CENUCO INC
Form 10-Q/A
January 23, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q/A
AMENDMENT NO. 1

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

For the fiscal thirteen weeks ended November 26, 2005
Commission File Number: 033-25900

CENUCO, 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.)

2000 LENOX DRIVE, SUITE 202
LAWRENCEVILLE, NEW JERSEY 08648
(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 November 26, 2005, the issuer had outstanding 13,861,556 shares of common stock, $.001 par value per share.

1

CENUCO, INC. AND SUBSIDIARIES
FORM 10-Q
THIRTEEN WEEKS ENDED NOVEMBER 26, 2005

INDEX

	PAGE
PART I. Financial Information	
Item 1 - Financial Statements	
Consolidated Balance Sheets As of November 26, 2005 (Unaudited) and February 28, 2005	3
Consolidated Statements of Operations (Unaudited) For the Thirteen and Thirty-Nine Weeks ended November 26, 2005 and November 27, 2004	4
Consolidated Statement of Stockholders'/Members' Equity (Deficit) (Unaudited) For the Thirty-Nine Weeks ended November 26, 2005	5
Consolidated Statements of Cash Flows (Unaudited) For the Thirty-Nine Weeks ended November 26, 2005 and November 27, 2004	6
Notes to Consolidated Financial Statements	7
Item 2 - Management's Discussion and Analysis And Results of Operations	25
Item 3 - Quantitative and Qualitative Disclosures About Market Risk	37
PART II. - OTHER INFORMATION	
Item 1 - Legal Proceedings	37
Item 2 - Exhibits	38
Signatures	38

EXPLANTORY NOTE

This revised filing amends the Quarterly Report on Form 10-Q filed by the Registrant on January 18, 2006.

The revised version corrects certain typographical and formatting errors, and clarifies and/or expands certain of the Notes (primarily Note 6 regarding the Financing Facility) to the Financial Statements and Management Discussion and Analysis.

There were no adjustments to the Financial Statements previously reported.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CENUCO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	November 26, 2005	February 28, 2005

Current Assets:		
Cash and cash equivalents	$ 4,488,488	$ 31,763
Trade receivables, net of allowance for doubtful accounts of $586,651 at November 26, 2005 and $547,306 at February 28, 2005	8,300,589	8,002,867
Notes receivable, current portion	93,413	-
Inventories	16,886,032	8,725,952
Prepaid expenses and other	2,775,394	564,617
Total current assets	32,543,916	17,325,199
Property, plant and equipment, net	6,576,136	6,017,533
Goodwill	36,501,655	-
Intangibles, net	49,533,204	-
Notes receivable, less current portion	540,467	-
Other assets, net	2,714,888	692,817
Total assets	$ 128,410,266	$ 24,035,549
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 9,179,216	$ 10,541,956
Accrued expenses	3,229,119	2,845,485
Bridge loan	80,000,000	-
Current portion of long-term debt	43,767	8,929,540
Total current liabilities	92,452,102	22,316,981
Long-term debt, less current portion	-	6,875,296
Long-term pension obligation	728,778	673,328
Other liabilities	200,000	-
Total liabilities	93,380,880	29,865,605
Stockholders' equity:		
Preferred stock, par value $.001 per share; Authorized 1,000,000 shares; issued 2,553.6746 shares at November 26, 2005; no shares issued at February 28, 2005	3	-
Common stock, par value $.001 per share; Authorized 25,000,000 shares; issued 13,861,556 shares at November 26, 2005; no shares issued at February 28, 2005	13,862	-
Additional paid in capital	37,886,618	-
Accumulated deficit	(2,703,634)	-
Members' contribution	-	2,000
Accumulated members' loss	-	(5,707,597)
Accumulated comprehensive loss	(167,463)	(124,459)
Total stockholders' equity (deficit)	35,029,386	(5,830,056)
Total liabilities and stockholders' equity	$ 128,410,266	$ 24,035,549

See accompanying notes to consolidated financial statements.

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

	Thirteen weeks ended		Thirty-nine
	Nov 26, 2005	Nov 27, 2004	Nov 26, 2005
Net sales	$ 18,376,637	$ 18,017,820	$ 52,568,486
Costs of sales	16,748,620	16,120,394	48,648,164
Gross profit	1,628,017	1,897,426	3,920,322
Operating expenses:			
Selling and marketing	965,645	854,986	2,809,510
General and administrative	2,961,213	1,679,597	7,029,705
Total operating expenses	3,926,858	2,534,583	9,839,215
Loss from operations	(2,298,841)	(637,157)	(5,918,893)
Other income, net	2,812,398	391,287	2,884,573
Interest expense, net	(737,686)	(340,534)	(1,503,308)
Total other/interest expense	2,074,712	50,753	1,381,265
Loss before income taxes	(224,129)	(586,404)	(4,537,628)
Income taxes	-	-	-
Net loss	$ (224,129)	$ (586,404)	$ (4,537,628)
Basic and diluted net loss per share - common	$ (0.02)	-	$ (0.20)
Basic and diluted net loss per share - preferred (see Note 11)	$ -	$ (230)	$ (718)
Shares used in computing net loss per share:			
Basic and diluted - common	13,833,094	-	13,765,693
Basic and diluted - preferred	2,554	2,554	2,554

See accompanying notes to consolidated financial statements.

4

CENUCO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' / MEMBERS' EQUITY (DEFICIT)
FOR THE THIRTY-NINE WEEKS ENDED NOVEMBER 26, 2005

	Series A Preferred Stock		Common Stock		Additional Paid-In	Accumulated Stockholders'
	Shares	$	Shares	$	Capital	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	-	-	-	-	-	(2,703,634)
Total Comprehensive Loss:						
Conversion from LLC to Corporation	2,553.7	3	-	-	(7,541,591)	-
Exercise of warrants			111,000	111	110,889	
Reverse acquisition of Cenuco, Inc.	-	-	13,750,556	13,751	45,317,320	-
BALANCE AT NOVEMBER 26, 2005	2,553.7	$ 3	13,861,556	$13,862	$37,886,618	$(2,703,634)

	Members' Contributions	Accumulated Members' Loss	Accumulated Other Comprehensive Loss	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	-	-	(43,004)	(43,004)
Net loss to date of recapitalization and Merger	-	(1,833,994)	-	(1,833,994)
Net loss subsequent to Merger	-	-	-	(2,703,634)
Total Comprehensive Loss:				(4,580,632)
Conversion from LLC to Corporation	-	7,541,591	-	3
Exercise of warrants				111,000
Reverse acquisition of Cenuco, Inc.	(2,000)	-	-	45,329,071
BALANCE AT NOVEMBER 26, 2005	$ -	$ -	$ (167,463)	$ 35,029,386

See accompanying notes to consolidated financial statements.

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

	Thirty-nine weeks ended November 26, 2005	November
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	($ 4,537,628)	($ 1,83
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation and amortization	970,383	72
Provision for bad debts	214,971	18
Amortization of deferred financing costs	467,451	9
Gain on settlement of Seller's Note	(2,500,000)	
Gain on disposal of fixed assets	(32,833)	
Changes in operating assets and liabilities:		
Accounts receivable	(457,722)	(2,05
Inventories	(8,138,441)	(99
Prepaid expenses and other	(1,772,998)	(17
Other assets	(130,696)	
Accounts payable	(1,458,978)	3,20
Accrued expenses	206,283	(4
Long-term pension obligations	55,450	8
NET CASH USED IN OPERATING ACTIVITIES	(17,114,758)	(79
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in cash from reverse acquisition of Cenuco	6,002,887	
Proceeds from note receivable	71,142	
Acquisition costs	-	(
Purchase of property, plant and equipment	(1,126,800)	(48
Proceeds from disposal of fixed assets	-	3
Purchase of intellectual property, including acquisition costs	($47,270,313)	
NET CASH USED IN INVESTING ACTIVITIES	(42,323,084)	(45
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bridge loan proceeds	80,000,000	
Net (repayments) borrowings under line of credit	(5,698,935)	1,83
Financing costs	(2,912,360)	(2
Repayments of long-term debt	(6,843,890)	(50
Repayments of capital leases	(718,244)	(4
Proceeds from exercise of warrants	111,000	
NET CASH PROVIDED BY FINANCING ACTIVITIES	63,937,571	1,25
Effect of exchange rates on cash and cash equivalents	(43,004)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,456,725	
Cash and cash equivalents at beginning of period	31,763	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 4,488,488	$

Supplemental disclosures of cash flow information:

Cash paid for interest	$ 1,819,791	$ 86
Reverse merger, excluding cash acquired (see Note 1):		
Estimated fair value of tangible assets acquired	$ 1,199,715	

Goodwill and identifiable intangible assets acquired	38,974,680
Liabilities assumed	(473,590)
Net assets acquired	$ 39,700,805

See accompanying notes to consolidated financial statements.

Cenuco, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
November 26, 2005 (Unaudited)

NOTE 1 -- DESCRIPTON OF BUSINESS AND REORGANIZATION

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 prior to the Merger, plus the fair value of the options that automatically vested on the date of the Merger (approximately $45.3 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.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, the Company has determined 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 has been allocated as shown below:

The allocation of Purchase Price is as follows:

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	36,501,655
Intangibles	2,473,025
Other Assets	591,807

Total assets acquired	46,177,282
Total liabilities assumed	(473,590)
Estimated fair value of net assets acquired	$ 45,703,692

7

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 Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations". 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

The accompanying unaudited financial statements of Cenuco as of and for the thirteen and thirty-nine weeks ended November 26, 2005 and November 27, 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 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.

Cash Equivalents: The Company considers all highly liquid investments with original maturities of three months or less, when purchased, to be cash equivalents.

