BNS Holding, Inc.

61 East Main Street
Los Gatos, California 95031

January 22, 2009

Dear Fellow Shareholders:

To say that 2008 was a challenging year would be a significant understatement. After having a record first quarter, our company was confronted with a number of challenging issues starting in February of 2008. These included an interruption of chassis supply from General Motors as a result of a strike by one of their key suppliers; an unprecedented increase in raw material costs and gasoline/diesel fuel which began in April and lasted through September; a rapidly deteriorating economy which adversely affected the ability of our customers to adhere to normal vehicle replacement patterns; and deteriorating credit markets which also adversely affected the ability of some of our customers to finance vehicle purchases. Consequently, our net sales during the year declined by 3.6% which reflected a 12.3% decline in specialty vehicle sales volume which was partially offset by an 8.7% increase in average realized pricing.

The decline in vehicle volume coupled with the rapid increase in raw material costs, in particular steel and aluminum, resulted in a decline in our gross profit during the year of 5.2% to $34.4 million compared to $36.3 million in fiscal 2007. As a percentage of net sales our gross profit margin decreased to 11.6% in fiscal 2008 from 11.8% in fiscal 2007. Please note that included in 2008 and 2007 gross profits are $1.4 and $2.4 million, respectively, of non-recurring expenses associated with the Collins Industries business improvement program. In addition to these non-recurring expenses we incurred $462,857 in plant closure expenses in 2008 compared to $3.1 million in plant closure expenses in 2007. Collins' business improvement program has been substantially completed during 2008 and we do not expect to incur any material non-recurring costs related to this program in fiscal 2009

Selling, general and administrative expenses during 2008 increased by 8.2% to $21.7 million compared to $20.1 million during 2007. Approximately 50% of the increase was due to an acquisition in Canada. Another $600K was due to a one time sales tax item which reduced 2007 operating expenses.

Income from operations was $12.2 million during 2008 as compared to $13.0 million in 2007. After recording lower interest expense during the period and accounting for minority interest, our net loss for the year was $160,276 compared with a net loss of $22,545 in the prior year.

One of the areas we focused on during 2008 was to continue to improve our balance sheet. During 2008 we improved our working capital by reducing accounts receivable and inventories by $1.9 million and $6.1 million, respectively, and we reduced our long term debt (excluding current portion of long term debt) from $90.5 million to $80.1 million.

Cash flow generation during 2008 and 2007, measured by earnings before interest, taxes, depreciation and amortization was $18.9 million and $22.9 million, respectively, before non-recurring charges and plant closure expenses of $1.9 million and $5.8 million in 2008 and 2007, respectively, and related party fees and expense of $1.1 million and $1.3 million in 2008 and 2007, respectively.

Although we have seen some recent declines in energy and commodity pricing, the world economy and domestic business conditions remain extraordinarily difficult. We cannot recall a more challenging time. Although we are disappointed with the results for the year, we are very fortunate to have substantially completed the business improvement program which was initiated by Collins in fiscal 2007. As a result of this program, we have substantially reduced our overhead, improved our working capital position and improved operating efficiencies. Had we not completed this work our financial results and cash flows would have been more adversely affected. We remain very cautious about the prospects for 2009. Although some of our key market channels have historically been more resilient during economic downturns, it is difficult to predict how the overall specialty vehicle will behave during these extraordinary times.

We thank you for your continued support.

Sincerely,

Ken Kermes
Chairman of the Board