Corporate Data
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Common Stock
The Common Stock of Burnham Holdings, Inc. is traded under the symbol BURCA on the electronic Pink Sheets, and is listed by the OTC Markets Group, Inc., reporting service for over-the-counter stocks.

For further information contact:
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Inquiries about stock certificates, stock transfers, dividend payments or address changes should be directed to Fulton Financial at the above address.

Statements other than historical facts included or referenced in this Report are forward-looking statements subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Careful consideration should be given to cautionary statements made in our 2010 Annual Report. We undertake no duty to update or revise these forward-looking statements.

BURNHAM HOLDINGS, INC.

BURNHAM HOLDINGS, INC.

REPORT

TO

STOCKHOLDERS

Six Months Ended June 26, 2011

To Our Shareholders:
Second quarter and year-to-date sales were $40.0 million and $76.3 million, respectively. Prior year second quarter and year-to-date sales were $35.6 million and $71.1 million, respectively. Both portions of our business, residential and commercial recorded sales increases for the quarter and built upon the upward sales trend Burnham Holdings experienced in the first quarter. This is encouraging in light of the challenging economic and political conditions, which continue to destabilize any consistent sign of recovery. With a firm foundation based on our core principles and philosophy, Burnham is financially and operationally strong. Existing boilers will continue to be replaced over time due to age or operating costs, and our powerful lineup of high-efficiency residential and commercial products positions us well in the market. We produce top-quality, high-value equipment for virtually any application. As we approach the upcoming heating season, we are scheduling our manufacturing facilities for the normal pattern of higher demand in the second half.

Financial Results
The losses for the second quarter and year-to-date were $(31) thousand or $(0.01) per share, and $(1,015) thousand or $(0.23) per share, respectively. This is basically equal to 2010, when quarter and year-to-date losses were $(122) thousand or $(0.03) per share, and $(942) thousand or $(0.21) per share, respectively. Cost of goods sold ("COGS") as a percentage of sales for 2011, for both the quarter and year-to-date, have increased by approximately 1% compared to the same periods of the prior year (2011 at 78.8% and 79.9%, respectively, versus 2010 at 77.7% and 79.3%, respectively). The COGS has been negatively impacted by an increase in global commodity prices. Through the six months, we have incurred material price variances of approximately 1.6% of sales, more than double the year-to-date difference in the COGS percentage. We have been able to offset a portion of these increases through the continual and systematic improvement of our production processes and from strict control of manufacturing overhead expenses. Selling, administrative, and general expenses were lower as a percentage of sales for the quarter and first half compared to the prior year (2011 at 20.4% and 21.3%, respectively, versus 2010 at 21.7% and 21.8%, respectively). In addition to the favorable impact from the above-mentioned cost drivers, we are also taking appropriate product pricing actions to maintain the operating margins.

Balance Sheet Condition
The Company's balance sheet remains strong with working capital at a level consistent with the business activity. Total debt was $34.4 million at June 26, 2011, only $1.0 million higher than the $33.4 million at the same point in 2010. This change is mainly the result of higher inventory levels and increased capital spending (in the prior year we recognized proceeds from the sale of assets discussed in Note 7). While the Statement of Cash Flows presents negative net cash used in operations for the six months, the higher inventory levels at the end of the half explain the majority of this usage. The inventory levels are based on historical monthly patterns and optimized manufacturing schedules combined with market estimates, which are routinely evaluated and adjusted as appropriate.

Dividends
At its meeting on July 14, 2011, the Board of Directors declared a quarterly common stock dividend of $0.17 per share payable August 29, 2011, with a record date of August 22, 2011.

A. Morrison, III
Chairman and CEO

Consolidated Balance Sheets

(In thousands) (December year-end audited, quarterly data unaudited (see Notes))	June 26, 2011	Period Ended December 31, 2010	June 27, 2010
Assets			
Current Assets			
Cash, cash equivalents, and marketable securities	$ 4,547	$ 3,965	$ 3,956
Trade and other accounts receivable, net	21,511	23,666	20,740
Inventories	52,534	36,593	50,884
Prepayments and other current assets	3,669	3,716	2,794
Total current assets	82,261	67,940	78,374
Property, plant and equipment, net	50,222	50,001	44,308
Deferred income taxes (5)	-	-	1,189
Other assets, net	22,090	22,156	21,813
Total Assets	$ 154,573	$ 140,097	$ 145,684
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses (including taxes)	$ 25,458	$ 27,064	$ 22,198
Current portion of long-term liabilities	305	361	344
Total current liabilities	25,763	27,425	22,542
Long-term debt	34,112	14,016	33,075
Other postretirement liabilities (5)(6)	21,488	22,892	19,644
Deferred income taxes (5)	1,757	1,824	
Total stockholders' equity (5)	71,453	73,940	70,423
Total Liabilities and Stockholders' Equity	$ 154,573	$ 140,097	$ 145,684

