

BNH INC
Form 10-K
February 17, 2009

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

FORM 10-K

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 333-150266

BNH INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

92-0189305
(I.R.S. Employer Identification
No.)

c/o Nehemya Hesin
29 Rashbi St. Apt # 19
Modiin Illit, Israel
(Address of principal executive offices)

71919
(Zip Code)

011-972-545-681-953
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

N/A	N/A
Title of each Class	Name of each exchange on which registered

Securities registered pursuant to section 12(g) of the Act:

Shares of Common Stock, \$0.001 par value
Title of Class

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of December 31, 2008, the last business day of the registrant's most recently completed fourth fiscal quarter, was \$175,000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 7,000,000 shares of common stock as of February 10, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

Exhibits incorporated by reference are referred under Part IV.

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Forward Looking Statements

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set out in the section entitled "Risk Factors" in the Registration Statement on Form S-1 that went effective as of April 30, 2008 and the risks set out below, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- risks related to our ability to continue as a going concern;
- the uncertainty of profitability based upon our history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for our planned development projects;
 - risks related to environmental regulation and liability;
 - risks related to tax assessments;
- risks and uncertainties related to our prospects, properties and business strategy; and
 - risks related to the armed conflict in southern Israel.

The above list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

Forward looking statements are made based on management's beliefs, estimates and opinions on the date the forward-looking statements are made, and we undertake no obligation to update forward-looking statements should these beliefs, estimates and opinions or other circumstances change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these forward-looking statements to actual results.

Our financial statements are stated in United States dollars ("US\$") and are prepared in accordance with United States generally accepted accounting principles ("GAAP").

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common stock" refer to the shares of our common stock.

As used in this annual report, the terms "we", "us", "our", "BNH" and "Issuer" mean BNH Inc. unless the context clearly requires otherwise.

PART I

ITEM 1. BUSINESS

Form and year of organization

We were incorporated on September 4, 2007, in the State of Nevada. Our authorized capital consists of 105,000,000 shares of our common stock (the "Common Shares") with a par value of \$0.001 per Common Share.

Our principal executive offices are located at c/o Nehemya Hesin, 29 Rashbi St. Apt #19, Modiin Illit, Israel, 71919. Our telephone number is 011-972-545-681-953.

Our Common Shares are traded on the over-the-counter market and quoted on the over-the-counter bulletin board (the "OTCBB") under the symbol "BNHI.OB".

Bankruptcy, Receivership or Similar Proceeding

We have never declared bankruptcy, have never been in receivership, and have never been involved in any legal actions or proceedings.

Business of Issuer

Our Principal Product

We are a development stage company. The purpose of our Company is to import and market environmentally friendly and biodegradable plastics (bioplastics for short), in the form of disposable utensils, plates, and cups to environmentally conscious consumers in Israel and later in the United States. We intend to source these bioplastic products from Far East manufacturers, and offer these products as an alternative to traditional disposable plastic utensils. We have begun discussions with several Far East manufacturers regarding product pricing and quality.

Our Business Strategy

Almost all grocery stores and retail outlets carry disposable plastic utensils such as cups, plates, forks, knives and spoons. In addition, the foodservice industry is a big end user of plastic utensils. It is our intent to increase customer awareness of the benefits of using biodegradable plastic utensils. We intend to accomplish this objective by building on the BNH brand and our slogan "Eat Green" ("Tochal Yarak" in Hebrew) through marketing, promoting and providing competitive industry pricing on quality bioplastic products.

Our Marketing Strategy

Our marketing strategy will focus on creating awareness of our brand name for our bioplastic products while expending minimal expenses to do so. We plan to use inexpensive forums to do so, such as internet based advertising, inexpensive "green" information forums, outside sales, community marketing, and trade shows. We intend to use hands-on sampling at outside events such as local carnivals, camp sites, and parks.

Competitive Business Conditions and our Competitive Position in the Industry and Methods of Competition

There is significant competition in our market. In Israel, our competition includes companies such as Ecoplates and Ecojo. The market in Israel is less developed than in the United States, where bioplastic products can be purchased

directly from the distributors' web sites and at other retail locations. The market in the United States is the most developed and many retail chains carry bioplastic utensils. When we eventually market our products in the United States, we will be competing with Tocobaga Traders, Green Home, and Green Earth Office Supplies, among others. These companies have many more resources than we do and are able to purchase their products in larger quantities, thereby reducing their purchasing costs.

1

Dependence on One or a Few Major Suppliers

We plan to purchase our bioplastic products from several different suppliers in the Far East so as not to be dependent on one major supplier. However, if we end up entering into supply contracts with only one or two suppliers, then we may end up being dependent on such supplier(s) for the supply of all or most of our bioplastic products.

Governmental Regulations

We may be subject to a variety of laws and regulations relating to product safety, among other things. We believe that we are currently in compliance with such laws and have no current liabilities thereunder. Our intent is to maintain strict compliance with all relevant product safety laws, rules and regulations.

Employees

As of December 31, 2008, we have no employees. All functions, including development, strategy, negotiations and administration, are currently being provided by our Directors on a voluntary basis.