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 produced by the Company 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. Inventories acquired in the November 16, 2005 acquisition of Playtex assets have been valued at fair value and amounted to approximately $ 8.8 million as of November 26, 2005.

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 cost 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 Indefinite Lived Intangibles: As a result of the Merger on May 20, 2005 (see Note 1), the Company recorded goodwill of $36,501,655. Goodwill represents the excess of cost over the fair value of identifiable net assets acquired. As a result of the purchase of assets from Playtex on November 16, 2005 (see Note 3), the Company has made a preliminary allocation of the purchase price to the estimated fair value of the assets acquired, which resulted in $16.9 million being allocated to intangible assets (brand names and product formulas), initially estimated to have indefinite lives. 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.

Amortizable Intangible Assets

SFAS 142 also requires that intangible assets with finite useful lives be amortized over their respective estimated useful lives and reviewed for impairment. As a result of the merger on May 20, 2005, the Company recorded customer lists of $2,000,000 and a brand name of $473,025, with estimated useful lives of five and fifteen years, respectively. Amortization expense of the Company's customer list and brand name totaled $107,588 and $224,634 for the thirteen and thirty-nine weeks ended November 26, 2005. There was no amortization expense on these intangible assets in prior periods. For the Playtex asset acquisition on November 16, 2005, a preliminary allocation of the purchase price resulted in $30.4 million being allocated to customer relationships with estimated useful lives initially estimated of up to 25 years, to be amortized on an accelerated basis. The amortization expense recorded for the thirteen or thirty-nine weeks ended November 26, 2005 was $33,337.

Other Assets, Net: Other assets, net consist primarily of deferred financing costs of approximately $2.7 million related to the bridge loan with a term of six months. The deferred financing costs are being amortized on a straight-line basis over the anticipated six-month term of the bridge loan ending May 15, 2006. Amortization expense related to deferred financing costs was $354,770 and $467,451, respectively, for the thirteen and thirty-nine weeks ended November 26, 2005 and $32,709 and $98,799, respectively, for the thirteen and thirty-nine weeks ended November 27, 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.

10

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 included in net sales. The cost of shipping products to the customer is recognized at the time the products are shipped and 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.

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 42% and 46% respectively of Cenuco's net sales, (with two customers comprising approximately 34% and 38% respectively) for the thirteen and thirty-nine weeks ended November 26, 2005. At November 26, 2005 the same five trade customers represented 42% of receivables, with one customers comprising 29%.

Five trade customers comprised 44% and 44% respectively of Cenuco's net sales, (with two customers comprising approximately 35% and 36% respectively) for the thirteen and thirty-nine weeks ended November 27, 2004. At November 27, 2004 the same five trade customers represented 43% of receivables, with one customer comprising 28%.

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 November 26, 2005 and February 28, 2005 has been recorded by management due to the uncertainty that future income will be generated and the related deferred tax assets 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 - PLAYTEX ACQUISITON

On November 16, 2005, Lander US and Lander Intangibles Corporation (Lander Intangibles), a newly formed wholly owned subsidiary of HACI, acquired several Playtex's brands, including Baby Magic(R), Binaca(R), Mr. Bubble(R), Ogilvie(R), Tek(R), Dentax(R), Dorothy Gray(R), Better Off(R) and Tussy(R). At the closing, Lander US and Lander Intangibles initially paid a total cash purchase price of $59.1 million, including $2.1 million of costs related to acquisition. The $57.0 million purchase price paid to Playtex is subject to certain post closing adjustments dependent upon the amount of product inventory delivered to Lander US at the closing. In December 2005, this adjustment was determined to be an approximate $1.3 million reduction in the purchase price (to bring the total to $57.8 million, including acquisition costs) which has been reflected as a current receivable from Playtex in the accompanying balance sheet under the caption prepaid expenses and other. In accordance with Statement of Financial

Accounting Standards (SFAS) No. 142, Goodwill and Other Intangibles, the Company has made a preliminary allocation of the total purchase price to the assets acquired based on relative fair value.

The preliminary allocation of Purchase Price is as follows:

Inventory	$ 9,600,000
Property, Plant and Equipment	900,000
Brand Names and Product Formulas ..	16,898,477
Customer Relationships	30,419,673
Total Purchase Price	$ 57,818,150

In order to finance the acquisition of the brands from Playtex ($58.0 million), fund financing fees ($2.8 million) for Bridge Loan, repay certain existing indebtedness of the Company and its subsidiaries including the Seller Note and the Financing Arrangement referred to below under Long-Term Debt (approximately $13.8 million in total) and provide working capital for the operations of Lander US (approximately $5.4 million), on November 16, 2005, Cenuco, Lander US, HACI and Lander Intangibles (collectively, the "Borrowers"), entered into an $80.0 million Bridge Loan Term Agreement (the "Bridge Loan") with Prencen, LLC ("Prencen") and Highgate House Funds Ltd. ("Highgate"), as lenders, and Prencen, as agent for the lenders.

The Bridge Loan bears interest at an annual rate of 5.5% above the three-month LIBOR rate (set 2 days in advance on November 14, 2005 at 4.34%) set for the first 90 days after the closing date of the Bridge Loan. The interest rate margin over LIBOR shall increase by 5% per annum at the end of that 90-day period to 10.5%. Also at the end of the 90 day period the three-month LIBOR rate will be reset on February 12, 2006 for the next 90 days (February 15 to May 15, 2006). Upon the occurrence and during the continuance of an event of default, the annual rate of interest will increase by 5.5% over the rate of interest otherwise in effect. Interest accrues monthly, in arrears. The Bridge Loan is due and payable on May 15, 2006. In addition, the Borrowers shall immediately prepay the Bridge Loan from the proceeds of the Financing Facility (as described below), as well as the net cash proceeds of any non-ordinary course assets sales and 50% of the amount of any post-closing inventory adjustment in Lander's favor. The borrowings under the Bridge Loan are secured by a first priority lien against all assets of the Borrowers and HREI, and by a pledge of the shares in Cenuco owned by two shareholders.

13

NOTE 4 -- INVENTORIES

Inventory consists of the following:

	NOVEMBER 26, 2005	FEBRUARY 28, 2005
Raw materials	$ 3,558,027	$ 2,900,803
Finished goods	13,328,005	5,825,149
	$ 16,886,032	$ 8,725,952

NOTE 5 -- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	NOVEMBER 26, 2005	FEBRUARY 28, 2005
Land	$ 660,000	$ 660,000
Computer equipment and software ...	1,019,254	890,020
Furniture and fixtures	254,690	252,717
Building	2,644,864	2,644,864
Machinery and equipment	3,593,165	2,961,469
Dies and molds	475,969	75,731
Leasehold improvements	130,893	118,571
Construction in progress	140,678	77,959
	8,919,513	7,681,331
Less accumulated depreciation and amortization	(2,343,377)	(1,663,798)
	$ 6,576,136	$ 6,017,533

14

Depreciation and amortization expense related to property, plant and equipment totaled $344,899 and $970,383, respectively for the thirteen and thirty-nine weeks ended November 26, 2005 and $223,232 and $723,475, respectively, for the thirteen and thirty-nine weeks ended November 27, 2004.

As of November 26, 2005 and February 28, 2005, machinery and equipment includes assets under capital leases totaling $153,559. Accumulated amortization on the capital leases totaled $35,830 and $24,314 as of November 26, 2005 and February 28, 2005, respectively. Amortization expense related to capital leases is included in depreciation and amortization expense for the thirteen and thirty-nine weeks ended November 26, 2005 and November 27, 2004.

NOTE 6 -- LONG-TERM DEBT

On October 10, 2005, Cenuco, (the parent of HACI following the May 2005 merger transaction (see Note 1)), entered into agreements with Prencen and Highgate (both of whom also participate in the Bridge Loan financing facility described in Note 3) for equity and convertible debt financing (the "Financing Facility"), to be used, among other things, as long term financing to repay the Bridge Loan. As part of the closing of the Playtex brands acquisition and the related Bridge Loan facility described in Note 3, the terms of the Financing Facility were amended on November 15, 2005 to include various modifications, included in the description below.

The Financing Facility, as amended, includes the following: (i) proceeds of an aggregate of $11 million from the sale of shares of a new series of Cenuco participating preferred stock, convertible, subject to certain restrictions, into an aggregate of 3,150,652 shares of Cenuco common stock, along with the issuance of warrants exercisable for a period of 5 years to acquire an aggregate of 394,736 shares of common stock at an exercise price of $4.37 per share and 550,459 shares of common stock at an exercise price of $3.92 per share and (ii) proceeds of $69 million from the issuance of a 5 year secured debenture, convertible into common stock of Cenuco at any time, subject to certain restrictions, at a per share conversion price of 95% of the lowest closing bid price of the common stock for the 45 trading days preceding the date of conversion, bearing interest at 12% per annum, along with warrants (the "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 886,877 shares of common stock at an exercise price of $3.92 per share. The exercise price of the Debt Warrants noted above is subject to a discount to 20% of the then current conversion price in the event certain conditions of default are triggered under the secured debenture. Funding under the Financing Facility 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 Financing Facility. Management believes these requirements will be met and the Financing Facility will be available within the 180 day term of the Bridge Loan.

