

BNH INC
Form 10-Q
October 21, 2010

U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Fiscal quarter ended September 30, 2010

TRANSITION REPORT PURSUANT TO 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.)

BNH INC.

c/o Nehemya Hesin
29 Rashbi St., Apt #19
Modiin Illit, Israel, 71919
Phone: 212-428-6883
Fax: 212-658-9741

(Address of principal executive offices, including zip code)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES NO

The issuer had 7,583,334 shares of its common stock issued and outstanding as of October 20, 2010.

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Cautionary Statement Concerning
Forward-Looking Statements

USE OF NAMES

In this quarterly report, the terms “BNH,” “Company,” “we,” or “our,” unless the context otherwise requires, mean BNH Inc.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and other reports that we file with the SEC contain statements that are considered forward-looking statements. Forward-looking statements give the Company’s current expectations, plans, objectives, assumptions, or forecasts of future events. All statements other than statements of current or historical fact contained in this quarterly report, including statements regarding the Company’s future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “estimate,” “plans,” “potential,” “projects,” “ongoing,” “expects,” “management believes,” “we believe,” “we intend,” and similar expressions. These statements are based on the Company’s current plans and are subject to risks and uncertainties, and as such the Company’s actual future activities and results of operations may be materially different from those set forth in the forward looking statements. Any or all of the forward-looking statements in this quarterly report may turn out to be inaccurate and as such, you should not place undue reliance on these forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. The forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties, and assumptions due to a number of factors, including:

- dependence on key personnel;
- competitive factors;
- degree of success of research and development programs;
- the operation of our business; and
- general economic conditions in Europe, the United States and Israel.

These forward-looking statements speak only as of the date on which they are made, and except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our 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. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained in this Quarterly Report.

PART I

Item 1. Financial Statements.

BNH INC.
(A DEVELOPMENT STAGE COMPANY)

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SEPTEMBER 30, 2010

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BNH INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS
AS OF SEPTEMBER 30, 2010 AND DECEMBER 31, 2009

| | As of September 30, 2010 (Unaudited) | As of December 31, 2009 (Audited) |
|---|---|--|
| ASSETS | | |
| Current Assets: | | |
| Cash in bank | \$ 6,323 | \$ 6,500 |
| Prepaid expenses | - | 156 |
| Total current assets | 6,323 | 6,656 |
| Total Assets | \$ 6,323 | \$ 6,656 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 4,087 | \$ 7,875 |
| Due to shareholder | 71,095 | 39,857 |
| Total current liabilities | 75,182 | 47,732 |
| Total liabilities | 75,182 | 47,732 |
| Commitments and Contingencies | - | - |
| Stockholders' Equity (Deficit): | | |
| Preferred stock, par value \$0.001 per share, 5,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, par value \$0.001 per share, 100,000,000 shares authorized; 7,583,334 shares issued and outstanding | 7,583 | 7,583 |
| Additional paid-in capital | 64,917 | 64,917 |
| (Deficit) accumulated during development stage | (141,359) | (113,576) |
| Total stockholders' equity (deficit) | (68,859) | (41,076) |
| Total Liabilities and Stockholders' Equity (Deficit) | \$ 6,323 | \$ 6,656 |

The accompanying notes to financial statements are
an integral part of these statements.

BNH INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009, AND
CUMULATIVE FROM INCEPTION (SEPTEMBER 4, 2007)
THROUGH SEPTEMBER 30, 2010
(Unaudited)

