ASTROTECH CORPORATION

Consolidated Statements of Operations and Comprehensive Income (Loss) (In thousands, except per share data)

Revenue \$ 2,671 \$ 513 Cost of revenue 2,332 424 Gross profit 339 89 Operating expenses \$ 7,708 12,966 Research and development 6,469 3,234 Total operating expenses 14,177 16,200 Loss from operations (13,439) (15,111) Interest and other income, net 379 224 Loss from continuing operations before income taxes (13,459) (15,887) Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) 26,739 Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) 26,739 Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) 26,739 Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) 26,739 Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) 26,739 Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) 20,639 Income from operations of ASO business (including gain from sale of \$25.4 million in 20,200 20,639 Income fr			June 30,		
Cots of frevenue 2,332 424 Gross profit 339 89 Operating expenses: 32,966 82 Selling, general and administrative 7,708 12,966 Research and development 6,469 3,234 Total operatings repenses 141,177 16,200 Loss from operations 13,838 16,111 Interest and other income, net 379 224 Loss from continuing operations before income taxes (13,439) (15,887) Income tax benefit 2,59 14 Loss from continuing operations of ASO business (including gain from sale of \$2.4 million in gain from operations of ASO business (including gain from sale of \$2.4 million in gain from operations of ASO business (including gain from sale of \$2.4 million in gain from operations of ASO business (including gain from sale of \$2.4 million in gain from operations of ASO business (including gain from sale of \$2.4 million in gain from operations of ASO business (including gain from sale of \$2.4 million in gain from operations of ASO business (including gain from sale of \$2.4 million in gain gain gain gain gain gain gain			2016	2015	
Gross profit 339 89 Operating expenses: Selling, general and administrative 7,708 12,966 Research and development 6,469 3,234 Total operating expenses 114,177 16,200 Loss from operations (13,838) (16,111) Interest and other income, net 25 5,941 Loss from continuing operations before income taxes (13,459) (15,887) Income tax benefit 25 5,941 Loss from continuing operations (13,434) (9,946) Discontinued operations	Revenue	\$	2,671	\$ 513	
Selling general and administrative	Cost of revenue		2,332	424	
Selling, general and administrative 7,708 12,966 Research and development 6,469 3,234 Total operating expenses 14,177 16,200 Loss from operations (13,338) (16,111) Interest and other income, net 379 224 Loss from continuing operations before income taxes (13,459) (15,887) Income tax benefit 25 5,941 Loss from continuing operations (13,434) (9,946) Discontinued operations (13,434) (9,946) Discontinued operations of ASO business (including gain from sale of \$25.4 million in 2015) — 26,739 Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) — 26,739 Income from discontinued operations — 20,601 — 26,739 Income from discontinued operations — 20,601 Net (loss) income attributable to Astrotech Corporation 113,043 10,658 Less: Decenced dividend to State of Texas Funding — 531 Net (loss) income attributable to Astrotech Corporation 113,095 9 (9,823)	Gross profit		339	89	
Research and development 6,469 3,234 Total operating expenses 114,177 16,200 Loss from operations (13,338) (16,111) Interest and other income, net 379 224 Loss from continuing operations before income taxes (13,459) (15,887) Income tax benefit 25 5,941 Loss from continuing operations (13,434) (9,946) Discontinued operations	Operating expenses:				
Total operating expenses	Selling, general and administrative		7,708	12,966	
Closs from operations 13,838 116,1111 116 116 117 11	Research and development		6,469	3,234	
