the consideration in the form of a three-year, $15 million promissory note payable to the seller. The Asset Acquisition is expected to be signed at the time of finalizing the bridge facility. The remaining $20 million of proceeds from the bridge facility will be used to (i) repay approximately $10 million of existing funded debt and related interest, (ii) pay $5 million for costs associated with the New Financing and the Asset Acquisition and (iii) provide $5 million for working capital purposes.

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

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. Management's discussion and analysis contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934 that involve risks and

uncertainties, including but not limited to: quarterly fluctuations in results; customer demand for the Company's products; the development of new technology; domestic and international economic conditions; the achievement of lower costs and expenses; the continued availability of financing in the amounts and on the terms required to support the Company's future business; credit concerns in this industry; and other risks detailed from time to time in the Company's other Securities and Exchange Commission filings. Actual results may differ materially from management's expectations. The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect the Company's business and financial performance. Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Investors should also be aware that while the Company does communicate with securities analysts from time to time, it is against its policy to disclose to them any material non-public information or other confidential information. Accordingly, investors should not assume that the Company agrees with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, the Company has a policy against issuing or confirming financial forecast or projections issued by others. Therefore, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of the Company.

EXECUTIVE SUMMARY

On May 20, 2005, Hermes Holding Company, Inc., a newly formed wholly owned subsidiary of Cenuco, Inc., ("Cenuco" or the "Company") merged (the "Merger") with Hermes Acquisition Company I LLC, a limited liability company organized on April 25, 2003 under the laws of the State of Delaware ("HACI"). As a consequence of the Merger, HACI, together with its wholly owned subsidiaries Lander Co., Inc., a Delaware corporation ("Lander US"), Hermes Real Estate I LLC, a New York limited liability company ("HREI"), and Lander Co. Canada Limited, an Ontario corporation ("Lander Canada") and together with Lander US and HREI, became wholly owned subsidiaries of Cenuco. HREI became a wholly owned subsidiary of HACI on March 1, 2005. Prior thereto, HACI and HREI had the same ownership.

For accounting purposes, HACI is considered the acquirer in a reverse transaction and consequently the Merger will be treated as a recapitalization of HACI. Thus, HACI's financial statements are the historical financial statements of the post-Merger entity.

Effective May 20, 2005, Cenuco, Inc has two business divisions, (1) Health & Beauty Care (HBC) and (2) Wireless Application Development (WAD).

HEALTH AND BEAUTY CARE (HBC)

Lander Co., Inc. (Lander) and its Canadian affiliate, Lander Canada Limited, (Lander Canada) manufacture, market and distribute a leading value brand (Lander(R)) of health and beauty care products. Additionally, through its Canadian facility, Lander produces a series of private label brands for a limited number of large Canadian retail chains.

Lander maintains a category leadership position in the marketplace for value priced health and beauty care products, which are sold in dollar stores such as Dollar Tree and value-focused retailers such as Wal-Mart and Kmart. Management presently intends that Lander will serve as a platform for Company growth through acquisitions of additional health and beauty care (HBC) brands.

The Company presently distributes on an annual basis more than 100 million units of health and beauty products (primarily liquid fill bath care, baby care, and skin care products) in North America, and another 20 million internationally.

Facilities

The Company is headquartered in Lawrenceville, NJ, and operates two manufacturing and distribution facilities in Binghamton, NY (owned) and Toronto (leased). Additionally, Lander utilizes two outside public warehouse facilities in Buena Park, CA and in Charlotte, NC. The primary core competencies of both manufacturing facilities are Health and Beauty Care liquid fill and talc powder filling. The two distribution facilities act as remote warehouses and FOB pick up locations. Both manufacturing facilities have warehouse and distribution capability supplemented by the two remote warehouses.

Lander's Binghamton facility is a 168,000 sq. ft. facility with 200 employees working 24 hours a day in three shifts, five days a week. The hourly employees are represented by the United Chemical Workers and to the Company's knowledge, labor relations are good. This plant primarily produces Health and Beauty Care products sold in the United States and internationally under the Lander(R) Brand name. Products produced in this plant include, bubble bath, lotions and creams, baby products such as shampoo, baby oil, and baby powder. Additionally, this facility is approved by the FDA (United States Food and Drug Administration) and the New York Board of Pharmacy to manufacture Over-the-Counter (OTC) drugs such as topical analgesics and vapor rubs.