Consolidated Statements of Cash Flows

	Six Months Ended June 27, 2011	June 27, 2010
OPERATING ACTIVITIES		
Net loss	$ (1,015)	$ (942)
Depreciation and amortization	2,116	2,292
Other net adjustments	(1,416)	(760)
Pension and postretirement liabilities expense	498	380
Contributions to pension trust (6)	(1,875)	(2,100)
Changes in operating assets and liabilities	(14,043)	(8,992)
NET CASH USED IN OPERATING ACTIVITIES	(15,735)	(10,122)
NET CASH USED IN THE PURCHASE OF ASSETS	(2,313)	(1,538)
PROCEEDS FROM SALE OF ASSETS (7)	-	871
FINANCING ACTIVITIES		
Proceeds from borrowings	20,000	12,500
Principle payments on debt and lease obligations	(18)	(119)
Proceeds from exercise of stock options	175	51
Dividends paid	(1,527)	(1,514)
NET CASH PROVIDED BY FINANCING ACTIVITIES	18,630	10,918
CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES		
Increase for period	582	129
Beginning of year	3,965	3,827
End of period	$ 4,547	$ 3,956

Consolidated Statements of Operations

(In thousands, except per share data) (Data is unaudited (see Notes))	Three months ended June 26, 2011	June 27, 2010	Six months ended June 26, 2011	June 27, 2010
Net sales	$ 40,049	$ 35,623	$ 76,324	$ 71,148
Cost of goods sold	31,572	27,689	61,019	56,420
Gross profit	8,477	7,934	15,305	14,728
Selling, administrative and general expense	8,163	7,724	16,256	15,496
Operating income (loss)	314	210	(951)	(768)
Other income (expense)				
Mark-to-Market (4)	37	31	110	71
Interest income	2	1	2	1
Interest expense	(400)	(433)	(746)	(776)
Other Income (expense)	(361)	(401)	(634)	(704)
Loss before taxes	(47)	(191)	(1,585)	(1,472)
Tax benefit	(16)	(69)	(570)	(530)
Net loss	$ (31)	$ (122)	$ (1,015)	$ (942)
Basic and Diluted loss per share	$ (0.01)	$ (0.03)	$ (0.23)	$ (0.21)
Dividends paid per share	$ 0.17	$ 0.17	$ 0.34	$ 0.34

Notes:

(1) The accompanying unaudited financial statements contain adjustments that are necessary for a fair presentation of the interim results, and these adjustments are applied consistently for the periods presented. The results for any interim period are not necessarily indicative of results for the full year. These consolidated financial statements should be read in conjunction with the Annual Report for the period ended December 31, 2010.

(2) Basic earnings per share are based upon weighted average shares outstanding for the period. Diluted earnings per share assume the conversion of outstanding rights into common stock.

(3) Common stock outstanding at June 26, 2011 includes 2,882,724 of Class A shares and 1,584,785 of Class B shares.

(4) Mark-to-Market adjustments are a result of changes (non-cash) in the fair value of interest rate agreements. These agreements are used to exchange the interest rate stream on a portion of the variable rate debt for payments indexed to a fixed interest rate. These non-operational, non-cash charges reverse themselves over the term of the agreements.

(5) Accounting rules require that the funded status of pension and other postretirement benefits be recognized as a non-cash asset or liability, as the case may be, on the balance sheet of the Company. For December 31, 2010 and 2009, projected benefit obligations exceeded plan assets. The resulting non-cash presentation on the balance sheet is reflected in "Deferred income taxes", "Other postretirement liabilities", and "Accumulated other comprehensive income (loss)", a non-cash sub-section of "Stockholders' Equity" (See Note 10 of the 2010 Annual Report for more details).

(6) In the first half of 2011 and 2010, the Company made voluntary pre-tax contributions of $1.9 million and $2.1 million, respectively, to its defined pension plan. These payments increased the trust assets available for benefit payments (reducing "Other postretirement liabilities") and did not impact the Statement of Operations.

(7) On February 22, 2010, the Company sold the assets of Wendland Manufacturing Corp. in Texas. The sale was recorded in the 2009 financial statements, while the transfer of cash occurred on the date of sale.