15

Long-term debt consists of the following:

	NOVEMBER 26, 2005	FEBRUARY 28, 2005
Revolving line of credit loans ...	$ 0	$ 8,198,935
Machinery and equipment loans	0	1,039,125
Real estate term loans	0	1,981,618
Subordinated notes	0	4,500,000
Capital leases	43,767	85,158
	43,767	15,804,836
Less current portion	43,767	8,929,540
	$ 0	$ 6,875,296

In connection with the Acquisitions (occurring in 2003 - see Note 1), HACI/HREI obtained long-term financing commitments (Financing Arrangement) from a financial institution. As indicated in the table above and discussed further in Note 3, all components of the Financing Arrangement were repaid in November 2005 from the proceeds of the Bridge Loan. The Financing Arrangement was 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 were available in one-year increments after the initial term. Available borrowings were determined by a borrowing base calculation using eligible receivables and inventories of Lander US and Lander Canada, which were the collateral for this facility. As of February 28, 2005 the unused availability amounted to $567,995. Interest on outstanding balance was payable monthly. For purposes of classifying the outstanding debt in the February 28, 2005 balance sheets the Company has reflected $8,198,935 of borrowings under the revolving line of credit facility as a current liability, since it was subject to collection lock-box arrangements and contains a subjective acceleration clause. On November 16, 2005, the outstanding balance was paid in full with the proceeds from the short-term Bridge Loan and this revolving line of credit was terminated.

- Machinery and equipment term loans with initial principal amounts aggregating $1,467,000 have six-year amortization terms expiring in June 2009. Such loans were subject to

termination upon the expiration of the revolving line of credit and were collateralized by the machinery and equipment of Lander US and Lander Canada. Principal payments aggregating $20,375 plus interest were payable monthly. On November 16, 2005, the outstanding balance of this loan was paid in full with the proceeds from the short-term Bridge Loan.

- Real estate term loan with initial principal amount of $2,450,000 has a six-year amortization term expiring in December 2009. Such loan was subject to termination upon the expiration of the revolving line of credit and was collateralized by the Lander US production plant located in Binghamton, New York. Principal payments aggregating $36,029 plus interest were payable monthly. On November 16, 2005, the outstanding balance of this loan was paid in full with the proceeds from the short-term Bridge Loan.

Interest rates on the Loans was at an annual interest rate of a national bank's prime rate plus 1.25%. HACI/HREI had 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%. The Loans contained 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 was 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.

As part of the HACI/HREI Acquisition of the Lander US business, HACI also had 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 was subordinate to the Financing Agreement. Interest is payable quarterly at an annual interest rate of 10%. Annual principal payments of $1,166,667 were required under this Seller Note; however a provision permitted the Company to defer principal payments if certain financial targets, pursuant to the Financing Arrangement were 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 had been deferred until June 2006. Additionally, there was a provision in the Seller Note that permitted the deferral of interest payments in the event of non-compliance with certain covenants contained in the Financings Arrangement. Accordingly, HACI had not paid any interest accrued on the Seller Note from July 1, 2004. Accrued interest on the Seller Note totaled $519,841 and $257,773 as of November 16, 2005 and February 28, 2005, respectively.

On March 16, 2005, HACI and the seller entered into Settlement and Release Agreement whereby HACI had 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 was available to HACI up to November 30, 2005. In exchange for being given this option, HACI, 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. On November 16, 2005, $2,000,000 plus accrued interest of $519,201 was paid on the Seller Note. On December 1, 2005, a final interest payment of $640 was made in full payment of the Seller Note. The payments were made from the proceeds of the

short-term Bridge Loan. As a result of the repayment and full settlement of the Seller Note, a gain of $2,500,000 was recorded as the full amount of the Seller Note was retired in accordance with Settlement and Release Agreement.

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

FY	NOVEMBER 26, 2005	FEBRUARY 28, 2005
2006 ...	$ 43,767	$ 8,929,540
2007 ...	0	6,875,296
	$ 43,767	$ 15,804,836

NOTE 7 -- INCOME TAXES

In each period presented the effective income tax rate differs from the statutory rate of 34% primarily due to the inability to recognize tax benefits on current losses.

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:

	NOVEMBER 26, 2005 CAPITAL LEASES	NOVEMBER 26, 2005 OPERATING LEASES	FEBRUARY 28, 2005 CAPITAL LEASES	FEBRUARY 28, 2005 OPERATING LEASES
2006	$ 12,019	$ 239,527	$ 59,944	$ 762,790
2007	32,633	590,899	31,820	342,136
2008		344,159	0	282,940
2009		213,791	0	207,105
2010		206,438	0	204,428
2011		102,000	0	102,000
Total minimum lease payments .	$ 44,652	$ 1,696,814	$ 91,764	$ 1,901,399
Less amounts representing Interest (at rates ranging from 5.25% to 8.31%)	(885)		(6,606)	
Present value of net minimum Capital lease payments	$ 43,767		$ 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 consolidated 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.

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 November 26, 2005 no options were issued. If options had been issued, no compensation expense would have been recognized. 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 not have changed.

With respect to vesting, as a result of the Merger on May 20, 2005, all previously issued Cenuco options that were unvested on that date became automatically vested. During the thirteen and thirty-nine weeks ended November 26, 2005, no options were exercised.

During the thirteen and thirty-nine weeks ended November 26, 2005, 35,000 and 111,000 warrants, respectively were exercised at an exercise price of $1 per share.

19

The following information applies to all warrants outstanding at November 26, 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	290,500	3.24	$ 1.00	290,500	1.00
$ 4.00	105,784	4.84	$ 4.00	105,784	4.00
$ 4.50	1,372,760	3.72	$ 4.50	1,372,760	4.50
$ 5.00 to $ 6.50	350,000	3.84	$ 5.21	350,000	5.21
	2,119,044				

NOTE 10 - CAPITAL STRUCTURE AND NET LOSS PER COMMON SHARE

Capital Structure:

At November 26, 2005, the outstanding share capital of the Company is comprised of: (i) 13,861,556 shares of common stock ("Common Stock"), and (ii) 2,553.7 shares of Series A Junior Participating Preferred Stock (the "Series A Preferred Stock").

The Series A 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 Series A 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 Series A Preferred Stock, the Company shall declare a dividend or distribution on the Series A Preferred Stock equal to any amount declared on the Common Stock. Holders of the Series A Preferred Stock (using the number of common shares into which each share of Series A 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 Series A 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 Series A Preferred Stock are entitled to liquidation preferences over all other classes of capital stock. The holders of Series A Preferred Stock shall receive an amount equal to $1,000 per share of the Series A 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 Series A 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 Series A Preferred Stock is convertible). Each share of Series A Preferred Stock carries the voting rights on a basis such that the rights of the Series A Preferred Stock as a whole correspond to 65 percent of the aggregate rights of the Series A 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 Series A Preferred Stock will automatically convert into shares of Common Stock on such a basis that, following conversion, the holders of the Series A Preferred Stock will hold the same proportional rights to general distributions and voting rights that they held immediately prior to such conversion. The Series A Preferred Stock is not redeemable.

20

Net loss per share:

The following table shows how the net loss was allocated using the two-class method (see Note 2):

	For the thirteen weeks ended		For the thirty-nine weeks ended	
	November 26, 2005	November 27, 2004	November 26, 2005	November 27, 2004
Allocation of net loss				

Basic and Diluted:				
- Common Stock	$ (224,129)	$ -	$ (2,703,634)	$ -
- Series A Preferred	-	(586,404)	(1,833,994)	(1,838,575)
Net loss	$ (224,129)	$ (586,404)	$ (4,537,628)	$ (1,838,575)

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:

	Thirteen weeks ended		Thirty-nine weeks ended	
	Nov 26, 2005	Nov 27, 2004	Nov 26, 2005	Nov 27, 2004
Weighted average number of Common Stock shares - basic and diluted	13,833,094	-	13,765,693	-
Weighted average number of Series A Preferred shares - basic and diluted ..	2,554	2,554	2,554	2,554
Basic and diluted net loss per share - common	$ (0.02)	$ -	$ (0.20)	$ -
Basic and diluted net loss per share - Series A Preferred	$ -	$ (230)	$ (718)	$ (720

21

NOTE 11- SEGMENT AND GEOGRAPHIC INFORMATION

The results related to the Playtex acquisition are reported in HBC Division.

13 WEEKS ENDED NOVEMBER 26, 2005

DIVISION	HBC	WAD	TOTAL
Revenues	$ 18,362,074	$ 14,563	$ 18,376,637
Operating loss	(1,788,616)	(510,225)	(2,298,841)
Net income (loss)	$ 277,084	$ (501,213)	$ (224,129)

39 WEEKS ENDED NOVEMBER 26, 2005

DIVISION	HBC	WAD	TOTAL
Revenues	$ 52,536,821	$ 31,665	$ 52,568,486
Operating loss	(4,847,119)	(1,071,774)	(5,918,893)
Net loss	$ (3,498,840)	$ (1,038,788)	$ (4,537,628)
Assets	$ 88,540,001	$ 39,870,265	$ 128,410,266

GEOGRAPHIC

LONG-LIVED

	REVENUES	ASSETS
Thirteen weeks ended:		
United States	$ 11,914,833	$ 91,954,049
Canada	4,140,767	656,946
Other foreign countries	2,321,037	-
Total	$ 18,376,637	$ 92,610,995
Thirty-nine weeks ended:		
United States	$ 34,079,588	
Canada	11,919,269	
Other foreign countries	6,569,629	
Total	$ 52,568,486	

22

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 $287,553 for professional fees, facility usage and reimbursable expenses for the thirty-nine weeks ended November 26, 2005 and $547,644 for the thirty-nine weeks ended November 27, 2004. At November 26, 2005, the Company owed THGLLP $13,986. Mr. Mark I. Massad, who owns beneficially 40% of the Registrant's Series A Participating Preferred Stock and who was 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. Mr. Edward J. Doyle, a member of the Board of Directors of Cenuco (effective May 20, 2005) is a Managing Member of ZVLLC. For the thirty-nine weeks ended November 26, 2005, ZVLLC invoiced the Company for $19,078. For the thirty-nine weeks ended November 27, 2004, ZVLLC invoiced the Company for $25,594. Effective May 20, 2005, the date of the Merger, ZVLLC ceased providing consulting services to the Company. The balance due ZVLLC at November 26, 2005 was $0.