Lander's Toronto facility is a 98,000 sq. ft. facility with 80 employees working 24 hours a day in three shifts, five days a week. The hourly employees are represented by the Teamsters, and to the Company's knowledge, labor relations are good. This plant produces private label Health and Beauty Care products for Canada's largest retail and drug stores as well as Lander(R) Brand products sold in the U.S. Lander Canada also produces and sells products domestically under the Lander(R) Brand. Products produced in this plant include lotions and creams, baby products such as shampoo, baby oil, baby powder, mouthwash, and nail polish remover. Additionally, this facility is approved by Health Canada and FDA to manufacture OTC drugs, including antiseptic mouthwash, topical analgesics and vapor rubs.

Both manufacturing facilities have production capacity capable of absorbing additional production requirements for projected volume increases from additional organic sales as well as additional sales from acquisitions with modest capital investment. In addition selected products will continue to be manufactured by third party manufacturers. The Company anticipates operating efficiencies in the areas of freight and distribution, raw material procurement, as well as labor and overhead absorption, which make sales derived from acquisition extremely accretive.

Lander Customers

Approximately 70% of the Company's business is conducted in the United States, 20% in Canada and 10% outside North America. The Company's largest customer is

Wal-Mart that comprises 31% of the business conducted in the U.S. and approximately 33% of the Canadian private label business. Other major customers include Dollar Tree, Family Dollar, Kmart, Bargain Wholesale and Shopper's Drug Mart. Internationally, the Lander products are distributed to 90 countries, including Latin America, Mexico, The Philippines, Africa and the Middle East.

Industry

Currently, Lander competes primarily within the "extreme value" sector of several major Health and Beauty Care categories: bath additives, skin care, baby care, oral care and hair care products. The brands that management currently targets for acquisition fall within these same Health and Beauty Care categories, however they are priced as premium brands, which can be integrated within our existing infrastructure. According to Information Resources Inc. (IRI), these product categories in aggregate account for over three billion dollars of retail sales annually in the U.S. alone.

Lander's strategy is to build upon its premium brands both organically and through brand acquisition. One of Lander's existing premium brands, Lander Essentials 3 IN 1, has now been purchased by over 14,000 stores.

The new launches of Lander's Essentials Body Lotions and Lander's Essentials Foam Bath have over 2,500 stores to date committed to purchasing the Body Lotion and over 4,000 stores committed to purchasing the Foam Bath.

Recently, the Lander Company was proud to be one of a select group of manufacturers to win the Vendor of the Quarter Award in the Health and Beauty Aids Category at Wal-Mart, most notably for our success at maintaining an exceptionally high in stock rate - one of this major retailer's key metrics of operational success.

WIRELESS APPLICATION DEVELOPMENT (WAD)

The primary focus of the Wireless Application Development is on wireless application development. This segment is engaged in a wireless application technology business, primarily related to the transmission of secure and non-secured video onto cellular platforms via proprietary technologies. This is also known as remote video monitoring via cellular device. In this wireless segment, the Company provides cellular carriers, Internet Service Providers, resellers, and distributors a host of wireless video streaming products that can generate an increase in subscriber adoption of wireless data services, as well as broadband Internet services.

Our wireless remote video monitoring technologies via cellular device (cellular phone, Pocket PC mobile Edition, Smart Phone, remote wireline computer, and remote cellular connected computer) have been productized to service a variety of market segments. We have been awarded the General Services Administration contract number GS-03F-0025N by the United States government, allowing the Company to sell its products, technologies, and services to every branch of the United States government, including all military agencies and the Department of Homeland Security.

The technology group's partnerships and affiliates include: Intel Corporation, Microsoft Corporation, Qualcomm, Tyco, and other leading technology organizations. These relationships allow Cenuco technology access to new emerging technologies provided by these firms, as well as co-operative marketing programs, providing us access to significant resources in the wireless remote monitoring market.

We have the ability to license our proprietary core technology to third party organizations. We initiated discussions with a number of leading technology companies regarding: direct embedding of the Company's technologies onto existing security systems, DVR's, DSL or cable modems, routers, IP cameras, and other appliance oriented hardware. The Company has successfully licensed its technology to a specialty camera manufacturer with extensive plans to continue in this model.

Our wireless solutions segment, with its core proprietary (patent-pending) technology, currently addresses one primary market; security and surveillance. The wireless segment offers software solutions but can also bundle hardware that will allow real-time mobile access to mission-critical data and live video from most Internet enabled personal digital assistants (PDA) or cellular phones, from anywhere on the globe. We have already initiated efforts into delivering content over cellular devices using our existing software.

Our wireless video monitoring solutions allows users to view real-time streaming video of security cameras at their home or place of business from anywhere they receive a cellular connection, regardless of the cellular carrier or user's location. Our systems are also delivered with a password protected PC desktop client, which allows for single click access to any remote camera, manage user accounts, and review archival video.