| | Three Months Ended September 30, 2010 | Three Months Ended September 30, 2009 | Nine Months Ended September 30, 2010 | Nine Months Ended September 30, 2009 | Cumulative From Inception |
|--|--|--|---|---|---------------------------------|
| Revenues | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenses: | | | | | |
| General and administrative- | | | | | |
| Professional fees | 9,000 | 24,065 | 25,248 | 45,765 | 124,418 |
| Filing fees | 375 | 398 | 2,358 | 1,340 | 6,948 |
| Officers' compensation paid by issued shares | - | - | - | - | 4,750 |
| Organization costs | - | - | - | - | 488 |
| Travel | - | 3,419 | - | 3,419 | 3,419 |
| Other | 59 | 136 | 177 | 376 | 1,336 |
| Total general and administrative expenses | 9,434 | 28,018 | 27,783 | 50,900 | 141,359 |
| (Loss) from Operations | (9,434) | (28,018) | (27,783) | (50,900) | (141,359) |
| Other Income (Expense) | | - | - | - | - |
| Provision for Income Taxes | | - | - | - | - |
| Net (Loss) | \$ (9,434) | \$ (28,018) | \$ (27,783) | \$ (50,900) | \$ (141,359) |
| (Loss) Per Common Share: | | | | | |
| (Loss) per common share - Basic and Diluted | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.01) | |
| Weighted Average Number of Common Shares Outstanding - Basic and Diluted | | | | | |
| | 7,583,334 | 7,209,239 | 7,583,334 | 7,070,513 | |

The accompanying notes to financial statements are
an integral part of these statements.

BNH INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION (SEPTEMBER 4, 2007)
THROUGH SEPTEMBER 30, 2010
(Unaudited)

| Description | Common stock | | Additional Paid-in Capital | Paid Stock Subscriptions | (Deficit) Accumulated During the Development Stage | Totals |
|--|--------------|----------|----------------------------------|--------------------------------|--|-------------|
| | Shares | Amount | | | | |
| Balance at inception | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Common stock issued for officers' compensation (\$0.001/share) | 4,750,000 | 4,750 | - | - | - | 4,750 |
| Common stock issued for cash (\$0.001/share) | 250,000 | 250 | - | - | - | 250 |
| Payment for stock subscriptions | - | - | - | 1,000 | - | 1,000 |
| Common stock issued for cash (\$0.025/share) | 1,000,000 | 1,000 | 24,000 | - | - | 25,000 |
| Net (loss) for the year | - | - | - | - | (25,798) | (25,798) |
| Balance - December 31, 2007 | 6,000,000 | 6,000 | 24,000 | 1,000 | (25,798) | 5,202 |
| Common stock issued for cash (\$0.025/share) | 1,000,000 | 1,000 | 24,000 | (1,000) | - | 24,000 |
| Net (loss) for the year | - | - | - | - | (28,511) | (28,511) |
| Balance - December 31, 2008 | 7,000,000 | 7,000 | 48,000 | - | (54,309) | 691 |
| Common stock issued for cash (\$0.03/share) | 583,334 | 583 | 16,917 | - | - | 17,500 |
| Net (loss) for the period | - | - | - | - | (59,267) | (59,267) |
| Balance - December 31, 2009 | 7,583,334 | 7,583 | 64,917 | - | (113,576) | (41,076) |
| Net (loss) for the period | - | - | - | - | (27,783) | (27,783) |
| Balance - September 30, 2010 | 7,583,334 | \$ 7,583 | \$ 64,917 | \$ - | \$ (141,359) | \$ (68,859) |

The accompanying notes to financial statements are
an integral part of these statements.

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BNH INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009, AND
CUMULATIVE FROM INCEPTION (SEPTEMBER 4, 2007)
THROUGH SEPTEMBER 30, 2010
(Unaudited)

| | Nine Months Ended September 30, 2010 | Nine Months Ended September 30, 2009 | Cumulative From Inception |
|---|---|---|---------------------------------|
| Operating Activities: | | | |
| Net (loss) | \$ (27,783) | \$ (50,900) | \$ (141,359) |
| Adjustments to reconcile net (loss) to net cash provided by operating activities: | | | |
| Common stock issued for officers' compensation | - | - | 4,750 |
| Changes in net assets and liabilities- | | | |
| Prepaid expenses | 156 | (299) | - |
| Accounts payable and accrued liabilities | (3,788) | 20,860 | 4,087 |
| Net Cash Used in Operating Activities | (31,415) | (30,339) | (132,522) |
| Investing Activities: | | | |
| Cash provided by investing activities | - | - | - |
| Net Cash Provided by Investing Activities | - | - | - |
| Financing Activities: | | | |
| Loan from shareholder | 31,238 | 13,044 | 71,095 |
| Pai stock subscriptions | | 8,750 | |
| Issuance of common stock for cash | - | 8,750 | 67,750 |
| Net Cash Provided by Financing Activities | 31,238 | 30,544 | 138,845 |
| Net (Decrease) Increase in Cash | (177) | 205 | 6,323 |
| Cash - Beginning of Period | 6,500 | 6,354 | - |
| Cash - End of Period | \$ 6,323 | \$ 6,559 | \$ 6,323 |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid during the period for: | | | |
| Interest | \$ - | \$ - | \$ - |
| Income taxes | \$ - | \$ - | \$ - |