Mr. Kenneth D. Taylor, also a member of the Board of Directors of Cenuco, Inc. (effective May 20, 2005) provided consulting services to the Company. For the thirty-nine weeks ended November 26, 2005, he invoiced the Company $5,000. For the thirty-nine weeks ended November 27, 2004, he did not invoice the Company. Effective May 20, 2005, the date of the Merger, he ceased providing consulting services to the Company. The balance due at November 26, 2005 was $0.

The Hermes Group LLC (THGLLC), a limited liability company, provides banking and corporate advisory services to the Company. For the thirty-nine weeks ended November 27, 2005, THGLLC invoiced Lander Co., Inc., a wholly owned subsidiary of the Registrant, for $237,413, as compensation for the provision of business advisory services. Mr. Mark I. Massad and Mr. Joseph A. Falsetti (who is also a Director and Executive Officer of Registrant), each of whom owns beneficially 40 percent of the Registrant's Series A Participating Preferred Stock, are members of THGLLC. Mr. Joseph A. Falsetti did not receive any benefit from the fees invoiced for business advisory services. As of November 26, 2005, there was a balance due to THGLLC of $10,000.

In addition the Company paid a success fee of $1,000,000 to THGLLC in connection with the Registrant's acquisition of certain brands and related assets from

Playtex Products, Inc., (see Note 3).

For the thirty-nine weeks ended November 26, 2005 the Registrant paid guarantee fees of $400,000 each to Dana Holdings, LLC ("Dana") and MarNan Holdings, LLC 2005 ("MarNan) in connection with a Bridge Loan agreement dated November 15, 2005 between the Registrant, Prencen Lending LLC and Highgate House Funds, Ltd. (see Note 3). One hundred percent of the ownership interests in Dana are owned beneficially by members of the immediate family of Mr. Joseph A. Falsetti. Mr. Mark I. Massad owns beneficially 100 percent of the ownership interests in MarNan. Payment of such fees was approved by the unanimous vote of the Board of Directors.

23

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

NOTE 13 - SUPPLEMENTAL PRO FORMA INFORMATION

MERGER

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 thirty-nine weeks ended November 26, 2005 and November 27, 2004.

	39 weeks ended November 26 2005	39 weeks ended November 27 2004
Net sales	$ 52,608,523	$ 52,043,877
Net loss before amortization of intangibles	(5,113,802)	(4,492,850)
Amortization of intangible assets	(320,400)	(320,400)
Net loss	$ (5,434,202)	$ (4,813,250)
Loss per common share - basic and diluted .	$ (.39)	$ (.35)
Weighted average shares	13,765,693	13,750,556

24

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

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.

25

For accounting purposes, HACI is considered the acquirer in a reverse acquisition transaction and consequently the Merger has been 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 consists of two business divisions, (1) Health & Beauty Care (HBC) and (2) Wireless Application Development (WAD).

On November 16, 2005, the HBC division utilizing Lander US and Lander Intangibles Corporation (Lander Intangibles), a newly formed wholly owned subsidiary of HACI, acquired several of the brands of Playtex Products, Inc. ("Playtex") including Baby Magic(R), Binaca(R), Mr. Bubble(R), Ogilvie(R), Tek(R), Dentax(R), Dorothy Gray(R), Better Off(R) and Tussy(R) (the Playtex Acquisition).

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. In addition, effective November 16, 2005, several brands acquired from Playtex were added to the brand portfolio. Playtex is one of the country's leading health and beauty care companies. The acquisition of these Playtex brands created commercial, operational and distribution synergies with the Company's existing manufacturing

and distribution infrastructure. Management believes that the Company's existing manufacturing and distribution infrastructure has capacity for increased volume and is capable of integrating the acquired brands into our existing line of product offerings. The Playtex brands are positioned in product categories where Lander already has an established and significant "extreme value" leadership position. Management believes that combining the Playtex and Lander brands will enable us to take advantage of the trend among extreme value retailers to sell premium brand name products, and for traditional food, drug and mass market retailers, to add value brands into their stores.

Prior to the Playtex Acquisition, the Company distributed 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. Subsequent to the Playtex Acquisition, the Company estimates it will distribute an additional 40 million units annually. This increases total Company annual units to an estimated 160 million on a global basis.

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 Canadian 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 a 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 would make sales derived from

acquisitions extremely accretive.

Lander Customers

Approximately 65% of the Company's business is conducted in the United States, 23% in Canada and 12% outside North America. The Company's largest customer is Wal-Mart, which comprises approximately 29% of the business conducted in the U.S. and approximately 32% of the Canadian private label business. Other major customers include Dollar Tree, Family Dollar, Kmart, Bargain Wholesale and Shopper's Drug Mart. Subsequent to the Playtex brands acquisition on November 16, 2005, Lander has gained access to several additional customers, among the most significant are Toys R Us and Target. Internationally, the Lander products are distributed to 90 countries, including those located in Latin America, Africa, the Middle East, as well as, Mexico and the Philippines.

Industry

The business of selling health and beauty aids in personal care categories is highly competitive. These markets include numerous manufacturers, distributors, marketers and retailers that actively compete for consumers' business both in the United States and abroad.

The principal competitors of Lander include Alberto-Culver Company, Church & Dwight Co., Inc., Colgate-Palmolive Company, Johnson & Johnson and The Proctor & Gamble Company. All of these competitors are larger and have substantially greater resources than Lander, and may therefore have the ability to spend more aggressively on advertising and marketing and to respond more effectively to changing business and economic conditions than we do. If this were to occur, our sales, operating results and profitability would be adversely affected.

Lander competes on the basis of numerous factors, including brand name recognition (in the value segment), product quality, performance, price and product availability at retail stores. Merchandising and packaging, the timing of new product introductions and line extensions also have a significant impact on customers' buying decisions and, as a result, on Lander's sales. The structure and quality of the sales force and broker network, as well as consumption of Lander's products, affects in-store position, wall display space and inventory levels in retail outlets. If Lander is not able to maintain or improve the inventory levels and in-store positioning of its products in retail stores, Lander's sales and operating results will be adversely affected. Lander's markets also are highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market. An increase in the amount of product introductions by Lander's competitors could have a material adverse effect on Lander's sales, operating results and profitability.

WIRELESS APPLICATION DEVELOPMENT (WAD)

The Wireless Application Development ("WAD") segment 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, the Company provides cellular carriers, Internet Service Providers, resellers, and distributors a host of wireless video streaming products that can generate an increase in subscribers 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 access to new emerging technologies provided by these organizations, as well as, co-operative marketing programs, which provides 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. Additionally, the Company has successfully licensed its technology to a specialty camera manufacturer and extensive testing continues as we upgrade this specialty camera with our proprietary core technology.

Our WAD segment, with its core proprietary (patent-pending) technology, currently addresses one primary market; security and surveillance. This 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 world-wide. 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 MobileMonitor(sm) 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 November 26, 2005. Prior to the Merger the Wireless Application Development division's financial information and other pertinent information is contained in the 10-Q for the first quarter ended March 31, 2005 filed by Cenuco in May 2005.

29

THIRTEEN WEEKS ENDED NOVEMBER 26, 2005 COMPARED TO THE THIRTEEN WEEKS ENDED NOVEMBER 27, 2004

GENERAL

The brand portfolio has grown through acquisition of well-recognized brands from a larger consumer products company, which at the time of acquisition were considered "non-core" by their previous owner and did not benefit from the focus of senior level management or strong marketing and sales support. After acquiring a brand, the focus is to increase its sales, market share and distribution in both existing and new channels. This growth will be driven by new marketing and sales strategies, improved packaging and formulations, innovative new products and line extensions.

REVENUES

Consolidated net revenues for the thirteen weeks ended November 26, 2005 increased $359,000 (+2.0%) when compared to net revenues for the thirteen weeks ended November 27, 2004. This quarter's volume was favorably impacted by the closing of the Playtex Acquisition, which resulted in an additional $1,310,000 in revenue this quarter.

US revenues from the core Lander branded products increased during the quarter by $1,225,000 (+9.7%). Included in this increase are sales of Lander Extreme Value products, which grew by $650,000 (+6.7%) with 11 of the top accounts achieving growth of $732,000 (+35%) this quarter vs. the prior year. The growth can be attributed primarily to two factors, (1) Lander's ability to supply while others were experiencing shortages in key products, and (2) anticipation of pricing actions following the increases in petroleum based products. In addition, the higher margin Premium Value products division grew in revenues by $575,000 (+20%), with a key element in this growth being the addition of Lander essentials Foam Bath and Lander essentials Lotions in over 5,000 locations. Offsetting this US revenue growth from the core Lander branded products, is a reduction of $1,681,000 attributed to the termination of a prior year's marketing and administrative services agreement for the sale of licensed products and other various declines in revenue totaling approximately $246,000. This licensing agreement and corresponding revenues terminated with the licensor's bankruptcy filing and cessation of business during the first quarter of the current fiscal year.

Trade sale revenues derived from the Canadian subsidiary were down $249,000 (-5.7%) this quarter versus the same period last year as a result of lower sales in both the extreme value and private label segments.