During Fiscal 2004, we completed a full patent filing with the United States Patent and Trademark office. The Utility Patent Application entitled "Wireless Security Audio-Video Monitoring", was accepted by the USPTO during June 2004, at which time Cenuco was issued Patent pending number 10/846426. This latest intellectual property filing also reflects the culmination of Cenuco's provisional patent application(s) for viewing live streaming wireless video transmission on cellular devices, filed during Fiscal 2003. Recently we have added additional filings regarding our new peer to peer/cell to cell live video technology.

Cenuco has completed the development of its new commercial security product line that will be sold through Security companies existing sales channels and though 7 nationwide distributors.

Several national and international cellular carriers are currently testing our mobile viewing software. Western Wireless Corporation has recently deployed MobileMonitorsm product kits and software through select carrier retail locations across nineteen western states and is now available to Western Wireless subscribers. Cenuco's Product kits and software have already been delivered to the carrier retail locations through Cenuco's distribution partner, CellStar.

Cenuco continues to develop software for Tyco's Research and Development group.

Revenue and expense for the Wireless Application Development division reflects activity from the date of the Merger (May 20, 2005) to May 28, 2005. Prior to the Merger the Wireless Application Development division's financial information and other pertinent information in contained in the 10-Q for the first quarter ended March 31, 2005 filed by Cenuco in May 2005.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

General

Management's Discussion and Analysis of Financial Condition and Results of

Operations is based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Senior management has discussed the development, selection and disclosure of these estimates with the Audit Committee of the Board of Directors. Actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

Cenuco's accounting policies are discussed in note 2 to the consolidated financial statements in this report. Management believes the following critical accounting policies reflect its more significant estimates and assumptions used in the preparation of the consolidated financial statements.

Revenue Recognition

Revenue from health and beauty care product sales is recognized when the related goods are shipped, all significant obligations of the Company have been satisfied, persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable and collection is reasonably assured and/or probable. Amounts billed to customers related to shipping and handling are classified as revenues. The cost of shipping products to the customer is recognized at the time the products are shipped and is included in cost of sales.

In connection with the development and sale of wireless solutions and web services, which include the development of business-to-business and business-to-consumer wireless applications, and state of the art wireless technology and services, the Wireless Application Development segment recognizes revenue as services are performed on a pro-rata basis over the contract term or when products are delivered. The Company periodically enters into agreements whereby the customer or distributor may purchase wireless products on a consignment type basis. Revenues are recognized under these arrangements only when the customer or distributor has resold the product and the Company has an enforcement right to its sales price.

Revenues are earned from licensing arrangements pursuant to the terms of those agreements.

Trade Receivables

Cenuco makes judgments about the credit worthiness of both current and prospective customers based on ongoing credit evaluations performed by the Company's credit department. These evaluations include, but are not limited to, reviewing customers' prior payment history, analyzing credit applications, monitoring the aging of receivables from current customers and reviewing financial statements, if applicable. The allowance for doubtful accounts is developed based on several factors including overall customer credit quality,

historical write-off experience and a specific account analysis that project the ultimate collectibility of the accounts. As such, these factors may change over time causing the reserve level to adjust accordingly. When it is determined that a customer is unlikely to pay, a charge is recorded to bad debt expense in the consolidated statements of operations and the allowance for doubtful accounts is increased. When it becomes certain the customer cannot pay, the receivable is written off by removing the trade receivable amount and reducing the allowance for doubtful accounts accordingly.

At May 28, 2005, there were approximately $9.6 million in gross outstanding trade receivables and $0.6 million recorded in the allowance for doubtful accounts to cover potential future customer non-payments. At February 28, 2005, there were approximately $8.5 million in gross outstanding trade receivables and $0.5 million recorded in the allowance for doubtful accounts. If economic conditions deteriorate significantly or if one of the Company's large customers were to declare bankruptcy, a larger allowance for doubtful accounts might be necessary.

Inventory Valuation

Inventories are stated at the lower of cost (first-in, first-out) or market and include appropriate elements of material, labor and overhead. The Company's policy is to evaluate all inventory quantities for amounts on-hand that are potentially in excess of estimated usage requirements, and to write down any excess quantities to estimated net realizable value. Inherent in the estimates of net realizable values are management's estimates related to the Company's future manufacturing schedules and customer demand. Management has managed these risks in the past and believes that it can manage them in the future, however, operating margins may suffer if they are unable to effectively manage these risks. At May 28, 2005, the Company had recorded gross inventory of approximately $9.0 million. This compared to $8.7 million at February 28, 2005.