The accompanying notes to financial statements are an integral part of these statements.

BNH INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies

Basis of Presentation and Organization

BNH Inc. (the “Company”) is a Nevada corporation in the development stage, and has limited operations. The Company was incorporated under the laws of the State of Nevada on September 4, 2007. Initially, the proposed business plan of the Company was to establish the Company as a distributor of bio-degradable plastic utensils to environmentally conscious consumers in Israel and later in the United States. Currently, the Company has shifted its focus from bio-plastic products to the emerging greenhouse gas (GHG) carbon credit market. The accompanying financial statements of the Company were prepared from the accounts of the Company under the accrual basis of accounting.

Unaudited Interim Financial Statements

The interim financial statements of the Company as of September 30, 2010, and for the periods then ended, and cumulative from inception, are unaudited. However, in the opinion of management, the interim financial statements include all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the Company’s financial position as of September 30, 2010, and the results of its operations and its cash flows for the periods ended September 30, 2010, and cumulative from inception. These results are not necessarily indicative of the results expected for the calendar year ending December 31, 2010. The accompanying financial statements and notes thereto do not reflect all disclosures required under accounting principles generally accepted in the United States. Refer to the Company’s audited financial statements as of December 31, 2009, filed with the SEC, for additional information, including significant accounting policies.

Cash and Cash Equivalents

For purposes of reporting within the statement of cash flows, the Company considers all cash on hand, cash accounts not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Revenue Recognition

The Company is in the development stage and has yet to realize revenues from operations. Once the Company has commenced operations, it will recognize revenues when delivery of goods or completion of services has occurred provided there is persuasive evidence of an agreement, acceptance has been approved by its customers, the fee is fixed or determinable based on the completion of stated terms and conditions, and collection of any related receivable is probable.

Loss per Common Share

Basic loss per share is computed by dividing the net loss attributable to the common stockholders by the weighted average number of shares of common stock outstanding during the period. Fully diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no dilutive financial instruments issued or outstanding for the period ended

September 30, 2010.

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Income Taxes

Deferred tax assets and liabilities are determined based on temporary differences between the bases of certain assets and liabilities for income tax and financial reporting purposes. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences.

The Company maintains a valuation allowance with respect to deferred tax assets. The Company establishes a valuation allowance based upon the potential likelihood of realizing the deferred tax asset and taking into consideration the Company's financial position and results of operations for the current period. Future realization of the deferred tax benefit depends on the existence of sufficient taxable income within the carry-forward period under the federal tax laws.

Changes in circumstances, such as the Company generating taxable income, could cause a change in judgment about the realizability of the related deferred tax asset. Any change in the valuation allowance will be included in income in the year of the change in estimate.

Fair Value of Financial Instruments

The Company estimates the fair value of financial instruments using the available market information and valuation methods. Considerable judgment is required in estimating fair value. Accordingly, the estimates of fair value may not be indicative of the amounts the Company could realize in a current market exchange. As of December 31, the carrying value of accounts payable-trade and accrued liabilities approximated fair value due to the short-term nature and maturity of these instruments.

Deferred Offering Costs

The Company defers as other assets the direct incremental costs of raising capital until such time as the offering is completed. At the time of the completion of the offering, the costs are charged against the capital raised. Should the offering be terminated, deferred offering costs are charged to operations during the period in which the offering is terminated.