GROSS PROFIT

Consolidated gross profit decreased by $0.3 million for the thirteen weeks ended November 26, 2005 from $1.9 million for the thirteen weeks ended November 27, 2004. The Playtex Acquisition resulted in an overall increase in gross profit by $0.1 million for the quarter after accounting for and in accordance with SFAS No. 142 the Company recorded the inventory acquired at the fair market value,

which negatively impacted gross profit in the quarter by $0.5 million This accounting will continue to impact gross profit in the fourth quarter. The impact of a favorable mix of $0.1 million resulted from higher sales of Lander Essentials premium value products. Inflationary increases resulting from rising oil prices impacted commodity pricing resulting in higher raw material prices for surfactants, mineral oil and bottles negatively impacted the quarter by $0.3 million. Higher oil prices and the mix in sales between accounts negatively impacted freight by $0.2 million.

30

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses amounted to $3.9 million for the thirteen weeks ended November 26, 2005 compared to $2.5 million for the thirteen weeks ended November 27, 2004. The increase of $1.4 million is due to the selling and administrative costs of Cenuco's WAD division which contributed $0.5 million of incremental cost this quarter, in conjunction with $0.4 million one time costs for outside legal, professional and audit fees associated with the filing of the 8-K/A on December 19, 2005. Sales and marketing expenses are $0.1 million above prior year related to incremental expenses associated with the launch of Lander Premium value business division. The balance of the $0.4 million increase pertains to incremental salary, benefits and professional fees related to being a public versus private entity.

OTHER INCOME

Other income of $2.8 million for the thirteen weeks ended November 26, 2005 represents an increase of $2.4 over the thirteen weeks ended November 27, 2004. The primary reason for the increase is related to a one-time gain of $2.5 million on extinguishment of debt.

THIRTY-NINE WEEKS ENDED NOVEMBER 26, 2005 COMPARED TO THE THIRTY-NINE WEEKS ENDED NOVEMBER 27, 2004

REVENUES

Consolidated year to date net revenues through November 26, 2005 increased by $540,000 (+1.0%) when compared to year to date net revenues through November 27, 2004. Overall US sales from the Lander products were up $1,222,000 (+3.2%), driven by a $4,362,000 (+56%) growth in the strategically important Lander Premium Value business division. Offsetting this growth, however, was a volume decline of $2,150,000 associated with the loss from the aforementioned termination of the prior year's marketing and administrative services agreement for the sale of licensed products along with a decline of $3,140,000 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.

Revenue was favorably impacted by the closing of the Playtex Acquisition, which resulted in an additional $1,310,000 year to date.

31

Year to date trade sales from the Canadian subsidiary increased $158,000 (+1.3%) driven mainly by sales increase in the lower margin extreme value segment of the business.

GROSS PROFIT

Consolidated gross profit declined to $3.9 million for the thirty-nine weeks ended November 26, 2005 from $6.2 million for the thirty-nine weeks ended November 27, 2004; a decline of $2.3 million. The Playtex Acquisition resulted in an overall increase in gross profit by $0.1 million year to date after accounting for and in accordance with SFAS No. 142 the Company recorded the inventory acquired at fair market value, which negatively impacted gross profit year to date by $0.5 million. This accounting will continue to impact gross profit in the fourth quarter. This was offset with a favorable mix of $0.2 million due to higher sales of Lander Essentials premium value products. 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, which resulted in higher raw material prices for surfactants, mineral oil, bottles and caps, which combined with incremental freight expense negatively impacted gross profit by $2.5 million versus prior year. An agreement with a third party manufacturer that was terminated in Q1 produced a $0.1 million reduction to gross profit as inventories were liquidated at below market pricing.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses amounted to $9.8 million for the thirty-nine weeks ended November 26, 2005 compared to $7.5 million for the thirty-nine weeks ended November 27, 2004; an increase of $2.3 million. Selling and administrative costs of Cenuco's WAD division added $1.1 million to total cost in the current period. In addition, salary and salary related expenses in conjunction with outside legal, professional and audit fees amounted to $0.8 million. Furthermore there were one time costs of $0.4 million for outside legal, professional and audit fees associated with the filing of the 8-K/A on December 19, 2005.

OTHER INCOME

Other income of $2.9 million for the thirty-nine weeks ended November 26, 2005 represents an increase of $2.4 over the thirty-nine weeks ended November 27, 2004. The primary reason for the increase is related to a one-time gain of $2.5 million pertaining to the early extinguishment of debt.

32

OTHER FINANCIAL ITEMS

LIQUIDITY AND CAPITAL RESOURCES

Bridge Loan

The Company entered into a bridge loan of $80.0 million on November 15, 2005 maturing on May 15, 2006 with interest at LIBOR plus 5.5% for the first 90 days and LIBOR plus 10.5% for the next 90 days. The funds were used to acquire brands from Playtex, pay fees related to brand purchases and bridge loan, retire all other funded debt (including the revolver) and to provide working capital for the Company.

On November 26, 2005, the amount available from the bridge loan was $4,488,488. On February 28, 2005, the amount available from the retired revolver was $567,995.

The Company expects to refinance the bridge loan on a long term basis under the terms of a long term facility with Prencen, LLC ("Prencen") and Highgate House Funds Ltd. ("Highgate") for equity and convertible debt financing (the "Financing Facility"). The Financing Facility includes the following: (i) proceeds of an aggregate of $11 million from the sale of shares of a new series of Cenuco participating preferred stock, convertible, subject to certain

restrictions, into an aggregate of 3,150,652 shares of Cenuco common stock, along with the issuance of warrants exercisable for a period of 5 years to acquire an aggregate of 394,736 shares of common stock at an exercise price of $4.37 per share and 550,459 shares of common stock at an exercise price of $3.92 per share and (ii) proceeds of $69 million from the issuance of a 5 year secured debenture, convertible into common stock of Cenuco at any time, subject to certain restrictions, at a per share conversion price of 95% of the lowest closing bid price of the common stock for the 45 trading days preceding the date of conversion, bearing interest at 12% per annum, along with warrants (the "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 886,877 shares of common stock at an exercise price of $3.92 per share. The exercise price of the Debt Warrants noted above is subject to a discount to 20% of the then current conversion price in the event certain conditions of default are triggered under the secured debenture. Funding under the Financing Facility 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 Financing Facility. Management believes these requirements will be met and the Financing Facility will be available within the 180 day term of the Bridge Loan.

CASH FLOW - THIRTY-NINE WEEKS ENDED NOVEMBER 26, 2005 AND NOVEMBER 27, 2004

Net cash used in operating activities was $17.1 million and $0.8 million, respectively for the thirty-nine weeks ended November 26, 2005 and November 27, 2004. For the thirty-nine weeks ended November 26, 2005, the primary factor contributing to negative operating cash flow related to the acquisition of inventory of $9.6 million from Playtex. Other major contributors consisted of the net loss of $4.5 million, plus the net effect of non-cash income and expenses of $0.9 million , the increase in prepaid and other assets primarily due to $1.3 million purchase price adjustment from Playtex and a decrease in accounts payable of $1.5 million, less other net changes of $0.7 million. For the thirty-nine weeks ended November 27, 2004, the major contributors to negative operating cash flow was a net income loss of $1.8 million, less non-cash expenses of $1.0 million, an increase in accounts payable of $3.2 million, offset by increases in trade receivables, inventory and prepaid assets of $3.2 million.

Net cash used in investing activities amounted to $42.3 million for the thirty-nine weeks ended November 26, 2005 compared to $0.5 million for the thirty-nine weeks ended November 27, 2004. For the thirty-nine weeks ended November 26, 2005, the major activities consisted of cash received of $6.3 million from the reverse acquisition of Cenuco, $1.2 million for capital equipment purchases and $47.7 million, primarily for the purchase of intangible assets from Playtex. For the thirty-nine weeks ended November 27, 2004, cash of $0.5 million was expended for capital equipment.

Net cash provided by financing activities for the thirty-nine weeks ended November 26, 2005 amounted to $63.9 million compared to cash provided by financing activities for the thirty-nine weeks ended November 27, 2004 of $1.3 million. The majority of the activity relates to the Bridge Loan (see Notes 3 and 6) , net of repayments under the Company's line of credit and other long-term debt for the thirty-nine weeks ended November 26, 2005. The major activity for the thirty-nine weeks ended November 27, 2004 relates to net borrowings of $1.3 million under the Company's line of credit.

AT NOVEMBER 26, 2005 CENUCO HAD CASH AND CASH EQUIVALENTS OF $4.5 MILLION. MANAGEMENT BELIEVES THIS AND OTHER FINANCING SOURCES AVAILABLE TO THE COMPANY PROVIDE 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 $287,553 for professional fees, facility usage and reimbursable expenses for the thirty-nine weeks ended November 26, 2005 and $547,644 for the thirty-nine weeks ended November 27, 2004. At November 26, 2005, the Company owed THGLLP $13,986. Mr. Mark I. Massad, who owns beneficially 40% of the Registrant's Series A Participating Preferred Stock and who was 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. Mr. Edward J. Doyle, a member of the Board of Directors of Cenuco (effective May 20, 2005) is a Managing Member of ZVLLC. For the thirty-nine weeks ended November 26, 2005, ZVLLC invoiced the Company for $19,078. For the thirty-nine weeks ended November 27, 2004, ZVLLC invoiced the Company for $25,594. Effective May 20, 2005, the date of the Merger, ZVLLC ceased providing consulting services to the Company. The balance due ZVLLC at November 26, 2005 was $0.

Mr. Kenneth D. Taylor, also a member of the Board of Directors of Cenuco, Inc. (effective May 20, 2005) provided consulting services to the Company. For the thirty-nine weeks ended November 26, 2005, he invoiced the Company $5,000. For the thirty-nine weeks ended November 27, 2004, he did not invoice the Company. Effective May 20, 2005, the date of the Merger, he ceased providing consulting services to the Company. The balance due at November 26, 2005 was $0.

