

BNS Holding, Inc.

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

January 29, 2010

Dear Fellow Shareholders:

The market conditions we confronted during the 2009 fiscal year proved to be even more challenging than those we reported to you in last year's letter. Although the immediate global financial crisis was alleviated, the much anticipated economic recovery has been elusive. When you couple this with the disruptions in the automotive industry, highlighted by the bankruptcies of General Motors and Chrysler, the specialty vehicle industry was indeed operating in uncharted waters. Lastly, just as some sense of normalcy was returning to our chassis suppliers, we experienced a major weather event at our Collins Bus manufacturing facility in the height of our season. We are very pleased to report not only did we meet these challenges but we improved our results over the prior year. We are very grateful and proud of the efforts of all our employees at Collins Industries.

Our net sales during the year declined by 8.9% which reflected a 14.4% decline in specialty vehicle sales volume, partially offset by an increase in average realized pricing and a change in product mix. Significant declines in world trade and the construction industries resulted in particularly weak conditions in our terminal truck/road construction business. This segment accounted for the preponderance of the decline in volume.

In spite of the decline in net sales, our gross profit was slightly above last year at \$34.7 million versus \$34.5 million. As a percentage of net sales our gross profit margin improved to 12.9% in fiscal 2009 from 11.6% in fiscal 2008. Please note that 2008 gross profit included \$1.4 of non-recurring expenses associated with the Collins Industries business improvement program. Since the business improvement program was essentially completed during 2008, our gross profit improvement in 2009 reflected the benefits of our business improvement program, including the improved operating efficiencies resulting from the company's lean manufacturing program.

Selling, general and administrative expenses during 2009 declined by 11.6% to \$19.4 million compared to \$21.7 million during 2008. The decline in SG&A expenses was principally due to the proactive cost reduction program which Collins identified and implemented in late FY 2008 and early FY 2009 in anticipation of difficult market conditions.

As a result of these positive factors, income from operations was \$15.4 million in 2009 as compared to \$12.2 million in 2008. After recording lower interest expense during the period and accounting for minority interest, our net income for the year was \$2.5 million compared with a net loss of \$160,276 in the prior year.

Cash flow generation during 2009 and 2008, measured by earnings before interest, taxes, depreciation and amortization was \$20.0 million and \$18.9 million, respectively, before insurance gains of \$0.3 million in 2009, plant closure expenses of \$1.9 million in 2008, and related party fees and expense of \$1.6 million in 2008 and 2007, respectively.

Long term debt declined to \$73.3 million from \$80 million the prior year due to improved operating efficiencies and improved cash flow.

Although we are very pleased with our performance during a challenging 2009, business and market conditions remain fragile. Global and local economic conditions have improved over last year, however, there is no discernable data pointing to near term meaningful growth in the markets we serve. Municipal and school budgets remain under pressure as tax collections decline as a result of lower economic activity and falling property values. As a company we remain focused on those factors which we can control, namely costs, quality and providing the best value to our customers. We continue to believe we have correctly positioned our company as a leader in the markets we serve and we look forward to continue to meet the challenges that confront us.

On January 27, 2010, we announced that we had signed an agreement to sell our interest in Collins Industries. Please see our website for further details.

We thank you for your continued support.

Sincerely,

Ken Kermes
Chairman of the Board

