



Financial Statements of Maxco, Inc. and Subsidiaries

For The Quarter Ended June 30, 2010 and 2009

MAXCO, INC. AND SUBSIDIARIES
Financial Statements

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CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION AS OF JUNE 30, 2010
AND AS OF MARCH 31, 2010

MAXCO, INC. AND SUBSIDIARIES

	June 30, 2010	March 31, 2010
	<i>(unaudited)</i>	
	<i>(in thousands)</i>	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,267	\$ 4,877
Notes receivable	2,232	2,933
Prepaid expenses and other	19	107
Total Current Assets	4,518	7,917
Recoverable income tax	1,800	1,800
Property and equipment, net	25	27
Total Assets	\$ 6,343	\$ 9,744
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 54	\$ 93
Taxes, interest, and other liabilities	35	45
Accrued liquidation costs	1,343	1,421
Total Current Liabilities	1,432	1,559
Long-Term Obligations, Less Current Maturities	-	-
Total Liabilities	1,432	1,559
Net Assets in liquidation basis	\$ 4,911	\$ 8,185

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD APRIL 1, 2010 THROUGH JUNE 30, 2010 (LIQUIDATION BASIS)

MAXCO, INC AND SUBSIDIARIES

	<i>(in thousands)</i>
Net assets in liquidation as of April 1, 2010	\$ 8,185
Liquidation basis adjustments:	
Adjust assets and liabilities to estimated liquidation value	-
Liquidation distribution to shareholders	(3,274)
Net assets in liquidation as of June 30, 2010	\$ 4,911

See notes to consolidated statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAXCO, INC. AND SUBSIDIARIES

NOTE 1 – BUSINESS

Nature of Business Maxco, Inc. (“Maxco” the “Company”) is a Michigan corporation. Maxco has 3,273,877 outstanding common shares which are traded on the Pink Sheets Over-The-Counter (OTC) Market. On February 1, 2007, Maxco sold substantially all of the assets of its last 100% owned operating subsidiary.

The Company’s Board of Directors concluded in a meeting held September 18, 2008 that the implementation of a Formal Plan of Complete Dissolution and Liquidation is in the best interest of the Company and its shareholders. Subsequently, the Plan was submitted to Maxco’s shareholders as of October 28, 2008 for approval at the Company’s annual meeting held on December 4, 2008. The Plan of Complete Dissolution and Liquidation was approved by the shareholders at the annual meeting.

As a result of the adoption of the Plan of Complete Dissolution and Liquidation, Maxco activities are now limited to: selling, collecting or otherwise realizing the value of its remaining assets; making tax and other regulatory filings; winding down the Company’s remaining business activities; paying (or adequately providing for the payment) of valid creditor claims and obligations; and making liquidation distributions to Maxco shareholders.

Currently, Maxco’s assets consist primarily of cash, recoverable income taxes and notes receivable. The Company believes that its current cash position and cash generated from the collection of its remaining assets will be sufficient to meet its current obligations, to fund Maxco’s wind down operations, and allow the Company to pay liquidation distributions (see note 6).

Financial Statement Presentation

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition through July 15, 2010, the date the financial statements were issued.

The consolidated financial statements include the accounts of Maxco, Inc. and Ledges Commerce Park, Inc., the Company’s real estate subsidiary whose assets were sold at March 31, 2010. Upon consolidation, all intercompany accounts and transactions are eliminated.

The Company considers cash and other highly liquid investments, with less than 90-day maturities, as cash and cash equivalents. Cash and cash equivalents are stated at cost which approximates liquidation value. The majority of cash and cash equivalents were federally insured.

Liquidation Basis of Accounting

As a result of the Company’s shareholders’ approval of the Plan of Complete Dissolution, the Company adopted the liquidation basis of accounting effective December 5, 2008. This basis of accounting is considered appropriate when, among other things, liquidation of a company is probable and the net realizable values of assets are reasonably determinable. Under this basis of accounting, assets are valued at their net values and liabilities are stated at their estimated settlement amounts. The conversion from the going concern to liquidation basis of accounting required management to make significant estimates and judgments to record assets at estimated net realizable value and liabilities at estimated settlement amounts. These estimates are subject to change based upon the timing of potential sales and further deterioration of the market.