Interest and other income, net 379 224 Loss from continuing operations before income taxes (13,459) (15,887) Income tax benefit 25 5,941 Loss from continuing operations (13,434) (9,946) Discontinued operations (13,434) (9,946) Discontinued operations 26,739 Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) 26,739 Income from operations 26,739 (6,138) Income tax expense 26,040 (6,138) Income from discontinued operations 26,040 (6,138) Income from discontinued operations (13,434) (10,655) Less: Net loss attributable to noncontrolling interest (339) (123) Net (loss) income attributable to Astrotech Corporation (13,095) (13,095) (13,095) Less: Deemed dividend to State of Texas Funding 2 (13,095) (13,095) Net (loss) income attributable to Astrotech Corporation (13,095) (13,095) Net (loss) income attributable to Astrotech Corporation (13,095) (13,095) Net (loss) income attributable to Astrotech Corporation (13,095) (13,095) (13,095) Net (loss) income attributable to Astrotech Corporation (13,095) (13,095) (13,095) Net (loss) income attributable to Astrotech Corporation (13,095) (13	Total operating expenses		14,177	16,200	
Closs from continuing operations before income taxes Closs Closs	Loss from operations		(13,838)	(16,111)	
Income tax benefit	Interest and other income, net		379	224	
Discontinued operations	Loss from continuing operations before income taxes		(13,459)	(15,887)	
Discontinued operations Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) ———————————————————————————————————	Income tax benefit		25	5,941	
Income from operations of ASO business (including gain from sale of \$25.4 million in 2015) Income tax expense	Loss from continuing operations		(13,434)	(9,946)	
Description	Discontinued operations				
Income from discontinued operations — 20,601 Net (loss) income (13,434) 10,655 Less: Net loss attributable to noncontrolling interest (339) (123) Net (loss) income attributable to Astrotech Corporation (13,095) 10,778 Less: Deemed dividend to State of Texas Funding — 531 Net (loss) income attributable to common stockholders \$ (13,095) \$ 10,247 Amounts attributable to Astrotech Corporation: — 20,601 Loss from continuing operations, net of tax \$ (13,095) \$ (9,823) Income from discontinued operations, net of tax — 20,601 Net (loss) income attributable to Astrotech Corporation \$ (13,095) \$ 10,778 Weighted average common shares outstanding: — 20,881 19,811 Basic and diluted net (loss) income per common share: — — 10,42 Net loss attributable to Astrotech Corporation from continuing operations \$ (0,64) \$ (0,52) Net income from discontinued operations \$ (0,64) \$ (0,52) Other comprehensive (loss) income, net of tax: — 1,04 Available-f				26,739	
Net (loss) income (13,434) 10,655 Less: Net loss attributable to noncontrolling interest (339) (123) Net (loss) income attributable to Astrotech Corporation (13,095) 10,778 Less: Deemed dividend to State of Texas Funding — 531 Net (loss) income attributable to common stockholders \$ (13,095) \$ 10,247 Amounts attributable to Astrotech Corporation:	Income tax expense		_	(6,138)	
Less: Net loss attributable to noncontrolling interest (339) (123) Net (loss) income attributable to Astrotech Corporation (13,095) 10,778 Less: Deemed dividend to State of Texas Funding — 531 Net (loss) income attributable to common stockholders \$ (13,095) \$ 10,247 Amounts attributable to Astrotech Corporation: S (13,095) \$ (9,823) Income from discontinued operations, net of tax — 20,601 Net (loss) income attributable to Astrotech Corporation \$ (13,095) \$ 10,778 Weighted average common shares outstanding: S 13,095) \$ 10,778 Basic and diluted net (loss) income per common share: S 13,095) \$ 10,778 Basic and diluted net (loss) income per common share: S 10,308 19,811 Basic and diluted net (loss) income per common share: S (0.64) \$ (0.52) Net income from discontinued operations — 1.04 Net (loss) income attributable to Astrotech Corporation \$ (0.64) \$ 0.52 Other comprehensive (loss) income, net of tax: Available-for-sale securities S (92) \$ (15)	Income from discontinued operations		_	20,601	
Net (loss) income attributable to Astrotech Corporation (13,095) 10,778 Less: Deemed dividend to State of Texas Funding — 531 Net (loss) income attributable to common stockholders \$ (13,095) \$ 10,247 Amounts attributable to Astrotech Corporation:	Net (loss) income		(13,434)	10,655	
Less: Deemed dividend to State of Texas Funding—531Net (loss) income attributable to common stockholders\$ (13,095)\$ 10,247Amounts attributable to Astrotech Corporation:Loss from continuing operations, net of tax\$ (13,095)\$ (9,823)Income from discontinued operations, net of tax—20,601Net (loss) income attributable to Astrotech Corporation\$ (13,095)\$ 10,778Weighted average common shares outstanding:Basic and diluted20,38819,811Basic and diluted net (loss) income per common share:Net loss attributable to Astrotech Corporation from continuing operations\$ (0.64)\$ (0.52)Net income from discontinued operations—1.04Net (loss) income attributable to Astrotech Corporation\$ (0.64)\$ 0.52Other comprehensive (loss) income, net of tax:Available-for-sale securitiesNet unrealized losses, net of tax benefit of \$0 and \$8\$ (92)\$ (15)Reclassification adjustment for realized losses included in net (loss) income14—	Less: Net loss attributable to noncontrolling interest		(339)	(123)	
