

# BNS Holding, Inc.

61 East Main Street  
Los Gatos, California 95031

March 19, 2009

Dear Fellow Shareholders:

We are pleased to report the results of our first quarter that ended January 31, 2009. Our net sales for the quarter decreased by 12.2% to \$68.0 million compared to \$77.5 million during the first quarter of last year. The decrease was due to a 20% decline in specialty vehicles shipped to customers which was partially offset by an increase in average realized pricing. The decrease in specialty vehicle sales volume was due principally to declines in our bus business. During the first quarter of last year our bus business benefitted from a large one time contract with a major customer servicing the child care industry. This large contract resulted in a record performance during the first quarter of 2008, normally our seasonally weakest period. The absence of this business in 2009 accounted for 85% of the unit sales decline during the quarter. Our unit volume in our other businesses was mixed. Ambulance unit sales have increased while our terminal truck/road construction unit volume fell as a result of the weak conditions in its markets

Due principally to the decline in vehicle sales, our gross profit during the quarter declined by 17.2% to \$7.8 million compared to \$9.4 million during the first quarter of 2008. As a percentage of net sales our gross profit margin decreased to 11.4% in the first quarter of 2009 from 12.1% in the first quarter of 2008.

Selling, general and administrative expenses during the quarter decreased by 17.5% to \$4.8 million compared to \$5.8 million during the first 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 decreased to \$3.0 million during the first quarter compared \$3.6 million in 2008. After recording lower interest expense during the period and accounting for minority interest, our net income for the period increased to \$201,500 compared with net income of \$10,850 during the first quarter of 2008. The lower interest expense resulted from the pay down of debt last year and lower interest rates.

Cash flow generation during the first quarter of 2009 and 2008, measured by earnings before interest, taxes, depreciation and amortization was \$4.5 million and \$5.4 million respectively before non-recurring charges and plant closure expenses of \$0.0 million and \$0.78 million in 2009 and 2008, respectively and related party fees and expense of \$0.4 million and \$0.4 million in 2009 and 2008, respectively

We believe the business improvement initiative we began at Collins Industries in early 2007 helped us overcome the difficult economic conditions we experienced in the quarter. The year over year improvement in net income in spite of lower revenues and higher raw material costs

would not have been possible without the benefits of actions taken during the last two years. The economy, however remains weak and business conditions are extremely challenging.. Although we have experienced some recent declines in energy and commodity pricing, overall consumer confidence remains low, revenue and profits are down and capital budgets remain very conservative. We are hopeful the recently approved American Recovery and Reinvestment Act of 2009 will provide some much needed stimulus to the U.S. economy. We believe, however, it will take many months before we see any meaningful improvement in the economy. In this environment it is extremely difficult to predict how our businesses will perform. We know market conditions are most difficult for our terminal truck/road construction business and our profitability for the year will be significantly down in this business. On the other hand, market conditions in our school bus and ambulance businesses thus far have been more stable. We continue to carefully monitor our spending levels and we are taking actions to eliminate costs where it does not adversely affect our long term strategy.

We thank you for your continued support.

Sincerely,

Ken Kermes  
Chairman of the Board