Long-lived Assets

The Company reviews long-lived assets, exclusive of goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

The Company's most significant long-lived assets, exclusive of goodwill and other intangible assets, subject to these periodic assessments of recoverability are property, plant and equipment, which have a net book value of $5.9 million at May 28, 2005. Because the recoverability of property, plant and equipment is based on estimates of future undiscounted cash flows, these estimates may vary due to a number of factors, some of which may be outside of management's control. To the extent that the Company is unable to achieve management's forecasts of future income, it may become necessary to record impairment losses for any excess of the net book value of property, plant and equipment over its fair value.

Goodwill: As a result of the Merger and reverse acquisition of assets (Note 1), the Company recorded Goodwill of $49,675,436. In accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, the Company will perform the impairment test as required.

Other intangibles: As a result of the Merger and reverse acquisition of assets (Note 1), the Company acquired software for $8,000,000. These intangible assets will be amortized over the expected useful life.

Income Taxes

Income taxes are accounted for under the asset and liability method. The Company uses an estimate of its annual effective rate at each interim period based on the facts and circumstances known at the time, while the actual effective rate is calculated at year-end. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In accessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. A full valuation allowance at May 28, 2005 and February 28, 2005 has been estimated by management due to the uncertainty that future income will be realized.

THIRTEEN WEEKS ENDED MAY 28, 2005 COMPARED TO THE THIRTEEN WEEKS ENDED MAY 29, 2004

REVENUES

Net revenues for the thirteen weeks ended May 28, 2005 (the "Quarter") declined 1.2% when compared to net revenues for the thirteen weeks ended May 29, 2004. The decrease resulted from the erosion of the dollar customer business, offset partially by increased sales to select major retailers due to introductions of new product offerings.

The Quarter's volume was favorably impacted by a substantial increase in sales on the Company's expanding line of premium value products. Lander's United States sales on premium products, which are typically sold at Food, Drug and Mass Merchant outlets increased by $1,632,000 to $4,145,000, or 64.9%. This gain, however, was offset by a decline of 30.4% in the Company's non-focus extreme value business in the United States. Lander's extreme value products are typically sold at a one-dollar retail price point in dollar stores and other low price venues.

The Company successfully launched during the Quarter a strategically focused, new premium product line, Lander Essentials 3 IN 1 - an upscale collection of indulgent surfactant based products that can be used as a Bubble Bath, a Body Wash and as a Shampoo. The Lander Essentials 3 IN 1 line has been very well received by retailers throughout the U.S., with over 14,000 stores having committed to purchasing the product line by the Quarter's close. Shipments of over $600,000 occurred during the period, and initial sell through rates have been very favorable.

As planned, additional premium value Lander Essentials product lines have subsequently been developed, specifically in the Lotions and the Foam Bath

categories. These new products are scheduled to begin shipping in Q2, and are expected to increase Lander's volume in the premium value category. The Company's focus is to maintain its expansion for its premium, higher margin products from its non-focused extreme value products. Management believes it is executing on this strategy.

GROSS PROFIT

Consolidated gross profit declined to $1.0 million for the thirteen weeks ended May 28, 2005 from $2.6 million for the thirteen weeks ended May 29, 2004. The company has implemented cost reduction programs and continues to streamline its manufacturing processes however, inflationary increases resulting from rising oil prices impacted commodity pricing resulting in higher raw material prices for surfactants, mineral oil, plastic bottles and caps in addition to customer freight by $1.1 million versus prior year. An agreement with a third party manufacturer that was terminated this period produced a $.1 million reduction to gross profit as inventories were liquidated at below market pricing. Furthermore, the recording of manufacturing variances between the balance sheet and income statement were changed this period to more accurately depict the results of operations. This action resulted in a reduction of $.4 million in gross profit due to the accelerated write-off of inventory variances.

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SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses amounted to $2.7 million for the thirteen weeks ended May 28, 2005 compared to $2.5 million for the thirteen weeks ended May 29, 2004 and as a percent of revenue increased to 15.6% in 2005 from 14.5% in 2004. This increase included a one time promotional allowance to a major retailer of $.1 million, which is projected to positively impact revenue during the balance of the year. Furthermore, in connection with the current and future higher margin product introduction as well as brand acquisitions, a consulting firm was engaged to assist in the solidification of our strategic plan that represented an additional one-time charge to income in the amount of $.1 million. In addition, as a result of the merger on May 20, 2005, the Selling and administrative expense of $2.7 million includes $.1 million of selling and administrative expenses related to WAD division.