Net (loss) income attributable to common stockholders \$ (13,095) \$ 10,247 Amounts attributable to Astrotech Corporation:	Net (loss) income attributable to Astrotech Corporation		(13,095)	10,778	
Amounts attributable to Astrotech Corporation: Loss from continuing operations, net of tax S (13,095) \$ (9,823) Income from discontinued operations, net of tax — 20,601 Net (loss) income attributable to Astrotech Corporation Weighted average common shares outstanding: Basic and diluted 20,388 19,811 Basic and diluted net (loss) income per common share: Net loss attributable to Astrotech Corporation from continuing operations Net income from discontinued operations Net (loss) income attributable to Astrotech Corporation \$ (0.64) \$ (0.52) Net income from discontinued operations — 1.04 Net (loss) income attributable to Astrotech Corporation \$ (0.64) \$ 0.52 Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 \$ (92) \$ (15) Reclassification adjustment for realized losses included in net (loss) income 14 —	Less: Deemed dividend to State of Texas Funding		_	531	
Loss from continuing operations, net of tax Income from discontinued operations, net of tax Income from discontinued operations, net of tax Net (loss) income attributable to Astrotech Corporation Weighted average common shares outstanding: Basic and diluted 20,388 19,811 Basic and diluted net (loss) income per common share: Net loss attributable to Astrotech Corporation from continuing operations Net income from discontinued operations Net (loss) income attributable to Astrotech Corporation Net (loss) income attributable to Astrotech Corporation Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 Reclassification adjustment for realized losses included in net (loss) income 14 —	Net (loss) income attributable to common stockholders	\$	(13,095)	\$ 10,247	
Income from discontinued operations, net of tax Net (loss) income attributable to Astrotech Corporation Weighted average common shares outstanding: Basic and diluted 20,388 19,811 Basic and diluted net (loss) income per common share: Net loss attributable to Astrotech Corporation from continuing operations Net income from discontinued operations Net (loss) income attributable to Astrotech Corporation Net (loss) income attributable to Astrotech Corporation Net (loss) income attributable to Astrotech Corporation \$ (0.64) \$ (0.52) Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 \$ (92) \$ (15) Reclassification adjustment for realized losses included in net (loss) income	Amounts attributable to Astrotech Corporation:				
Net (loss) income attributable to Astrotech Corporation \$ (13,095) \$ 10,778 Weighted average common shares outstanding: 20,388 19,811 Basic and diluted net (loss) income per common share:	Loss from continuing operations, net of tax	\$	(13,095)	\$ (9,823)	
Weighted average common shares outstanding: Basic and diluted 20,388 19,811 Basic and diluted net (loss) income per common share: Net loss attributable to Astrotech Corporation from continuing operations \$ (0.64) \$ (0.52) Net income from discontinued operations — 1.04 Net (loss) income attributable to Astrotech Corporation \$ (0.64) \$ 0.52 Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 \$ (92) \$ (15) Reclassification adjustment for realized losses included in net (loss) income 14 ——	Income from discontinued operations, net of tax		_	20,601	
Basic and diluted net (loss) income per common share: Net loss attributable to Astrotech Corporation from continuing operations Net income from discontinued operations Net (loss) income attributable to Astrotech Corporation Net (loss) income attributable to Astrotech Corporation S (0.64) \$ (0.52) Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 \$ (92) \$ (15) Reclassification adjustment for realized losses included in net (loss) income	Net (loss) income attributable to Astrotech Corporation	\$	(13,095)	\$ 10,778	