The Company will continue to incur operating costs and receive income on its investments and cash and cash equivalents throughout the liquidation period. On a regular basis management evaluate assumptions, judgment and estimates that can have a significant impact on reported net assets in liquidation based on the most recent information available to us, and when necessary make changes accordingly. Actual costs and income may differ from estimates, which might reduce net assets available in liquidation to be ultimately distributed to shareholders.

Accrued Cost of Liquidation The Company is required to make significant estimates and exercise judgment in determining accrued liquidation costs. The Company reviewed all operating expenses and contractual commitments such as payroll and related expenses, lease termination costs, professional fees, and other outside services to determine the estimated costs to be incurred during the liquidation period. Accordingly, estimated expenses anticipated to occur from December 5, 2008 through March 31, 2011 were accrued in the Consolidated Statement of Net Assets as of June 30, 2010 and March 31, 2010 prepared on a liquidation basis.

The payroll and related expenses as well as all other expenses are principally expected to occur through March of 2011 in order to complete all required filings and required audits. The accrued costs expected to be incurred in liquidation and recorded payments since March 31, 2010 made related to the accrued liquidation costs are as follows:

Accrued Liquidation Costs	As Booked March 31, 2010	Adjustments to Reserve	Payments	Balance at June 30, 2010
Payroll related costs	\$ 555	\$0	\$ (123)	\$ 432
Contractual commitments	37	0	(12)	25
Professional services	103	0	(1)	102
Insurance, taxes and other	726	106	(48)	784
Total	\$ 1,421	\$106	\$ (184)	\$ 1,343

New Accounting Pronouncement Although other new accounting pronouncements were issued during the periods presented, the following pronouncement was applied to the Company when considering the liquidation basis for accounting.

SFAS No. 165

In May 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 165, “Subsequent Events.” This Statement establishes general standards of accounting for and disclosures of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009 and as such, the Company applied this Statement in its liquidation presentation beginning in the first quarter of fiscal 2010. SFAS No. 165 did not materially impact the Company’s consolidated financial statements.

NOTE 2 – DELISTING OF MAXCO FROM NASDAQ AND GOING PRIVATE TRANSACTIONS

Maxco was delisted on April 20, 2007 from NASDAQ primarily as a result of the sale of its last owned subsidiary. As a result, Maxco common stock is electronically quoted and traded on the Pink Sheets over-the-counter (OTC) Market. On May 31, 2007, through an odd-lot transaction, the Company repurchased 4,396 common shares from certain shareholders who had owned fewer than 100 shares of Maxco stock. The repurchase of shares reduced the number of shareholders of record to fewer than 300, thereby allowing the Company to terminate the registration of its common stock under the Securities Exchange Act of 1934. On June 8, 2007 the Company filed a Form 15 with the Securities and Exchange Commission to effect a termination of registration of its common stock.

NOTE 3 – RELATED PARTY TRANSACTIONS

Notes receivable at June 30, 2010 and March 31, 2010 include approximately \$700,000 and \$1,400,000 respectively from Max A. Coon, the Company’s President. Obligations of Mr. Coon to the Company are evidenced by a promissory note at 6% interest as well as a pledge of Maxco stock held by Mr. Coon. Interest is paid through March 31, 2010. Loans are to be paid by 85% of any distributions Mr. Coon receives from his Company stock, with payment of any outstanding amount in full by March 31, 2011. These advances were approved by Maxco’s Board.

NOTE 4 – REAL ESTATE HELD FOR SALE

Ledges Commerce Park, Inc.

In March, 2010 Maxco sold under a land contract its remaining real estate investments to Charlevoix Drive Properties, LLC which Max A. Coon, Maxco’s President has an ownership interest. The real estate investments sold consisted primarily of approximately 13 acres of land in Grand Ledge, MI, as well as approximately 5,100 sq. ft. of leased and vacant office space.

As a result of this sale, the Company paid off a mortgage note payable related to its real estate holdings. The Company has no outstanding bank debt.

Previously, during the year-ended March 31, 2009, the Company sold its 110 W. Michigan Avenue building to an LLC, which Maxco’s President has a 45% interest in.