Concentration of Risk

As of September 30, 2010, the Company maintained its cash account at one commercial bank. The balance in the account was subject to FDIC coverage.

Common Stock Registration Expenses

The Company considers incremental costs and expenses related to the registration of equity securities with the SEC, whether by contractual arrangement as of a certain date or by demand, to be unrelated to original issuance transactions. As such, subsequent registration costs and expenses are reflected in the accompanying financial statements as general and administrative expenses, and are expensed as incurred.

Lease Obligations

All non-cancellable leases with an initial term greater than one year are categorized as either capital leases or operating leases. Assets recorded under capital leases are amortized according to the methods employed for property and equipment or over the term of the related lease, if shorter.

Estimates

The financial statements are prepared on the basis of accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of September 30, 2010 and expenses for the Nine Months Ended September 30, 2010, and cumulative from inception. Actual results could differ from those estimates made by management.

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Fiscal Year End

The Company has adopted a fiscal year end of December 31.

Recent Accounting Pronouncements

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"), codified in FASB ASC 820-10-65, which provides additional guidance for estimating fair value in accordance with ASC 820-10 when the volume and level of activity for an asset or liability have significantly decreased. ASC 820-10-65 also includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of ASC 820-10-65 did not have an impact on the Company's results of operations or financial condition.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165") codified in FASB ASC 855-10-05, which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. FASB ASC 855-10-05 is effective for interim and annual periods ending after June 15, 2009. FASB ASC 855-10-05 requires that public entities evaluate subsequent events through the date that the financial statements are issued.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140" ("SFAS 166"), codified as FASB ASC 860, which requires entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the entity has continuing exposure to the risks related to transferred financial assets. FASB ASC 860 eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets and requires additional disclosures. FASB ASC 860 is effective for fiscal years beginning after November 15, 2009. The adoption of FASB ASC 860 did not have an impact on the Company's financial condition, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167"), codified as FASB ASC 810-10, which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. FASB ASC 810-10 clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. FASB ASC 810-10 requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. FASB ASC 810-10 also requires additional disclosures about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. FASB ASC 810-10 is effective for fiscal years beginning after November 15, 2009. The adoption of FASB ASC 810-10 did not have an impact on the Company's financial condition, results of operations or cash flows.

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, we have updated references to GAAP in our financial statements. The adoption of FASB ASC 105 did not impact the Company's financial position or results of operations.

2. Development Stage Activities and Going Concern

The Company is currently in the development stage, and has not commenced operations. Initially, the business plan of the Company was to establish the Company as a distributor of bio-plastic utensils to environmentally conscious consumers in Israel and later in the United States. Currently, the Company has shifted its focus from bio-plastic products to the emerging greenhouse gas (GHG) carbon credit market.

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The Company began a capital formation activity through a PPO, exempt from registration under the Securities Act of 1933, to raise up to \$50,000 through the issuance of 2,000,000 shares of its common stock, par value \$0.001 per share, at an offering price of \$0.025 per share. As of January 23, 2008, the Company had fully subscribed the PPO and raised \$50,000 in proceeds with the issuance of 2,000,000 shares of its common stock.

The Company also commenced an activity to submit a Registration Statement on Form S-1 to the Securities and Exchange Commission (“SEC”) to register 2,000,000 of its outstanding shares of common stock on behalf of selling stockholders. The Company was not going to receive any of the proceeds of this registration activity once the shares of common stock were sold. The Registration Statement on Form S-1 was filed with the SEC on April 16, 2008, and declared effective on April 30, 2008.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which contemplate continuation of the Company as a going concern. The Company has not established any source of revenues to cover its operating costs, and as such, has incurred an operating loss since inception. Further, as of September 30, 2010, the cash resources of the Company were insufficient to meet its current business plan. These and other factors raise substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

3. Loan from Stockholder

As of September 30, 2010, loans from an individual who is a stockholder of the Company amounted to \$71,095. The loans were provided for working capital purposes, and are unsecured, non-interest bearing, and have no terms for repayment.

