

ASCENDIA BRANDS, INC.  
Form 10-Q  
August 18, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the fiscal thirteen weeks ended May 27, 2006

Commission File Number: 033-25900

## **ASCENDIA BRANDS, INC.**

(formerly Cenuco, Inc.)

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

75-2228820  
(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)

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(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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

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

On August 16, 2006, the issuer had outstanding 13,913,056 shares of common stock, \$.001 par value per share.

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ASCENDIA BRANDS, INC. AND SUBSIDIARIES

FORM 10-Q

THIRTEEN WEEKS ENDED MAY 27, 2006

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## PART I. FINANCIAL INFORMATION

Ascendia Brands, Inc. and Subsidiaries

Consolidated Balance Sheets

	May 27, 2006 (unaudited)	February 28, 2006
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 337,758	\$ 1,876,294
Trade receivables, net of allowances of \$1,008,019 at May 27, 2006 and \$527,604 at February 28, 2006	12,322,943	6,470,937
Inventories	14,959,137	16,269,374
Miscellaneous receivables	83,027	1,692,721
Note receivable, current portion	63,794	94,858
Prepaid expenses and other	583,419	678,896
Total current assets	28,350,078	27,083,080
Property, plant and equipment, net	6,432,894	6,502,441
Goodwill	14,553,680	14,553,680
Intangibles, net	52,084,291	53,202,854
Notes receivable, less current portion	354,661	339,581
Other assets, net	128,740	1,264,540
Total assets	\$ 101,904,344	\$ 102,946,176
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current Liabilities:		
Accounts payable	\$ 11,227,433	\$ 9,023,858
Accrued expenses	2,649,572	2,851,928
Accrued interest		1,202,488
Current portion of long-term debt	21,277	31,749
Total current liabilities	13,898,282	13,110,023
Long-term debt, less current portion	81,712,809	80,000,000
Long-term pension obligation	874,414	967,386
Total liabilities	96,485,505	94,077,409
Stockholders' equity		
Convertible preferred stock, par value \$.001 per share; Authorized 1,000,000 shares; issued and outstanding 2,553,6746 shares at May 27, 2006 and February 28, 2006	3	3
Common stock, par value \$.001 per share; Authorized 225,000,000 shares; issued and outstanding 13,913,056 shares at May 27, 2006 and issued and outstanding 13,882,056 at February 28, 2006	13,913	13,882
Additional paid in capital	37,938,069	37,907,100
Accumulated deficit	(31,922,248	) (28,378,422
Accumulated comprehensive loss	(610,898	) (673,796
Total stockholders' equity	5,418,839	8,868,767
Total liabilities and stockholders' equity	\$ 101,904,344	\$ 102,946,176

See accompanying notes to consolidated financial statements.



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Ascendia Brands, Inc. and Subsidiaries

Consolidated Statement of Operations

(Unaudited)

	<b>For the thirteen weeks ended</b>	
	<b>May 27, 2006</b>	<b>May 28, 2005</b>
Net sales	\$24,922,288	\$17,351,062
Cost of sales	20,195,584	16,299,525
Gross Profit	4,726,704	1,051,537
Operating expenses:		
Selling and marketing	1,401,705	966,902
General and administrative	3,358,214	1,735,883
Total operating expenses	4,759,919	2,702,785
Loss from operations	(33,215 )	(1,651,248 )
Other income (expense), net	144,449	(79,881 )
Interest expense, net	(3,655,060 )	(397,361 )
Total other/interest expense	(3,510,611 )	(477,242 )
Loss before income taxes	(3,543,826 )	(2,128,490 )
Income taxes		
Net loss	\$(3,543,826 )	\$(2,128,490 )
Basic and diluted loss per common share	\$(0.25 )	\$(0.02 )
Basic and diluted loss per preferred share	\$	\$(718 )
Shares used in computing loss per share:		
Basic and diluted - common	13,907,351	13,750,556
Basic and diluted - preferred	2,553.7	2,553.7

See accompanying notes to consolidated financial statements.

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Ascendia Brands, Inc. and Subsidiaries

Consolidated Statement of Stockholders' Equity

For the thirteen weeks ended May 27, 2006

	<b>Series A Preferred Stock Shares</b>	<b>Amount</b>	<b>Common Shares</b>	<b>Stock Amount</b>	<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Stockholders' Equity</b>
Balance at								
February 28, 2006	2,553.7	\$ 3	13,882,056	\$ 13,882	\$ 37,907,100	\$ (28,378,422	)(673,796	)\$ 8,868,767
Net loss						(3,543,826	)	(3,543,826 )
Other comprehensive loss:								
Foreign currency translation							62,898	62,898
Comprehensive loss								(3,480,928 )
Exercise of warrants			31,000	31	30,969			31,000
Balance at								
May 27, 2006 (unaudited)	2,553.7	\$ 3	13,913,056	\$ 13,913	\$ 37,938,069	\$ (31,922,248	)(610,898	)\$ 5,418,839

See accompanying notes to consolidated financial statements.

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Ascendia Brands, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

(Unaudited)

	<b>For the thirteen weeks ended</b>	
	<b>May 27, 2006</b>	<b>May 28, 2005</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$(3,543,826)	\$(2,128,490)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,377,928	240,121
Provision for accounts receivable	480,415	57,032
Amortization of deferred financing costs	1,170,832	50,546
Changes in operating assets and liabilities:		
Trade receivables	(6,332,421)	(1,000,178)
Inventories	1,310,237	(300,743)
Prepaid expenses and other	1,705,171	(362,552)
Other assets	(15,080)	23,358
Accounts payable	2,203,574	930,095
Accrued expenses	339,033	(35,573)
Long-term pension obligations	(99,954)	(14,728)
<b>Net cash used in operating activities</b>	<b>(1,404,091)</b>	<b>(2,541,112)</b>
<b>Cash flows from investing activities</b>		
Net increase in cash from reverse acquisition of Cenuco		6,002,887
Proceeds from note receivable		29,123
Acquisition costs		(103,468)
Purchase of property, plant and equipment	(210,508)	(14,172)
Disposal of fixed assets	20,659	
<b>Net cash (used in) provided by investing activities</b>	<b>(189,849)</b>	<b>5,914,370</b>
<b>Cash flows from financing activities</b>		
Net borrowings of short-term debt/ revolver		2,147,253
Financing costs	(35,000)	(25,000)
Repayments of long-term debt		(169,213)
Repayments of capital lease	(10,472)	(13,522)
Proceeds from exercise of warrants	31,000	
<b>Net cash (used in) provided by financing activities</b>	<b>(14,472)</b>	<b>1,939,518</b>
Effect of exchange rates on cash	69,876	6,809
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,538,536)</b>	<b>5,319,585</b>
Cash and cash equivalents at the beginning of period	1,876,294	31,763
<b>Cash and cash equivalents at the end of period</b>	<b>\$337,758</b>	<b>\$5,351,348</b>