OTHER FINANCIAL ITEMS

Net loss per share

For purposes of computing loss per share, the Company's net loss is allocated between the two classes of stock, common stock and Series A Preferred. The allocation between each class is based upon the two-class method. The following table shows how the net loss was allocated using the two-class method:

	For the thirteen weeks ended May 28, 2005	May 29, 2004
Allocation of net loss		
Basic and Diluted:		
- Common Stock	$ $(294,496)	$ -
- Series A Preferred	(1,833,994)	(322,643)
Net loss	$(2,128,490)	$(322,643)

The following table illustrates the weighted average number of Common Stock and Series A Preferred shares outstanding during the period utilized in the calculation of loss per share:

Weighted average number of Common Stock shares - basic and diluted	13,750,556	-
Weighted average number of Series A Preferred shares - basic and diluted	2,554	2,554
Basic and diluted net loss per share - common	$ (0.02)	$ -
Basic and diluted net loss per share - Series A Preferred	$ (718)	$ (126)

LIQUIDITY AND CAPITAL RESOURCES

Revolver

The Company is a party to a revolving credit facility with a financial institution expiring June 30, 2006. The credit facility provides for borrowings for working capital, fixed assets and other operating requirements. See Note 5 to Financial Statements for details.

On May 28, 2005, the amount of availability was $764,564. On February 28, 2005, the amount of availability was $567,995.

Cash Flow

Net cash used in operating activities was $2.5 million. Items contributing to negative operating cash flow consisted of net income loss of $2.1 million less non-cash expenses of $.3 million, increases in accounts receivable of $1.0 million, increases in inventory of $.3 million and increases in other assets of $.3 million, offset by an increase in accounts payable and other liabilities of $.9 million.

Net cash provided by (used in) investing activities amounted to $5,914,090 for the thirteen weeks ended May 28, 2005 compared to $(152,171) for the thirteen weeks ended May 29, 2004. The major activity consists of proceeds of $6,002,607 from the cash received a a result of the reverse acquisition of Cenuco. Other minor activity includes proceeds from a note receivable less amounts expended for capital expenditures for the purchase of equipment to meet current and expected sales demand. Cash was also expended for deferred expenditures related to acquisitions.

Net cash provided by financing activities for the thirteen weeks ended May 28, 2005 amounted to $1,939,518 compared to cash provided by financing activities for the thirteen weeks ended May 29, 2004 of $1,099,112. The majority of the proceeds are borrowings under the Company's line of credit, less debt payments.

AT MAY 28, 2005, CENUCO HAD CASH AND CASH EQUIVALENTS OF $5.4 MILLION. MANAGEMENT BELIEVES THIS COMBINED WITH AVAILABILITY FROM THE REVOLVER OF $.6 MILLION AND OTHER FINANCING SOURCES AVAILABLE TO THE COMPANY PROVIDES CENUCO WITH SUFFICIENT OPERATING LIQUIDITY.

Transactions with Related and Certain Other Parties

The Hermes Group LLP (THGLLP), a certified public accounting firm, provided various professional services and facilities usage to the Company. THGLLP also paid expenses on behalf of the Company. THGLLP invoiced the Company a total of $133,029 for professional fees, facility usage and reimbursable expenses for the thirteen weeks ended May 28, 2005 and $145,013 for the thirteen weeks ended May 29, 2004. At May 28, 2005, and February 28, 2005, the Company owed THGLLP $0 and $28,341, respectively, which is reflected in accrued expenses. A Managing Member of HACI (pre-Merger), is a founding Partner and is currently a non-active partner in THGLLP. THGLLP ceased providing facilities to the Company in June 2005.

Zephyr Ventures LLC (ZVLLC) provided consulting services to the Company. A member of the Board of Directors of Cenuco (effective May 20, 2005) is a Managing Member of ZVLLC. For the thirteen weeks ended May 28, 2005 and May 29, 2004, ZVLLC invoiced the Company $19,078 and $10,946, respectively. Effective May 20, 2005, the date of the Merger, ZVLLC ceased providing consulting services to the Company. The balance due ZVLLC at May 28, 2005 and February 28, 2005 totaled $2,559 and $0, respectively.

Another member of the Board of Directors of Cenuco, Inc. (effective May 20, 2005) provided consulting services to the Company totaling $5,000 for the thirteen weeks ended May 28, 2005. Effective May 20, 2005, the date of the Merger, this member of the Board of Directors ceased providing consulting services to the Company. These consulting services were paid in full by the Company as of May 28, 2005.

The Company's management believes the charges for the above related party services and facilities are consistent with those that would be paid to independent third parties.