4. Common Stock

On September 4, 2007, pursuant to the terms of a subscription agreement, the Company sold 250,000 shares of common stock to Mrs. Goldy Klein, Secretary, for cash payment of \$250 (par value). The Company believes this issuance was deemed to be exempt under Regulation S of the Securities Act.

On October 18, 2007, the Company issued 1,500,000 shares of common stock, valued at \$1,500, to an officer of the Company for services rendered.

On October 25, 2007, the Company issued 250,000 shares of common stock, valued at \$250, to an officer of the Company for services rendered.

On November 12, 2007, the Company issued 3,000,000 shares of common stock, valued at \$3,000, to an officer of the Company for services rendered.

In addition, on November 30, 2007, the Company began a capital formation activity through a PPO, exempt from registration under the Securities Act of 1933, to raise up to \$50,000 through the issuance of 2,000,000 shares of its common stock, par value \$0.001 per share, at an offering price of \$0.025 per share. As of December 27, 2007, the Company had received \$26,000 in proceeds from the PPO. As of January 23, 2008, the Company had fully subscribed the PPO and raised \$50,000 in proceeds with the issuance of 2,000,000 shares of its common stock.

The Company also commenced an activity to submit a Registration Statement on Form S-1 to the Securities and Exchange Commission (“SEC”) to register 2,000,000 of its outstanding shares of common stock on behalf of selling

stockholders. The Company was not going to receive any of the proceeds of this registration activity once the shares of common stock were sold. The Registration Statement on Form S-1 was filed with the SEC on April 16, 2008, and declared effective on April 30, 2008.

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On July 27, 2009, 291,667 shares were issued pursuant to a private placement subscription agreement for cash consideration of \$8,750 at a subscription price of \$0.03 per unit.

On November 9, 2009, 291,667 shares were issued pursuant to a private placement subscription agreement for cash consideration of \$8,750 at a subscription price of \$0.03 per unit.

5. Income Taxes

The provision (benefit) for income taxes for the period ended September 30, 2010 and 2009 and, was as follows (assuming a 23% effective tax rate):

| | 2010 | 2009 |
|--------------------------------|----------|-----------|
| Current Tax Provision: | | |
| Federal- | | |
| Taxable income | \$ - | \$ - |
| Total current tax provision | \$ - | \$ - |
| Deferred Tax Provision: | | |
| Federal- | | |
| Loss carryforwards | \$ 6,390 | \$ 11,707 |
| Change in valuation allowance | (6,390) | (11,707) |
| Total deferred tax provision | \$ - | \$ - |

The Company had deferred income tax assets as of September 30, 2010 and December 31, 2009, as follows:

| | 2010 | 2009 |
|-------------------------------|-----------|-----------|
| Loss carryforwards | \$ 32,512 | \$ 26,122 |
| Less - valuation allowance | (32,512) | (26,122) |
| Total net deferred tax assets | \$ - | \$ - |

The Company provided a valuation allowance equal to the deferred income tax assets for the period ended September 30, 2010 and the year ended December 31, 2009 because it is not presently known whether future taxable income will be sufficient to utilize the loss carryforwards.

As of September 30, 2010, the Company had approximately \$141,359 in tax loss carryforwards that can be utilized in future periods to reduce taxable income, and expire by the year 2030.

6. Related Party Transactions

On September 4, 2007, pursuant to the terms of a subscription agreement, the Company sold 250,000 shares of common stock to Mrs. Goldy Klein, Secretary, for cash payment of \$250 (par value). The Company believes this issuance was deemed to be exempt under Regulation S of the Securities Act.

On October 18, 2007, the Company issued 1,500,000 shares of common stock, valued at \$1,500 to an officer of the Company for services rendered.

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On October 25, 2007, the Company issued 250,000 shares of common stock, valued at \$250 to an officer of the Company for services rendered.

On November 12, 2007, the Company issued 3,000,000 shares of common stock, valued at \$3,000 to an officer of the Company for services rendered.

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As described in Note 3, as of September 30, 2010, the Company owed \$71,095 to an individual who is a stockholder of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand our historical results of operations during the periods presented and our financial condition. This MD&A should be read in conjunction with our financial statements and the accompanying notes, and contains forward-looking statements that involve risks and uncertainties. See section entitled "Cautionary Statement Concerning Forward Looking Statements" above.