The Hermes Group LLC (THGLLC), a limited liability company, provides banking and corporate advisory services to the Company. For the thirty-nine weeks ended November 27, 2005, THGLLC invoiced Lander Co., Inc., a wholly owned subsidiary of the Registrant, for $237,413, as compensation for the provision of business advisory services. Mr. Mark I. Massad and Mr. Joseph A. Falsetti (who is also a Director and Executive Officer of Registrant), each of whom owns beneficially 40 percent of the Registrant's Series A Participating Preferred Stock, are members of THGLLC. Mr. Joseph A. Falsetti did not receive any benefit from the fees invoiced for business advisory services. As of November 26, 2005, there was a balance due to THGLLC of $10,000.

In addition the Company paid a success fee of $1,000,000 to THGLLC in connection with the Registrant's acquisition of certain brands and related assets from Playtex Products, Inc., (see Note 3).

For the thirty-nine weeks ended November 26, 2005 the Registrant paid guarantee fees of $400,000 each to Dana Holdings, LLC ("Dana") and MarNan Holdings, LLC 2005 ("MarNan) in connection with a Bridge Loan agreement dated November 15, 2005 between the Registrant, Prencen Lending LLC and Highgate House Funds, Ltd. (see Note 3). One hundred percent of the ownership interests in Dana are owned beneficially by members of the immediate family of Mr. Joseph A. Falsetti. Mr. Mark I. Massad owns beneficially 100 percent of the ownership interests in MarNan. Payment of such fees was approved by the unanimous vote of the Board of Directors.

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

34

RISK FACTORS

Cenuco's top five customers accounted for approximately 42% and 46%, respectively of consolidated net revenues for the thirteen and thirty-nine weeks ended November 26, 2005. Trade accounts receivable from these customers represented approximately 42% of net consolidated receivables at November 26, 2005. Wal-Mart Stores Inc. accounted for approximately 24% and 30%, respectively of consolidated net revenues for the thirteen and thirty-nine weeks ended November 26, 2005. Dollar Tree Stores Inc accounted for approximately 9% and 8%, respectively of net consolidated revenues for the thirteen and thirty-nine weeks ended November 26, 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.

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:

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:

	NOVEMBER 26, 2005 CAPITAL LEASES	NOVEMBER 26, 2005 OPERATING LEASES	FEBRUARY 28, 2005 CAPITAL LEASES	FEBRUARY 28, 2005 OPERATING LEASES
2006	$ 12,019	$ 239,527	$ 59,944	$ 762,790
2007	32,633	590,899	31,820	342,136
2008	0	344,159	0	282,940
2009	0	213,791	0	207,105
2010	0	206,438	0	204,428
2011	0	102,000	0	102,000
Total minimum lease payments .	$ 44,652	$ 1,696,814	$ 91,764	$ 1,901,399
Less amounts representing Interest (at rates ranging from 5.25% to 8.31%)	(885)		(6,606)	
Present value of net minimum Capital lease payments	$ 43,767		$ 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 $22 million. An average 2% unfavorable

price increase related to the price of oil and other related inflationary raw materials could cost the Company approximately $440,000.

The Company has also evaluated its exposure to fluctuations in interest rates. $80.0 million is currently outstanding under the Bridge Loan, with a term of May 15, 2006. An increase of one percent in the interest rates would increase interest expense by approximately $200,000 per quarter. The Interest rate risks from the Company's other interest-related accounts such as its post-retirement obligations are deemed to not be significant.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS - WAD DIVISION:

Raymond Anthony Joao is the owner of United States Patents Nos. 6,587,046, 6,542,076 and 6,549,130 (the "Patents") which cover apparatuses and methods for transmitting video information to remote devices and/or over the Internet. In order to facilitate business discussions, Cenuco and Joao entered into a "Confidentiality/Non-Disclosure Agreement, dated November 4, 2004 (the "Agreement"). On February 1, 2005, Joao commenced an action against Cenuco in Federal District Court, Southern District of New York, alleging that Cenuco infringes the Patents (Joao v. Cenuco, Inc., 05 Civ. 1037 (CM) (MDF)). Cenuco timely answered the complaint denying infringement, filed a motion to dismiss complaint based on the Agreement and filed a counterclaim based on the Agreement. Subsequently, the Court denied Cenuco's motion to dismiss the complaint (376 F. Supp. 2d 380) and Cenuco's counterclaim (October 3, 2005, Order and Decision not published at this time). This matter remains open for a trial on the merits.

37

After consulting with counsel, management believes that the Patents are invalid and hence infringement is not possible. Management believes that Joao's action is without merit, and that the chances of Joao prevailing are remote.

There is no other pending material litigation to which Cenuco is a party or to which any of its properties are subject.

ITEM 2. EXHIBITS

Exhibit 31.1 - Certification of Joseph A. Falsetti filed herein

Exhibit 31.2 - Certification of Brian J. Geiger filed herein

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

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.

CENUCO, INC.

By: Joseph A. Falsetti, President & CEO

/s/ Joseph A. Falsetti

By: Brian J. Geiger, Chief Financial Officer

/s/ Brian J. Geiger

Date: January 23, 2006

38

SIZE=2> 9.74 $ 7.89 $ 9.71 $ 7.68 Second quarter $ 9.87 $ 8.07 $ 9.83 $ 8.10 Third quarter $ 10.25 $ 8.40 $ 10.33 $ 8.48 Fourth quarter $ 11.18 $ 10.01 $ 11.14 $ 9.93 **2008** First quarter $ 11.05 $ 9.46 $ 11.31 $ 9.35 Second quarter $ 11.00 $ 10.52 $ 11.11 $ 10.43 Third quarter $ 11.15 $ 5.45 $ 11.08 $ 6.02 Fourth quarter $ 5.79 $ 2.20 $ 5.56 $ 2.23 **2009** First quarter $ 3.79 $ 2.69 $ 3.88 $ 2.75 Second quarter $ 4.53 $ 3.20 $ 4.44 $ 3.20 Third quarter (through July 20) $ 4.85 $ 4.22 $4.99 $4.27

Monthly Share Price Information

The following table sets forth, for the most recent six months, the high and low market prices of our ordinary shares on the NASDAQ Global Market and the Tel Aviv Stock Exchange:

	NASDAQ		Tel Aviv Stock Exchange	
	High	Low	High	Low
	(U.S. dollars)			
January 2009	$ 3.17	$ 2.69	$ 3.13	$ 2.75
February 2009	$ 3.79	$ 3.12	$ 3.88	$ 3.19
March 2009	$ 3.60	$ 2.86	$ 3.66	$ 2.85
April 2009	$ 3.70	$ 3.46	$ 3.82	$ 3.35
May 2009	$ 3.75	$ 3.20	$ 3.76	$ 3.20
June 2009	$ 4.53	$ 3.53	$ 4.11	$ 3.51
July 2009 (through July 20)	$ 4.85	$ 4.22	$ 4.99	$ 4.27

SELLING SHAREHOLDERS

The registration statement of which this prospectus forms a part covers up to 8,121,651ordinary shares that may be sold from time to time by the Selling Shareholders. Under the Registration Rights Agreement, we undertook to effect the registration of the ordinary shares covered by this prospectus and to maintain a registration statement in effect in order to allow the Selling Shareholders to dispose of these shares from time to time under certain provisions detailed in the Registration Rights Agreement.

17

The table below lists the Selling Shareholders and other information regarding the beneficial ownership of the ordinary shares by each of the Selling Shareholders. The information in this table is based on 40,161,017 ordinary shares outstanding as of June 30, 2009. The first column lists each of the Selling Shareholders. The second and third columns list the number and percentage of ordinary shares beneficially owned by each Selling Shareholder prior to the offering, based on each Selling Shareholder s ownership of the ordinary shares, as of June 30, 2009. The fourth column lists the ordinary shares being offered by this prospectus by each of the Selling Shareholders. The fifth and sixth columns of the following table assume the sale of all of the ordinary shares offered by the Selling Shareholders pursuant to this prospectus. The Selling Shareholders may sell all, some or none of their shares in this offering.

Name of Selling Shareholder	Number of Ordinary Shares	Percentage of Ordinary Shares	Number of Ordinary Shares	Number of Ordinary Shares	Percentage of Ordinary Shares

	Beneficially Owned Prior to Offering	Beneficially Owned Prior to Offering	Offered Pursuant to this Prospectus	Beneficially Owned After Offering	Beneficially Owned After Offering
York Capital Management[(1)]	8,121,651	20.2%	8,121,651	-	-

(1) Based on Amendment No.5 to Schedule 13D filed on June 3, 2009, the shares are directly owned by or allocated for the benefit of (i) York Capital Management, L.P., a Delaware limited partnership; (ii) York Investment Master Fund, L.P., a Cayman Islands exempted limited partnership established in the Cayman Islands; (iii) York Credit Opportunities Fund, L.P., a Delaware limited partnership; (iv) York Credit Opportunities Master Fund, L.P., a Cayman Islands exempted limited partnership; and (v) a managed account. Each of these five entities is an investment fund, the general partner or investment manager of which, as applicable, has delegated certain investment advisory and administrative duties to JGD Management Corp., a Delaware corporation doing business as York Capital Management (JGD). JGD also manages the managed account. The sole shareholder of JGD is James G. Dinan. Dinan Management L.L.C. is the general partner of each of York Capital Management L.P. and York Investment Master Fund, L.P. and James G. Dinan and Daniel A. Schwartz are the controlling members of Dinan Management L.L.C. York Credit Opportunities Domestic Holdings, LLC, a New York limited liability company, is the general partner of each of York Credit Opportunities Fund, L.P. and York Credit Opportunities Master Fund, L.P. James G. Dinan and Daniel A. Schwartz are the controlling members of York Credit Opportunities Domestic Holdings, LLC. The principal business address of each of these entities and individuals is c/o York Capital Management, 767 Fifth Avenue, 17th Floor, New York, New York, 10153.