RISK FACTORS

Cenuco's top ten customers accounted for approximately 49% of consolidated net revenues for the thirteen weeks ended May 28, 2005. Trade accounts receivable from these customers represented approximately 49% of net consolidated receivables at May 28, 2005. Wal-Mart Stores Inc. accounted for approximately 25.1% of consolidated net revenues for the thirteen weeks ended May 28, 2005. Dollar Tree Stores Inc accounted for approximately 10.1% of net consolidated revenues for the thirteen weeks ended May 28, 2005. A significant decrease or interruption in business from the Company's major customers could have a material adverse effect on the Company's business, financial condition and results of operations. The Company could also be adversely affected by such factors as changes in foreign currency rates and weak economic and political conditions in each of the countries in which the Company sells its products.

Financial instruments that potentially expose the Company to a concentration of credit risk principally consist of accounts receivable. The Company sells product to a large number of customers in many different geographic regions. To minimize credit concentration risk, the Company performs ongoing credit evaluations of its customers' financial condition or uses letters of credit.

Increased competition also results in continued exposure to the Company. If the Company loses market share or encounters more competition relating to its products, the Company may be unable to lower its cost structure quickly enough to offset the lost revenue. To counter these risks, the Company has initiated a cost reduction program, continues to streamline its manufacturing processes and is formulating a strategy to respond to the marketplace. However, no assurances can be given that this strategy will succeed.

The Company depends on third parties to manufacture a portion of the products that we sell. If we are unable to maintain these manufacturing relationships or enter into additional or different arrangements, we may fail to meet customer demand and our sales and profitability may suffer as a result.

Disruption in our main manufacturing/distribution center may prevent us from meeting customer demand and our sales and profitability may suffer as a result.

Efforts to acquire other companies, brands or product lines may divert our managerial resources away from our business operations, and if we complete an acquisition, we may incur or assume additional liabilities or experience integration problems.

We depend on our key personnel and the loss of the service by any of our executive officers or other key employees could harm our business and results of operations.

The Company's manufacturing processes utilizes multiple sources for the purchase of raw materials. Although the Company has not to-date experienced a significant difficulty in obtaining these raw materials, no assurance can be given that shortages will not arise in the future. The loss of any one or more of such sources could have a short-term adverse effect on the Company until alternative sources are determined. The Company believes that there are adequate alternative sources of such raw materials and components of sufficient quantity and quality.

Hedging and Trading Activities

The Company does not engage in any hedging activities, including currency-hedging activities, in connection with its foreign operations and sales. To date, except for Canada, all of the Company's international sales have been denominated in U.S. dollars.

Long-term debt (Note 5 of Financials Statements)

Long-term debt consists of the following:

	MAY 28, 2005	FEBRUARY 28, 2005
Revolving line of credit loans	$10,346,187	$ 8,198,935
Machinery and equipment loans	978,000	1,039,125
Real estate term loans	1,873,530	1,981,618
Subordinated notes	4,500,000	4,500,000
Capital leases	71,637	85,158
	17,769,354	15,804,836
Less current portion	11,073,187	8,929,540
Total	$ 6,696,167	$ 6,875,296

In connection with the Acquisitions, HACI/HREI obtained long-term financing commitments (Financing Arrangement) from a financial institution comprised of the following (collectively the Loans):

- Revolving line of credit facility of $11,000,000 with a three-year term expiring in June 2006. Annual renewals of the facility are available in one-year increments after the initial term. Available borrowings are

determined by a borrowing base calculation using eligible receivables and inventories of Lander US and Lander Canada, which are the collateral for this facility. As of May 28, 2005, unused availability under the borrowing base calculation amounted to $764,564. As of February 28, 2005 the unused availability amounted to $567,995. Interest on outstanding balance is payable monthly. For purposes of classifying the outstanding debt in the May 28, 2005 and February 28, 2005 balance sheets, the Company has reflected the $10,346,187 and $8,198,935, respectively, of borrowings under the revolving line of credit facility as a current liability, since it is subject to collection lock-box arrangements and contains a subjective acceleration clause.

- Machinery and equipment term loans with initial principal amounts aggregating $1,467,000 have six-year amortization terms expiring in June 2009. Such loans are subject to termination upon the expiration of the revolving line of credit and are collateralized by the machinery and equipment of Lander US and Lander Canada. Principal payments aggregating $20,375 plus interest are payable monthly.

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- Real estate term loan with initial principal amount of $2,450,000 has a six-year amortization term expiring in December 2009. Such loan is subject to termination upon the expiration of the revolving line of credit and is collateralized by the Lander US production plant located in Binghamton, New York. Principal payments aggregating $36,029 plus interest are payable monthly.