Overview

We were incorporated in the State of Nevada on September 4, 2007. Initially, we had been in the process of establishing ourselves as a company in the business of distributing and selling 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. Currently, the Company has shifted its focus from bioplastic products to the emerging greenhouse gas (GHG) carbon credit market.

We have not generated any revenue since our inception. We are a development stage company with limited operations. Our auditors have issued a going concern opinion. This means that our auditors believe there is substantial doubt that we can continue as an ongoing business for the next twelve months.

Plan of Operation

We have not had any revenues since our inception on September 4, 2007. As originally stated, the business plan of the Company was to establish the Company as a distributor of environmentally-friendly, bioplastic utensils. Currently, the Company has shifted its focus from bioplastic products to the emerging greenhouse gas (GHG) carbon credit market. The Company plans to provide matching services for corporations who need to reduce emission outputs in light of more stringent environmental regulations with emission credit specialists who can assist such corporations in reducing their emissions and in earning and/or trading carbon credits. Our activities and plans in the carbon credit market are described in more detail below.

To date, we have not been successful in entering into agreements with clients. Our plan over the next twelve months is to target corporations, first in Israel and eventually in Europe, that are considered greenhouse gas polluters and which, if advised correctly, may make changes in their facilities to reduce the amount of greenhouse gas their facilities produce and thereby earn carbon credits. In order to achieve these goals, we will attempt to retain a qualified board of advisors and to attract a new member to our Board of Directors in order assist us in identifying and locating professionals who could implement such carbon credit reductions and polluters that will require such services.

We intend to attract a board of advisors by engaging a professional head hunting company. If we receive additional funding, we may seek to hire professional management for the Company.

The Potential GHG Carbon Credit Market in the United States

Current worldwide legislation and regulatory measures to reduce atmospheric concentrations of greenhouse gases have their roots in climate change challenges presented by the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

On June 27, 2009, the U.S. House of Representatives passed the ground breaking American Clean Energy and Security Act to impose first-ever limits in the U.S. related to greenhouse-gas emissions linked to global warming. It is expected that this legislation will face a tough legislative battle in the Senate. President Obama called the vote in the House of Representatives “a bold and necessary step that holds the promise of creating new industry and millions of new jobs.” The bill, he said, would usher in “a critical transition to a clean-energy economy without untenable burdens on the American people.” The bill now awaits Senate approval.

However, it now appears that this bill will not be enacted into law in the near term. According to energy sector analysts, in the current economic and political climate, climate change policy is not a pressing legislative item. (Source: Article on CNBC website dated September 30, 2010). Moreover, even if legislation is passed in the United States, there is no certainty as to what form it will take.

Reduction Target

The American Clean Energy and Security Act calls for the U.S. to reduce its greenhouse-gas emissions by 17 percent from 2005 levels by 2020. It would establish a limited number of pollution permits, more than 70 percent of which would initially be given away free to utilities, manufacturers, state governments and others, according to the Congressional Budget Office. The permits could then be traded or sold. In addition, most states would be required to generate 20 percent of their electricity from renewable sources by 2020.

Jobs and Oil Usage Reduction

Previously, House Democratic leaders had said the bill would create 1.7 million new jobs and save 240 million barrels of oil by 2020.

Cost Per Household

According to the Congressional Budget Office, the new bill would cost the average American household \$175 a year in extra expenses.

The U.S. carbon market is currently in a problematic stage and it will likely only become viable if U.S. federal regulation of GHG emissions becomes a reality. Any cap-and-trade system will most likely include provisions relating to allowances issued to regulated entities by the government, emission reduction certificates generated by clean development projects outside the regulated entities, and market-based incentives for Reduced Emissions from Deforestation and Degradation (REDD), such as forestry offsets.

If the proposed legislation is enacted by the U.S. government, corporations that produce GHG emissions will become subject to increased regulation and they will be interested in effective and relatively inexpensive ways to reduce their GHG emissions to comply with, as well as benefit from, any applicable cap-and-trade system.

