



BACNOTAN CONSOLIDATED INDUSTRIES, INC.
A PHINMA Company

January 12, 2009

PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Center
Exchange Road, Pasig

Attention : Atty. Pete M. Malabanan
Head, Disclosure Department

Gentlemen:

This is further to our disclosure dated November 19, 2008 and our letter dated November 21, 2008 regarding the company's investment in One Animate Limited (One Animate).

Please be informed that Bacnotan Consolidated Ind. Inc. received today 6,733,600 shares of stock in One Animate representing 80% equity in the said company. One Animate is a limited liability company incorporated in Hong Kong engaged in business process outsourcing for animation services.

Below are additional information relevant to the transaction.

- a) Date and manner of acquisition. BCII subscribed to 6,733,600 new shares in One Animate, which first increased its authorized capital stock to allow said subscription.
- b) Copies of the agreement: In accordance with the regulations in Hong Kong, BCII applied for subscription to the said shares, a copy of which is attached. This served as the subscription agreement.
- c) Source of funds. For this investment in One Animate, BCII used its existing funds.
- d) Nature of any material relationship between the Corporation and One Animate, its directors/officers, or any of its affiliates. One Animate is 20%-owned by Philippine Investment Management (PHINMA), Inc. which has a 35% equity interest in BCII.
- e) Terms and conditions of the transaction:

e.1. Number of shares to be acquired, issue price per share, payment:

BCII subscribed to and fully paid 6,733,600 shares in One Animate at the par value and issue price of \$1.00 per share or a total investment of \$6,733,600.00.

e.2. Valuation method.

The above investment of BCII represents an 80% equity in the assets of One Animate, which includes a 95% investment in Toon City Corporation and various assets related to the animation business. The valuation reflects factors such as asset values, profitability outlook, and strategic considerations.

e3. Independent fairness opinion concerning the valuation of the purchase price of the shares. The fairness of the purchase price was determined based on an internal evaluation of the investment.

f) Detailed background of One Animate :

f.1. Capital structure :

	Before Investment	After Investment
Authorized capital stock	USD 200,000	USD 8,417,000
Par value	USD 1	USD 1
Issued and outstanding shares	1 share	8,417,000 shares

f.2. Ownership structure :

Shareholders	Before			After		
	In USD	No. of shares	%	In USD	No. of shares	%
Phinma, Inc.	\$1	1	100	\$1,683,400	1,683,400	20
BCII				6,733,600	6,733,600	80
Total	\$1	1	100	\$8,417,000	8,417,000	100

f. 3. Subsidiary: Toon City Animations, Inc. (95%).

f. 4. Board of directors and officers: In accordance with Hong Kong law, One Animate has appointed the sole director and corporate secretary listed below.

Director : Onshore Services Limited
 Corporate Secretary : Stable Corporate Services Limited

f. 5. Latest audited financial statements. The company, having been incorporated only in 2008, does not yet have audited financial statements. Below are the financial highlights (unaudited) as of Dec. 31, 2008.

	Amount (USD)
Current Assets	1,141,423.26
Investments in and advances to subsidiary	8,417,000.00
Total assets	9,558,423.26
Total liabilities	1,112,775.77
Capital stock	8,417,000.00
Retained earnings	28,647.49
Total liabilities and stockholders equity	9,558,423.26

- g) The interest which directors of the parties have in the transaction: None.
- h) Any other relevant information. To the best of BCII's belief, there is no other information relevant to the disclosure which needs to be provided.

Very truly yours,


JUAN J. DIAZ
 Corporate Secretary



BACNOTAN CONSOLIDATED INDUSTRIES, INC.
A PHINMA Company

Company No. : 1278191

December 23, 2008

The Directors
ONE ANIMATE LIMITED
Unit 1202 Malaysia Building,
50 Gloucester Road,
Wanchai, Hong Kong

Dear Sir/Madam,

APPLICATION FOR SHARE(S)

We, Bacnotan Consolidated Industries, Inc. with legal address at 12th Floor , Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City, hereby apply for and request you to allot the following share(s) in the capital of your company to us.


<i>Class of Shares</i>	<i>No. of Shares Applied for</i>
Ordinary	6,733,600

If our application is accepted, we agree to take the said share(s) subject to the Memorandum & Articles of Association of the Company and we authorize you to enter our name in the Register of Members as the holder of the said share(s).

Yours faithfully,

For and on behalf of
Bacnotan Consolidated Industries, Inc.


ROBERTO M. LAVINA


REGINA B. ALVAREZ