The interest rates on the Loans bear an annual interest rate of a national bank's prime rate plus 1.25%. HACI/HREI has the option of converting all or a portion of the Loans outstanding to an annual interest rate of the one-, two- or three-month LIBOR rate plus 3.75%. As of May 28, 2005, the national bank prime rate was 6.00% and the one-, two- and three-month LIBOR rates were 3.11%, 3.23%, and 3.33%, respectively. The interest rate on the Loans was 7.25% at May 28, 2005. As of February 28, 2005, the national bank prime rate was 5.50% and the one-, two- and three-month LIBOR rates were 2.72%, 2.80%, and 2.92%, respectively. The interest rate on the Loans was 6.75% at February 28, 2005. To date the Company has not exercised the option of converting the prime rate to LIBOR.

The Loans contain financial and non-financial covenants including a limitation of $1,250,000 on capital expenditures during any fiscal year and maintaining on a monthly basis a fixed charges coverage ratio of no less than 1.0 to 1.0. The fixed charge ratio is calculated by dividing earnings before interest, depreciation and amortization less any unfunded capital expenditures and improvements by fixed charges. Fixed charges include interest expense, capital lease obligations, principal payments on indebtedness and payments for income tax obligations.

HACI/HREI was not in compliance with the fixed charges coverage ratio and the limitation on capital expenditures for fiscal 2004 and fiscal 2005 and through May 28, 2005. In June 2004, December 2004 and July 2005, the Financing Agreement was amended and the events of noncompliance were waived by the financial institution. As part of the third amendment, which was dated July 15, 2005, the fixed charge coverage ratio covenant requirement is only triggered when availability under the revolving line of credit is less than $2,000,000.

As part of the HACI/HREI Acquisition of the Lander US business, HACI also has long term financing from the seller in the form of a $4,500,000 subordinated note ("Seller Note") with a three year term expiring in June 2006. The Seller Note is subordinate to the Financing Agreement. Interest is payable quarterly at

an annual interest rate of 10%. Annual principal payments of $1,166,667 are required under this Seller Note; however a provision permits the Company to defer principal payments if certain financial targets, pursuant to the Financing Arrangement are not achieved by Lander. As a result of the Company not achieving these financial targets in fiscal 2004 and 2005, principal payment due in June 2004 and June 2005 have been deferred until June 2006. Additionally, there is a provision in the Seller Note that permits the deferral of interest payments in the event of non-compliance with certain covenants contained in the Financings Arrangement. Accordingly, HACI has not paid any interest accrued on the Seller Note from July 1, 2004 to date. Accrued interest on the Seller Note totaled $XXX and $297,964 as of May 28, 2005 and February 28, 2005, respectively.

On March 16, 2005, HACI and the seller entered into Settlement and Release Agreement whereby HACI has the option to pay $2,000,000, plus interest at 10%, to satisfy the $4,500,000 principal amount of the Seller Note. In addition, HACI would be required to pay interest accrued on the $4,500,000 Seller Note from July 1, 2004 through March 16, 2005 and interest on the $2,000,000 from March 17, 2005 through the date of payment. Such option is available to HACI up to November 30, 2005. In exchange for this option, HACI has agreed to release the seller from certain claims against and indemnifications of the seller under the agreement for the purchase of Lander US and Lander Canada.

The aggregate maturities of long-term debt are as follows:

	MAY 28, 2005	FEBRUARY 28, 2005
2006	$ 11,468,455	$ 8,929,540
2007	6,301,068	6,875,296
	$ 17,769,523	$ 15,804,836

Off Balance Sheet Arrangements and Contractual Obligations

The Company's off balance sheet arrangements consist principally of leasing various assets under operating leases. The future estimated payments under these arrangements are summarized below along with the Company's other contractual obligations:

Operating leases (Note 8 of Financial Statements)

The Company has various noncancelable operating leases for manufacturing and office facilities. Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments for each period are as follows:

	MAY 28, 2005	MAY 28, 2005	FEBRUARY 28, 2005	FEBRUARY 28, 2005
	CAPITAL LEASES	OPERATING LEASES	CAPITAL LEASES	OPERATING LEASES
2006	$ 55,210	$ 767,072	$ 59,944	$ 762,790
2007	19,822	389,428	31,820	342,136
2008	0	264,334	0	282,940
2009	0	206,717	0	207,105
2010	0	204,000	0	204,428
2011	0	51,000	0	102,000

Total minimum lease payments	$ 75,032	$ 1,882,551	$ 91,764	$ 1,901,399
		===========		===========
Less amounts representing Interest (at rates ranging from 5.25% to 8.31%)	(3,395)		(6,606)	
	--------		--------	
Present value of net minimum Capital lease payments	$ 71,637		$ 85,158	
	========		========	

The Company is subject to certain claims and litigation in the normal course of business. Management believes, after consulting with legal counsel, that the ultimate liability resulting from these matters will not materially affect the combined results of operations or financial position of the Company.