Matching Services – Carbon Credits

Previously we had believed that a new service market would develop in the U.S. in which brokers would match GHG emissions specialists with corporations with high GHG emissions which are interested in receiving advice on how to earn and trade carbon credits. In the near term, however, we do not see this as a reality.

We had believed that there would be a market for a consulting firm that would introduce GHG emissions consultants to GHG emissions producing corporations, and assist these GHG emissions consultants with entering into business agreements with these GHG emissions producers. In exchange for our services, our plan was to receive a percentage of the revenues earned by such consultants on each client that we match. At this time, before entering the U.S. market, our management believes that we will have to wait for the dust to settle and for there to be more clarity from the U.S. government.

Over the next twelve months we plan to focus our efforts to locate suitable corporations in Israel, and eventually in Europe, and if U.S. legislation is enacted then in the U.S. as well, that are seeking to reduce emission outputs and thereby earn carbon credits. In addition we plan to locate suitable climate consultants whom we can match their

services with the corporations. We will also attempt to retain an advisory board as well as to expand our Board of Directors to include climate, environmental and other professionals. We expect these new Board members not only to help us build credibility in the eyes of potential customers but also to work to bring in business to our company.

Management continues to seek funding from its shareholders and other qualified investors to pursue our business plan. In the alternative, we may be amenable to a sale, merger or other acquisition in the event such transaction is deemed by management to be in the best interests of our shareholders.

Results of Operations

Revenues

We had no revenues for the period from September 4, 2007 (date of inception) through September 30, 2010.

Expenses

Our expenses for the nine month period ended September 30, 2010 were \$27,783 compared with \$50,900 for the same nine month period in 2009. Our expenses since our inception were \$141,359. These expenses were comprised primarily of professional fees and general and administrative expenses.

Net Income (Loss)

Our net loss for the nine month period ended September 30, 2010 was \$27,783, compared with \$50,900 for the same nine month period in 2009. During the period from September 4, 2007 (date of inception) through September 30, 2010, we incurred a net loss of \$141,359. This loss consisted primarily of professional fees and administrative expenses. Since inception, we have sold 7,583,334 shares of common stock.

Liquidity and Capital Resources

Our balance sheet as of September 30, 2010, reflects assets of \$6,323. Cash and cash equivalents from inception to date have been insufficient to provide the working capital necessary to operate to date.

We anticipate generating losses and, therefore, may be unable to continue operations in the future. If we require additional capital, we would have to issue debt or equity or enter into a strategic arrangement with a third party. There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Going Concern Consideration

The financial statements contained herein for the fiscal quarter ended September 30, 2010, have been prepared on a “going concern” basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. For the reasons discussed herein and in the footnotes to our financial statements included herein, there is a significant risk that we will be unable to continue as a going concern. Our audited financial statements included in our Annual Report on Form 10-K for the period ended December 31, 2009, contain additional note disclosures describing the circumstances that lead to this disclosure by our registered independent auditors.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes from the information provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

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ITEM 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer has concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in internal control over financial reporting. There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified in connection with management’s evaluation during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in our annual report on Form 10-K for the year ended December 31, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. (Removed and Reserved).

Item 5. Other Information.

None.

Item 6. Exhibits.

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| Exhibit Number | Exhibit Description |
|----------------|---|
| 3.1 | - Certificate of Incorporation.* |
| 3.2 | - Bylaws.* |
| 31 | - Rule 13a-14(a)/15d-14(a) Certification of Principal Executive and Financial Officer |
| 32 | - Section 1350 Certification of Principal Executive and Financial Officer |

* incorporated by reference from Registrant's Registration Statement on Form S-1 filed on April 16, 2008, Registration No. 333-150266.

SIGNATURES

Pursuant to the requirements 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.

BNH INC.

By: /s/ Nehemya Hesin

Nehemya Hesin
Title: President, Treasurer and Director
(Principal Executive Officer, Principal Financing Officer and Principal Accounting Officer)

Dated: October 21, 2010