

# **BNS Holding, Inc.**

**61 East Main Street  
Los Gatos, California 95031**

June 12 , 2008

Dear Fellow Shareholders:

We are pleased to report the results of our second quarter that ended April 30, 2008. Our net sales for the quarter decreased by 9.3% to \$64.4 million compared to \$71.0 million during the second quarter of last year. The decrease was due to a 19.6% decline in specialty vehicles shipped to customers which was partially offset by an increase in average realized pricing. The decline in vehicles shipped was due to the effects of the American Axle strike on a key supplier, which curtailed chassis shipments to our bus and ambulance business, and by the softening of the economy which has affected demand on our terminal trucks. Additionally we believe rising gasoline and diesel prices have adversely affected many customers who have subsequently delayed or postponed replacement purchases. Our net sales are up 9.2% for the first six months of the year compared to 2007.

Gross profit during the quarter increased by 2.4% to \$7.9 million compared to \$7.7 million during the second quarter of 2007. As a percentage of net sales our gross profit margin improved to 12.3% in the second quarter of 2008 from 10.9% in the second quarter of 2007. The improvement in gross profit was driven by cost savings achieved from the recent plant consolidations activity, our lean manufacturing initiative and improved realized pricing, which offset volume declines and higher raw material costs.

Selling, general and administrative expenses during the quarter increased by 4.9% to \$5.2 million compared to \$4.9 million during the second quarter of 2007. The increase was due to an increase in non-cash intangible amortization expense following Collins' final purchase accounting determinations at the end of last year.

Income from operations was down slightly at \$2.7 million during the second quarter compared \$2.8 million in 2007. Included in the second quarter of 2008 and 2007 is \$0.4 million and \$1.2 million respectively of one time expenses associated with Collins Industries business improvement program. After recording slightly higher interest expense during the period and accounting for minority interest, our net loss for the period was \$253,575 compared with a net loss of \$265,811 during the second quarter of 2007.

Collins cash flow generation during the six months ended April, 2008, measured by earnings before interest, taxes, depreciation and amortization was \$10.0 million and \$8.5 million for the six months ended April, 2007, before non-recurring charges of \$1.2 million and \$1.7 million respectively in 2008 and 2007, and related party fees and expenses of \$0.8 million and \$0.9 million in 2008 and 2007 respectively.

As mentioned in the first quarter report the operating environment remains challenging for our businesses. The settlement of the American Axle strike is welcomed news, however, our business has been adversely affected and resuming normal operations will take several months. We are very pleased that we were able to adjust our production schedule to allow us to continue manufacturing throughout the strike and retain our labor force. The weak economy and the dramatic increases in commodity prices, in particular steel, will continue to exert pressure on our margins and the demand for our products. We believe the recent business improvement initiatives at Collins Industries, has positioned Collins to confront these short term challenges.

We thank you for your continued support.

Sincerely,

Ken Kermes  
Chairman of the Board