Directors.

Mr. Jeremy Blank, a managing director of York Capital Management is director of the Company. Mr.Blank has served on the Company s board since July 2005.

OFFER STATISTICS, EXPECTED TIME TABLE AND PLAN OF DISTRIBUTION

We are registering the ordinary shares issued to the Selling Shareholders to permit the resale of the ordinary shares by the Selling Shareholders, any of their pledgees, donees and successors-in-interest and their permitted assignees and transferees of the ordinary shares from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the Selling Shareholders of the ordinary shares. We will bear all fees and expenses incident to this registration of the ordinary shares; provided that, if a Selling Shareholder determines to conduct an underwritten offering, then the underwriting discounts and commissions attributable to such offering will not be borne by the Company.

The Selling Shareholders may sell all or a portion of the ordinary shares beneficially owned by them in an offering underwritten and/or managed by an investment banking firm or broker-dealer in open market transactions, privately negotiated transactions, ordinary brokerage transactions or any other method permitted by applicable law.

18

If the Selling Shareholders enter into an agreement with an agent, underwriter, dealer or broker-dealer regarding the sale of the ordinary shares held by them, the provisions in such agreement shall prevail over the indemnification provisions of the Registration Rights Agreement.

The Selling Shareholders may, in addition to selling all or a portion of the ordinary shares beneficially owned by them as described above, sell or otherwise dispose of the ordinary shares in open market transactions, privately negotiated transactions, ordinary brokerage transactions, transactions in which the broker-dealer solicits purchasers, a combination of such methods or any other method permitted by applicable law, including pursuant to Rule 144 of the Securities Act. In addition, the Selling Shareholders shall be entitled to sell their ordinary shares without volume or time restrictions in connection with a third party s acquisition or proposed acquisition of us, or a tender offer for, merger or change of control of, us.

If the ordinary shares are sold through underwriters or broker-dealers, the Selling Shareholders will be responsible for underwriting discounts or commissions or agent s commissions. The ordinary shares may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in

transactions, which may involve crosses or block transactions, on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale; in the over-the-counter market; in transactions otherwise than on these exchanges or systems or in the over-the-counter market; through the writing of options, whether such options are listed on an options exchange or otherwise; ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers; block trades in which a Selling Shareholder will engage a broker-dealer as agent, who will then attempt to sell the ordinary shares, but may position and resell a portion of the block as principal to facilitate the transaction; purchases by a broker-dealer as principal and resale by the broker-dealer for its account; an exchange distribution in accordance with the rules of the applicable exchange; ordinary brokerage transactions, transactions in which the broker-dealer solicits purchasers; privately negotiated transactions; or in short sale transactions or to cover short sale transactions. Broker-dealers may agree with the selling security holders to sell a specified number of such shares at a stipulated price per share; a combination of any such methods of sale; and any other method permitted pursuant to applicable law.

If the Selling Shareholders effect such transactions by selling ordinary shares to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Shareholders or commissions from purchasers of the ordinary shares for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). Broker-dealers engaged by the Selling Shareholders may arrange for other brokers-dealers to participate in sales. In compliance with the guidelines of the Financial Industry Regulatory Authority, or FINRA, the maximum consideration or discount to be received by any participating FINRA member or independent broker-dealer will not exceed 8% of any offering pursuant to this prospectus and any applicable prospectus supplement.

The Selling Shareholders may pledge or grant a security interest in some or all of the ordinary shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the ordinary shares from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, amending, if necessary, the list of Selling Shareholders to include the pledgee, transferee or other successors in interest as Selling Shareholders under this prospectus. The Selling Shareholders also may transfer, gift and/or donate the ordinary shares in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, amending, if necessary, the list of Selling Shareholders to include such transferee.

The Selling Shareholders and any underwriter(s) or broker-dealer participating in the distribution of the ordinary shares may be deemed to be underwriters within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the ordinary shares is made, a prospectus supplement, if required, will be distributed, which will set forth the aggregate amount of ordinary shares being offered and the terms of the offering, including the name or names of any underwriter(s), broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the Selling Shareholders and any discounts, commissions or concessions allowed or re-allowed or paid to such underwriter(s) or broker-dealers, where applicable, and any other facts material to the transaction.

Under the state securities laws, the ordinary shares may be sold only through registered or licensed brokers or dealers.

There can be no assurance that any Selling Shareholder will sell any or all of the ordinary shares registered pursuant to the registration statement, of which this prospectus forms a part.

The Selling Shareholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the ordinary shares by the Selling Shareholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the ordinary shares to engage in market-making activities with respect to the ordinary shares. All of the foregoing may affect the marketability of the ordinary shares and the ability of any person or entity to engage in market-making activities with respect to the ordinary shares.

We will pay all expenses of the registration of the ordinary shares pursuant to the registration statement, of which this prospectus forms a part (including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or blue sky laws), provided that, if a Selling Shareholder determines to conduct an underwritten offering, then the Selling Shareholder will pay all underwriting discounts and selling commissions, if any. We will make copies of this prospectus available to the Selling Shareholders for the purpose of satisfying any prospectus delivery requirements of the Securities Act. We will indemnify the Selling Shareholders against liabilities, including some liabilities under the Securities Act, in accordance with the Registration Rights Agreement. We may be indemnified by the Selling Shareholders against liabilities, including liabilities under the Securities Act that may arise from any written information furnished to us by the Selling Shareholders specifically for use in this prospectus, in accordance with the Registration Rights Agreement. A broker-dealer that

participates in transactions involving the sale of the ordinary shares may indemnified against certain liabilities, including liabilities arising under the Securities Act.

Once sold under the registration statement, of which this prospectus forms a part, the ordinary shares will be freely tradable in the hands of persons other than our affiliates.

EXPENSES ASSOCIATED WITH THE REGISTRATION

We have agreed to bear all expenses relating to the registration of the ordinary shares registered pursuant to the registration statement, of which this prospectus forms a part. We estimate these expenses to be approximately $8,500, which include the following categories of expenses:

SEC registration fee	$	2,039
EDGAR and photocopying fees		2,500
Legal fees and expenses		3,500
Accounting fees and expenses		-
Transfer agent and registrar fees, and agent for service of process fees		400
Miscellaneous expenses		61
Total Expenses	$	8,500

FOREIGN EXCHANGE CONTROLS AND OTHER LIMITATIONS

Non-residents of Israel who purchase our ordinary shares may freely convert all amounts received in Israeli currency in respect of such ordinary shares, whether as a dividend, liquidation distribution or as proceeds from the sale of the ordinary shares, into freely-repatriable non-Israeli currencies at the rate of exchange prevailing at the time of conversion (provided in each case that the applicable Israeli income tax, if any, is paid or withheld).

20

Until May 1998, Israel imposed extensive restrictions on transactions in foreign currency. These restrictions were largely lifted in May 1998. Since January 1, 2003, all exchange control restrictions have been eliminated (although there are still reporting requirements for foreign currency transactions). Legislation remains in effect, however, pursuant to which currency controls can be imposed by administrative action at any time.

The State of Israel does not restrict in any way the ownership or voting of our ordinary shares by non-residents of Israel, except with respect to subjects of countries that are in a state of war with Israel.

EXPERTS

Our consolidated financial statements as of December 31, 2008 and 2007, and for each of the three years ended December 31, 2008 included in our Annual Report on Form 20-F, have been audited by Kost Forer Gabbay & Kasierer, an independent registered public accounting firm, a member of Ernst & Young Global, as set forth in their report thereon and incorporated herein. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the ordinary shares offered hereunder will be passed upon for us by Rachel Prishkolnik, Advocate, our General Counsel.

MATERIAL CHANGES

On June 5, 2009, KCPS, an Israeli limited partnership, organized under the laws of the State of Israel, initiated a tender offer to purchase 2,026,000 ordinary shares of our company at a price of $3.65 per share. KCPS has also entered into a voting agreement with York, our principal shareholder, and several entities under its control. The minimum condition of the offer was not met and therefore none of the tendered shares were accepted.

Except as otherwise described in our Annual Report on Form 20-F for the fiscal year ended December 31, 2008 and in our Reports on Form 6-K filed or submitted under the Exchange Act and incorporated by reference herein, no other reportable material changes have occurred since December 31, 2008.

WHERE YOU CAN FIND MORE INFORMATION;
INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We file annual and special reports and other information with the Commission (File Number). These filings contain important information which does not appear in this prospectus. For further information about us, you may read and copy these filings at the Commission s public reference room at 100 F Street, N.E, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the Commission at 1-800-SEC-0330, and may obtain copies of our filings from the public reference room by calling (202) 551-8090.

The Commission allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to other documents which we have filed or will file with the Commission. We are incorporating by reference in this prospectus the documents listed below and all amendments or supplements we may file to such documents, as well as any future filings we may make with the Commission on Form 20-F under the Exchange Act before the time that all of the securities offered by this prospectus have been sold or de-registered.

Our Annual Report on Form 20-F for the fiscal year ended December 31, 2008; and

Our Reports on Form 6-K submitted to the Commission on June 16, 2009, June 15, 2009, May 14, 2009, May 12, 2009 and May 5, 2009.