Inflation

The Company believes that the relatively moderate rates of inflation in recent years have not had a significant impact on its net revenues or profitability. The Company did experience higher than normal prices on certain raw materials during the period coupled with higher freight costs as freight companies passed on a portion of higher gas and oil costs.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company markets its products throughout the United States and the world. As a result, the Company could be adversely affected by such factors as rising commodity costs and weak global economic conditions. Forecasted purchases during the next thirteen weeks are approximately $15 million. An average 2% unfavorable price increase related to the price of oil and other related inflationary raw materials could cost the Company approximately $300,000.

The Company has also evaluated its exposure to fluctuations in interest rates. If the Company would borrow up to the maximum amount available, a one percent increase in the interest rates would increase interest expense by approximately $50,000 per quarter. $17.8 million is currently outstanding under the revolver and other term loan credit facilities. Interest rate risks from the Company's other interest-related accounts such as its postretirement obligations are deemed to not be significant.

The Company has not historically and is not currently using derivative instruments to manage the above risks.

ITEM 4. CONTROLS AND PROCEDURES - Restated

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the thirteen week period ended May 28, 2005. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective in ensuring that all information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and such information is accumulated and

communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The above conclusion regarding the inadequacy of the Company's disclosure controls as of May 28, 2005 relates to a control deficiency in the application of purchase accounting for an acquisition completed during the first quarter of the current fiscal year, as fully described in Note 1 to the consolidated financial statements included in Item 1 of Part I of this Form 10-Q/A. This control deficiency resulted in the restatement of the Company's consolidated financial statements for the thirteen week period ended May 28, 2005. Accordingly, the Company's management has determined that this control deficiency constitutes a material weakness in our internal controls and resulted in our disclosure controls being ineffective as of May 28, 2005.

A material weakness is a control deficiency, or a combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Management attributes the above noted material weakness substantially to lack of sufficient and appropriate internal expertise to evaluate the value attributable to the Merger with Cenuco, Inc. and the input provided to us from outside valuation experts used in our purchase accounting. Since May 28, 2005, we have made changes to our internal financial reporting group, which we believe will provide an effective remediation to the material weaknesses that existed as of May 28, 2005. We will continue to monitor the effectiveness of the control modifications and other financial reporting control areas that may require enhancement, and implement improvements as and when necessary.

PART II. Other Information

Item 1. Legal Proceedings -Wireless Application Development

In February 2005, Cenuco was made a party to a patent infringement suit by Raymond Anthony Joao, an individual who has reportedly developed a monitoring apparatus and method, a control, monitoring and / or security apparatus and method and a control apparatus and method for vehicles and / or for premises. He believes that we use a type of monitoring apparatus and / or method for which he has been granted a patent in the United States. The United States District Court Southern District of New York (USDC SD NY 05 Civ. 1037 (CM) (MDF)) is hearing allegations of infringement brought by Joao.

We filed an answer to Joao's complaint denying infringement and asserting certain other defenses. In April 2005, we filed a counter-claim in this litigation alleging that prior to February 2005 all involved parties in this lawsuit executed an agreement that specifically prohibits this suit. An executed copy of this agreement, signed by Joao and Cenuco, was submitted for the court's review as part of our counter-claim. Among other things, the outcome will likely depend not only upon the enforcement of the aforementioned agreement but may also be upon whether the aforementioned patents are determined to be valid and infringed. Management believes that we are not infringing, and that this lawsuit has no basis. However, we are presently unable to predict either the effect or degree of effect this litigation will have on our business and financial condition. There is no other pending material litigation to which we are a party or to

which any of our property is subject.

Item 6. Exhibits - Restated

Exhibit 31.1 - Certification of Steven R. Scheyer filed herein

Exhibit 31.2 - Certification of John D. Wille filed herein

Exhibit 32 - Certifications Pursuant to Rules 13a-14(b) and 15d-14(b) of the Securities Exchange Act of 1934 filed herein

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ASCENDIA BRANDS, INC.

By: Steven R. Scheyer, President & CEO

/s/ Steven R. Scheyer

By: John D. Wille, Executive Vice President and Chief Financial Officer

/s/ John D. Wille

Date: June 11, 2007

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