The balance of the land contracts related to these two sales total \$1,388,000 and earn 6% interest. The contracts are recorded in notes receivable on the attached statement of assets in liquidation. Interest is being paid monthly on both notes.

NOTE 5 – FEDERAL INCOME TAXES

Recoverable Federal income tax included in net assets in liquidation consist of the following components:

	June 30, 2010	March 31, 2010
	<i>(in thousands)</i>	
Estimated recoverable tax at balance sheet date	\$ 1,800	\$ 1,800
	1,800	1,800

There are no material deferred tax assets available to the Company at June 30, 2010.

Current tax regulations have permitted Maxco to carryback to the 2007 tax year certain operating losses as well as certain losses incurred on the sale of its real estate and other investments. This carryback entitles Maxco to a refund on a portion of the federal income tax that was originally paid as a result of the gain recognized on the sale of AAI sold that year. The tax carryback is an important element of Maxco's overall liquidation strategy of obtaining the maximum value for ultimate shareholder distribution.

The Company will file a carryback for losses for the year ended March 31, 2010 to the March 31, 2007 period. As a result, a \$1.8 million receivable at March 31, 2010 was recorded for recoverable income taxes.

Previously, Maxco filed a carryback for operating and capital losses which occurred for the tax year ended March 31, 2009. This loss carryback, resulted primarily from the loss from operations for fiscal year 2009, and the tax loss on the sale of Maxco's real estate.

The IRS does not have express authority to refund large tax overpayments. The Joint Committee on Taxation reviews cases involving large refunds (those in excess of \$2 million). The IRS is required to prepare a report for the Joint Committee that includes a summary of the facts and the Commissioner's decision regarding the refund. The Joint Committee can then delay the refund by requesting that the IRS make further investigations. The Company has classified its \$1.8 million receivable, due from the IRS, as long term (greater than one year) in the accompanying balance sheet due to the uncertainty of the time frame as to when the refund will be scheduled and finalized. In addition, the \$4.0 million in taxes recovered by the Company in February 2010 as a result of losses incurred during the tax year ended March 31, 2009, which the Company filed a carryback to the March 31, 2007 period, is still subject to audit.

NOTE 6 – LIQUIDATING DISTRIBUTIONS

On May 11, 2010 Maxco declared a liquidation distribution of \$1.00 per share, which was paid on June 2, 2010 to common shareholders of record as of May 24, 2010.

During the year ended March 31, 2010, Maxco declared a liquidation cash distribution of 75¢ per share, paid February 25, 2010 to common shareholders of record as of February 16, 2010.

Also, on March 3, 2010 Maxco's Board, as part of its liquidation process, declared a non – cash liquidating distribution of the approximately 2.4 million shares of Integral Vision stock that Maxco owned at that time.

Maxco shareholders of record on March 5, 2010 holding 1000 shares or more of Maxco stock received a non – cash liquidation distribution of .7362 shares of Integral Vision (INVI) common stock for each share of Maxco stock owned.

In consideration of Integral Vision and the expenses incurred in issuing certificates, mailing proxies and other related materials sent to its shareholders, including the new shareholders that this offering will produce, Maxco's Board decided not to issue Integral Vision shares to Maxco stockholders owning 999 shares or less of Maxco stock. These shareholders received a cash liquidation distribution based on a calculation equal to .7362 shares of Integral Vision, Inc. (INVI) stock for each share of Maxco stock owned. This calculation was then converted into cash at the Fair Market Value of Integral Vision, Inc.'s (INVI) stock at 4 cents per share.

This distribution did NOT affect the current number of Maxco, Inc. shares held by Maxco shareholders.

Future Liquidating Distributions The Company anticipates that its Board of Directors will establish the timing and amount of any additional shareholder distributions as soon as Maxco collects the land contract proceeds under the 110 W. Michigan Ave. building transaction and Maxco is able to ascertain the timing of the Federal recoverable income tax refund expected for the year ended March 31, 2010. The timing will also depend on completion of the statutory review that will be required to be performed by the IRS, due to the substantial amount of the refund received by Maxco during the fiscal year ended March 31, 2010. Based on the value of net assets in liquidation at June 30, 2010 remaining liquidating distributions as of that date are estimated to total \$1.50 per common share.