Basic and diluted net (loss) income per common share: Net loss attributable to Astrotech Corporation from continuing operations Net income from discontinued operations Net (loss) income attributable to Astrotech Corporation Solution Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 Reclassification adjustment for realized losses included in net (loss) income 14	Weighted average common shares outstanding:				
Net loss attributable to Astrotech Corporation from continuing operations \$\ (0.64) \\$ (0.52) Net income from discontinued operations \$\ - \ 1.04 Net (loss) income attributable to Astrotech Corporation \$\\$ (0.64) \\$ 0.52 Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \\$0 and \\$8 \$\$\$ (92) \\$ (15) Reclassification adjustment for realized losses included in net (loss) income	Basic and diluted		20,388	19,811	
Net income from discontinued operations Net (loss) income attributable to Astrotech Corporation \$\(\text{(0.64)}\) \\$ 0.52 Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 \$\(\text{(92)}\) \$ (15) Reclassification adjustment for realized losses included in net (loss) income	Basic and diluted net (loss) income per common share:				
Net (loss) income attributable to Astrotech Corporation \$ (0.64) \$ 0.52 Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 \$ (92) \$ (15) Reclassification adjustment for realized losses included in net (loss) income	Net loss attributable to Astrotech Corporation from continuing operations	\$	(0.64)	\$ (0.52)	
Other comprehensive (loss) income, net of tax: Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 Reclassification adjustment for realized losses included in net (loss) income 14 —	Net income from discontinued operations		_	1.04	
Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 Reclassification adjustment for realized losses included in net (loss) income 14 —	Net (loss) income attributable to Astrotech Corporation	\$	(0.64)	\$ 0.52	
Available-for-sale securities Net unrealized losses, net of tax benefit of \$0 and \$8 Reclassification adjustment for realized losses included in net (loss) income 14 —	Other comprehensive (loss) income, net of tax:				
Net unrealized losses, net of tax benefit of \$0 and \$8 \$ (92) \$ (15) Reclassification adjustment for realized losses included in net (loss) income 14 —					
Reclassification adjustment for realized losses included in net (loss) income 14		\$	(92)	\$ (15)	
		*			
	Total comprehensive (loss) income attributable to Astrotech Corporation	\$		\$ 10,763	

ASTROTECH CORPORATION

Consolidated Balance Sheets (In thousands, except share data)

		June 30,		
		2016		2015
Assets				
Current assets				
Cash and cash equivalents	\$	4,399	\$	2,330
Short-term investments		17,102		23,161
Accounts receivable		156		198
Costs and estimated revenues in excess of billings		451		_
Inventory:				
Raw materials		327		245
Work-in-process		75		30
Finished goods		94		234
Indemnity receivable		_		6,100
Prepaid expenses and other current assets		319		296
Total current assets		22,923		32,594
Property and equipment, net		3,392		3,108
Long-term investments		4,208		8,516
Total assets	\$	30,523	\$	44,218
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Liabilities and stockholders' equity				
Current liabilities				
Accounts payable	\$	237	\$	398
Accrued liabilities and other liabilities		1,563		1,741
Income tax payable		_		190
Total current liabilities		1,800		2,389
Other liabilities		96		101
Total liabilities		1,896		2,490
			_	
Commitments and contingencies				
Stockholders' equity				
Preferred stock, no par value, convertible, 2,500,000 shares authorized, no shares issued and outstanding, at June 30, 2016 and June 30, 2015, respectively		_		_
Common stock, no par value, 75,000,000 shares authorized; 21,811,153 and 21,864,548 shares issued at June 30, 2016 and June 30, 2015, respectively; 20,627,511 and 20,743,973 shares outstanding at June 30, 2016 and June 30, 2015, respectively		189,294		189,007
Treasury stock, 1,183,642 and 1,120,575 shares at cost at June 30, 2016 and June 30, 2015, respectively		(2,828)		(2,672
Additional paid-in capital		1,419		1,139
Accumulated deficit		(159,117)		(146,022
Accumulated other comprehensive loss		(101)		(23
Equity attributable to stockholders of Astrotech Corporation		28,667		41,429
Noncontrolling interest		(40)		299
Total stockholders' equity	_	28,627		41,728
Total liabilities and stockholders' equity	\$	30,523	\$	44,218