Risk Factors Relating to Our Company

We are a development stage company with no operating history and may never be able to effectuate our business plan or achieve any revenues or profitability; at this stage of our business, even with our good faith efforts, potential investors have a high probability of losing their entire investment.

We are subject to all of the risks inherent in the establishment of a new business enterprise. Our Company was established on September 4, 2007. Although we have begun initial investigations into the bioplastic industry, we may not be able to successfully implement our business objectives. There can be no assurance that we will ever achieve any revenues or profitability. The revenue and income potential of our proposed business and operations is unproven, and the lack of operating history makes it difficult to evaluate the future prospects of our business. We have not generated any revenues to date. Accordingly, our prospects must be considered in light of the risks, expenses and difficulties frequently encountered in establishing a new business, and our Company is a highly speculative venture involving a high degree of financial risk.

We expect losses in the future because we have no revenue to offset losses.

As we have no current revenue, we are expecting losses over the next 12 months because we do not yet have any revenues to offset the expenses associated with the development and implementation of our business plan. We cannot guarantee that we will ever be successful in generating revenues in the future. We recognize that if we are unable to generate revenues, we will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that we will prove successful, and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

We have a going concern opinion from our auditors, indicating the possibility that we may not be able to continue to operate.

We have not yet established an ongoing source of revenues. Furthermore, we anticipate generating losses for the next 12 months. These factors raise substantial doubt that we will be able to continue operations as a going concern, and our independent auditors included an explanatory paragraph regarding this uncertainty in their report on our financial statements for the period September 4, 2007 (inception) to December 31, 2008. Our ability to continue as a going concern is dependent upon our generating cash flow sufficient to fund operations and reducing operating expenses. Our business strategy may not be successful in addressing these issues. If we cannot continue as a going concern, our

stockholders may lose their entire investment in us.

2

We will rely on third parties to develop, produce, package, sell, and market our products, which may place us at a competitive disadvantage.

We intend to retain third party contractors for several purposes. We plan to locate and enter into agreements with one or more third party manufacturing companies that currently manufacture biodegradable disposable utensils, plates and cups. We also plan to locate and enter into agreements with third party distributors for the sale of our products, and eventually with third party logistics providers to provide order fulfillment services. We also plan to locate and enter into an agreement with a third party web developer for the purpose of developing our website for direct sales of our products to consumers. As a result, we expect to be dependent on those third party firms that we engage. There is no assurance that we will be able to enter into contracts with any such third parties on terms that are favorable to us. If any of our third party contractors breaches the contract or does not have the ability, for financial or other reasons, to perform its obligations, we may not be able to implement our business plan. Our reliance on third parties may place us at a competitive disadvantage.

If we are unable to obtain additional funding, our business operations will be harmed.

We will require additional funds to implement our business plan. We anticipate that we will require a minimum of \$100,000 to fund our planned activities for the next twelve months. We hope to raise this capital through the sale of our securities in a private placement. If we are unable to raise the required capital, our ability to grow will be restricted and our ability to continue to conduct business operations will be harmed. If we are unable to obtain necessary financing, we will likely be required to curtail our development plans, which could cause the Company to become dormant. Furthermore, any additional equity financing may involve substantial dilution to our then existing shareholders.

We may not be able to compete with current and potential competitors, some of whom have greater resources and experience than we do.

We may not have the resources to compete with our existing competitors or with any new competitors.

We intend to compete with many providers of bioplastic and biodegradable disposable utensils, as well as with providers of traditional plastic utensils, all of which have significantly greater personnel, financial, and managerial resources, and significantly greater reputations, than we have. This competition from other companies with greater resources and reputations may result in our failure to maintain or expand our business.

Moreover, as the demand for bioplastic and biodegradable disposable utensils increases, new companies may enter the market and the influx of added competition will pose an increased risk to our Company. New companies providing traditional plastic utensils may also enter the market, increasing the risk to our Company. Increased competition may lead to price wars, which would harm us since we would be unable to compete with companies with greater resources. In addition, increased competition and increased demand may create a stress on the bioplastic manufacturers' output capabilities, which may lead to increased prices, which would also harm our ability to compete in the disposable utensils market.

Since our officers and Directors may work or consult for other companies, their other activities could slow down our operations.

Our officers and Directors are not required to work exclusively for us and do not devote all of their time to our operations. Presently, our officers and Directors allocate only a portion of their time to the operation our business. Since our officers and Directors are currently employed full-time elsewhere, they are able to commit to us only up to 3-6 hours a week. Therefore, it is possible that their pursuit of other activities may slow our operations and reduce our

financial results because of the slow-down in operations.

Our officers and Directors are located in Israel.

Since all of our officers and Directors are located in Israel, any attempts to enforce liabilities upon such individuals under the U.S. securities and bankruptcy laws may be difficult.

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We need to retain key personnel to support our business and ongoing operations.

The development of our business and the marketing and sale of our products will continue to place a significant strain on our limited personnel, management, and other resources. Our future success depends upon the continued services of our executive officers and the engagement of key employees and contractors who have critical industry experience and relationships that we rely on to implement our business plan. The loss of the services of any of our officers or the lack of availability of other skilled personnel would negatively impact our ability to develop our Company and to market and sell our i