In addition, we may incorporate by reference into this prospectus our reports on Form 6-K filed after the date of this prospectus (and before the time that all of the securities offered by this prospectus have been sold or de-registered) if we identify in the report that it is being incorporated by reference in this prospectus.

Certain statements in and portions of this prospectus update and replace information in the above listed documents incorporated by reference. Likewise, statements in or portions of a future document incorporated by reference in this prospectus may update and replace statements in and portions of this prospectus or the above listed documents.

We will provide you without charge, upon your written or oral request, a copy of any of the documents incorporated by reference in this prospectus, other than exhibits to such documents which are not specifically incorporated by reference into such documents. Please direct your written or telephone requests Gilat Satellite Networks Ltd., Gilat House, 21 Yegia Kapayim Street, Kiryat Arye, Petah Tikva 49130, Israel, Attn: Rachel Prishkolnik, Vice President, General Counsel and Corporate Secretary, telephone number +972-3-929-3020. You may also obtain information about us by visiting our website at www.gilat.com. Information contained in our website is not part of this prospectus.

We are an Israeli company and are a foreign private issuer as defined in Rule 3b-4 under the Securities Exchange Act of 1934, or Exchange Act. As a result, (i) our proxy solicitations are not subject to the disclosure and procedural requirements of Regulation 14A under the Exchange Act, (ii) transactions in our equity securities by our officers, directors and principal shareholders are exempt from Section 16 of the Exchange Act, and (iii) until November 4, 2002, we were not required to make, and did not make, our Commission filings electronically, so that those filings are not available on the Commission s website. However, since that date, we have been making all required filings with the Commission electronically, and these filings are available via the Internet at the Commission s website at http://www.sec.gov.

We are not required under the Exchange Act to file periodic reports and financial statements as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We make available to our shareholders an annual report containing financial statements that have been examined and reported on, with an opinion expressed by, an independent registered public accounting firm. In addition, since we are also listed on the Tel Aviv Stock Exchange we submit copies of all our filings with the Commission to the Israeli Securities Authority and the Tel Aviv Stock Exchange. Such copies can be retrieved electronically through the Tel Aviv Stock Exchange s internet messaging system (www.maya.tase.co.il) and, in addition through the MAGNA distribution site of the Israeli Securities Authority (www.magna.isa.gov.il).

ENFORCEABILITY OF CIVIL LIABILITIES

Service of process upon us and upon our directors and officers and the Israeli experts named in this prospectus, most of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, because substantially all of our assets and substantially all of our directors and officers are located outside the United States, any judgment obtained in the United States against us or any of our directors and officers may not be collectible within the United States.

There is doubt as to the enforceability of civil liabilities under the Securities Act and the Exchange Act in original actions instituted in Israel. However, subject to specified time limitations, an Israeli court may declare a foreign civil judgment enforceable if it finds that:

the judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment,

the judgment is no longer appealable,

the obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the substance of the judgment is not contrary to public policy, and

the judgment is executory in the state in which it was given.

Even if the above conditions are satisfied, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel.

An Israeli court also will not declare a foreign judgment enforceable if:

the judgment was obtained by fraud,

there was no due process,

the judgment was rendered by a court not competent to render it according to the laws of private international law in Israel,

the judgment is at variance with another judgment that was given in the same matter between the same parties and which is still valid, or

at the time the action was brought in the foreign court a suit in the same matter and between the same parties was pending before a court or tribunal in Israel.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency. Judgment creditors must bear the risk of unfavorable exchange rates.

GILAT SATELLITE NETWORKS LTD.

8,121,651 ORDINARY SHARES

PROSPECTUS

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone to provide you with different information. We are not making any offer to sell or buy any of the securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date that appears below.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 8. Indemnification of Directors and Officers

Exemptions, Indemnification and Insurance of Directors and Officers; Limitations on Liability

The Israeli Companies Law, 5759 1999, or the Companies Law, describes the fiduciary duty of an office holder as a duty to act in good faith and for the benefit of the company, including by refraining from actions in which he has a conflict of interest or that compete with the company s business, refraining from exploiting a business opportunity of the company in order to gain a benefit for himself or for another person, and disclosing to the company any information and documents which are relevant to the company and that were obtained by him in his or her capacity as an office holder. The duty of care is defined as an obligation of caution of an office holder that requires the office holder to act at a level of competence at which a reasonable office holder would have acted in the same position and under the same circumstances, including by adopting reasonable means for obtaining information concerning the profitability of the act brought for his approval.

Under the Companies Law, a company may not exempt an office holder from liability with respect to a breach of his fiduciary duty, but may exempt in advance an office holder from his liability to the company, in whole or in part, with respect to a breach of his duty of care.

Pursuant to the Companies Law, a company may indemnify an office holder against a monetary liability imposed on him by a court, including in settlement or arbitration proceedings, and against reasonable legal expenses in a civil proceeding or in a criminal proceeding in which the office holder was found to be innocent or in which he was convicted of an offense which does not require proof of a criminal intent. The indemnification of an office holder must be expressly allowed in the articles of association, under which the company may (i) undertake in advance to indemnify its office holders with respect to categories of events that can be foreseen at the time of giving such undertaking and up to an amount determined by the board of directors to be reasonable under the circumstances, or (ii) provide indemnification retroactively at amounts deemed to be reasonable by the board of directors.

A company may also procure insurance for an office holder s liability in consequence of an act performed in the scope of his office, in the following cases: (a) a breach of the duty of care of such office holder, (b) a breach of the fiduciary duty, only if the office holder acted in good faith and had reasonable grounds to believe that such act would not be detrimental to the company, or (c) a monetary obligation imposed on the office holder for the benefit of another person.

A company may not indemnify an office holder against, nor enter into an insurance contract which would provide coverage for, any monetary liability incurred as a result of any of the following:

a breach by the office holder of his fiduciary duty unless the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

a breach by the office holder of his duty of care if such breach was done intentionally or recklessly;

any act or omission done with the intent to derive an illegal personal gain; or

any fine or penalty levied against the office holder as a result of a criminal offense.

In addition, under the Companies Law, indemnification of, and procurement of insurance coverage for a company s office holders, must be approved by the company s audit committee and board of directors and, in specified circumstances, by the company s shareholders.

The Company s Articles of Association allow the Company to exempt any office holder to the maximum extent permitted by law, before or after the occurrence giving rise to such exemption. The Company s Articles of Association also provide that the Company may indemnify any office holder, to the maximum extent permitted by law, against any liabilities he or she may incur in such capacity, limited with respect (i) to the categories of events that can be foreseen in advance by our board of directors when authorizing such undertaking and (ii) to the amount of such indemnification as determined retroactively by our board of directors to be reasonable in the particular circumstances. Similarly, the Company may also agree to indemnify an office holder for past occurrences, whether or not we are obligated under any agreement to provide such indemnification. The Company has obtained directors and officers liability insurance covering our officers and directors and those of our subsidiaries for certain claims. In addition, as of August 30, 2005, the Company has provided its directors and officers with letters providing them with indemnification to the fullest extent permitted under Israeli law.

The Company s Articles of Association also allow the Company to procure insurance covering any past or present office holder against any liability which he or she may incur in such capacity, to the maximum extent permitted by law. Such insurance may also cover the Company for indemnifying such office

Item 9. Exhibits

Exhibit No.	Description of Exhibit
4.1	Memorandum of Association of the Registrant, as amended (1)
4.2	Articles of Association of the Registrant as amended and restated (2)
4.3	Specimen of Ordinary Share Certificate (3)
4.4	Registration Rights Agreement by and among the Registrant, and York Capital Management, dated May 31, 2009
5.1	Opinion of General Counsel
23.1	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global
23.2	Consent of General Counsel (contained in Exhibit 5.1)*
24.1	Power of Attorney (included in the signature page to the Registration Statement)*

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(1) Previously filed as Exhibit 1.1 to the Registrant s Annual Report on Form 20-F for the fiscal year ending December 31, 2000, which Exhibit is incorporated herein by reference.

(2) Previously filed as Exhibit 1.2 to the Registrant s Annual Report on Form 20-F for the year ended December 31, 2008, and incorporated herein by reference.

(3) Previously filed as Exhibit 4.1 to the Registrant s Registration Statement on Form F-4 filed on October 11, 2001, which Exhibit is incorporated herein by reference.

Item 10. Undertakings

The undersigned Registrant hereby undertakes as follows:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the Securities Act);

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in this Registration Statement.

Provided, however, that paragraphs (i), (ii) and (iii) above do not apply if the Registration Statement is on Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act need not be furnished, provided that the Registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act or Rule 3-19 of Regulation S-K if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Form F-3.

(5) (A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the Registration Statement as of the date the filed prospectus was deemed part of and included in the Registration Statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date;

(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors, officers and controlling persons of the Registrant, pursuant to the provisions described in Item 8 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

II - 3

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it complies with all of the requirements for filing on Form F-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Petah Tikva, Israel, on July 20, 2009.

By: /s/ Amiram Levinberg

Amiram Levinberg
Chairman of the Board of Directors and
Chief Executive Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons in the capacities indicated on July 20, 2009.

Signature	Title
/s/ Amiram Levinberg	Chairman of the Board of Directors and Chief Executive Officer
/s/ Ari Krashin	Chief Financial Officer (Principal Accounting and Financial Officer)
/s/ Jeremy Blank	Director
/s/ Ehud Ganani	Director
/s/ Leora Meridor	Director
Karen Sarid	Director
Haim Benjamini	Director

/s/ Izhak Tamir	Director
Gilat Satellite Networks, Inc.	Authorized Representative in the U.S.

By: /s/ Erez Antebi

Name: Erez Antebi
Title: Director