

BNS Holding, Inc.

61 East Main Street
Los Gatos, California 95031

September 15, 2009

Dear Fellow Shareholders:

We are pleased to report improved financial results for the three month and nine month periods ended July 31, 2009. Our net sales for the nine months ended July 31, 2009 were \$209.6 million as compared to \$215.6 million for the nine months ended July 31, 2008. Net income was \$2.2 million or \$0.72 per share for the nine months ended July 31, 2009, as compared to a net loss of \$220,000 or \$(0.07) loss per share for the nine months ended July 31, 2008.

For the three months ended July 31, 2009, our net sales were \$71.6 million as compared to \$73.7 million during the third quarter of last year. Net income was \$1.2 million or \$0.41 per share for the quarter ended July 31, 2009 as compared to a net income of \$22,519 or \$0.01 per share for the quarter ended July 31, 2008. Unit shipments for the ambulance and bus businesses increased during the quarter, however, sales volume in our terminal truck and road construction business experienced a significant decline due to the economic worldwide downturn. Unit shipments in our terminal truck and road construction segment were approximately 1/3rd of what they were in the comparable period last year.

Gross profit for the quarter increased by 9.6% to \$9.5 million compared to \$8.7 million during the third quarter of 2008, despite the decline in unit volume. Our gross profit margin improved to 13.2% in the third quarter of 2009 as compared to 11.8% in the third quarter of 2008. The margin improvement was due principally to improved operating efficiencies as well as favorable mix.

Selling, general and administrative expenses for the quarter decreased by 17.1% to \$4.6 million compared to \$5.5 million during the third quarter of 2008. The improvement was due principally to cost cutting measures implemented by Collins Industries in the fourth quarter of last year in anticipation of the weak economic environment.

Income from operations increased 57% to \$4.9 million for the third quarter compared to \$3.1 million in 2008. Interest expense for the quarter dropped by 18% as compared to the prior year period due to lower average borrowings and lower interest rates. As previously noted, net income for the quarter increased to \$1.2 million compared with net income of \$22,519 during the third quarter of 2008.

Cash flow generation during the third quarter of 2009 and 2008, as measured by earnings before interest, taxes, depreciation and amortization, was \$6.1 million and \$4.8 million, respectively, before non-recurring charges and plant closure expenses of \$0.0 million and \$0.4 million in 2009 and 2008, and related party fees and expense of \$0.4 million and \$0.4 million in 2009 and 2008, respectively.

Our quarter end debt level at Collins Industries was \$62.6 million, down slightly from our year end balance of \$63.6 million and also down from \$68.7 million in the same quarter last year. Pursuant to a new contract at our bus business we generated increased levels of accounts receivables during the quarter, which increased our working capital balance at quarter end.

On June 8, 2009 our bus manufacturing facility located in South Hutchinson, Kansas was hit by a storm resulting in significant damage to our plant. Fortunately the storm hit in the early morning hours and no one was injured. Through the extraordinary efforts of our employees and the cooperation of the local community, we were able to restart production on June 15th. The damage required us to relocate parts of our manufacturing line. We anticipate it will take 6 months to complete permanent repairs. The company believes its insurance will adequately cover the property losses sustained as well as business interruption expenses. We have received \$2.5 million in advances from our insurance carrier to cover our expenses incurred to date. Given our property and business interruption coverage we do not believe there will be any material adverse financial impact as a result of this storm.

While we are pleased with the continuing improvement in our year-to-date and quarterly results, market conditions are as challenging as we have ever seen them. Our terminal truck and road construction business is operating at a reduced production level and we don't see any material improvement until demand for container shipping returns. Our bus unit shipments are down slightly year to date as customers postpone vehicle replacements and school districts seek ways to reduce costs. Our ambulance business has benefitted from strong government and export sales this year, but it is unclear if these markets will continue to hold up in 2010. We have taken significant steps during the last 24 months to improve our efficiencies and to lower our costs. Consequently our business has performed well given the external challenges. In the past year we have also introduced exciting new alternative fueled vehicles in our bus and terminal truck businesses. We remain very cautious about our business prospects in 2010; however, we are confident we have positioned our company to remain a leader in its markets and to prosper once the economy improves.

We thank you for your continued support.

Sincerely,

Ken Kermes
Chairman of the Board