

PART I: FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

ASTROTECH CORPORATION AND SUBSIDIARIES**Condensed Consolidated Balance Sheets**

(In thousands, except share data)

	December 31, 2011 <u>(unaudited)</u>	June 30, 2011 <u></u>
Assets		
Current assets		
Cash and cash equivalents	\$ 14,452	\$ 14,994
Accounts receivable, net	4,172	2,429
Prepaid expenses and other current assets	969	963
Short-term note receivable	675	—
Total current assets	20,268	18,386
Property & equipment, net	37,313	38,418
Long-term note receivable, net	—	675
Other assets, net	112	141
Total assets	\$ 57,693	\$ 57,620
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 294	\$ 757
Accrued liabilities	1,321	1,342
Deferred revenue	12,357	10,919
Term note payable	361	348
Total current liabilities	14,333	13,366
Deferred revenue	874	274
Term note payable, net of current portion	6,232	6,422
Total liabilities	21,439	20,062
Stockholders' equity		
Preferred stock, no par value, convertible, 2,500,000 authorized shares, 0 issued and outstanding shares, at December 31, 2011 and June 30, 2011	—	—
Common stock, no par value, 75,000,000 shares authorized; 19,014,147 and 18,339,609 shares issued at December 31, 2011 and June 30, 2011	183,712	183,712
Treasury stock, 311,660 shares at cost	(237)	(237)
Additional paid-in capital	1,447	1,104
Accumulated deficit	(151,394)	(148,942)
Noncontrolling interest	2,726	1,921
Total stockholders' equity	36,254	37,558
Total liabilities and stockholders' equity	\$ 57,693	\$ 57,620

See accompanying notes to unaudited condensed consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2011	2010	2011	2010
	(unaudited)		(unaudited)	
Revenue	\$ 3,676	\$ 4,641	\$ 8,516	\$ 9,947
Cost of revenue	3,108	3,438	6,034	6,924
Gross profit	568	1,203	2,482	3,023
Operating expenses:				
Selling, general and administrative	1,708	2,119	3,637	4,426
Research and development	746	883	1,504	1,706
Total operating expenses	2,454	3,002	5,141	6,132
Loss from operations	(1,886)	(1,799)	(2,659)	(3,109)
Interest and other expense, net	(59)	(35)	(133)	(138)
Loss before income taxes	(1,945)	(1,834)	(2,792)	(3,247)
Income tax expense	(7)	(5)	(12)	(11)
Net loss	(1,952)	(1,839)	(2,804)	(3,258)
Less: Net loss attributable to noncontrolling interest	(166)	(277)	(352)	(534)
Net loss attributable to Astrotech Corporation	\$ (1,786)	\$ (1,562)	\$ (2,452)	\$ (2,724)
Net loss per share attributable to Astrotech Corporation, basic	\$ (0.10)	\$ (0.09)	\$ (0.13)	\$ (0.15)
Weighted average common shares outstanding, basic	18,445	17,853	18,285	17,627
Net loss per share attributable to Astrotech Corporation, diluted	\$ (0.10)	\$ (0.09)	\$ (0.13)	\$ (0.15)
Weighted average common shares outstanding, diluted	18,445	17,853	18,285	17,627

See accompanying notes to unaudited condensed consolidated financial statements.

ASTROTECH CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended December 31,	
	2011	2010
(unaudited)		
Cash flows from operating activities		
Net loss	\$ (2,804)	\$ (3,258)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock-based compensation	600	777
Asset impairment	200	—
Depreciation and amortization	1,186	1,104
Other	—	10
Changes in assets and liabilities:		
Accounts receivable	(1,743)	3,174
Deferred revenue	2,038	778
Accounts payable	(463)	(334)
Other assets and liabilities	(26)	(1,331)
Net cash provided by (used in) operating activities	(1,012)	920
Cash flows from investing activities		
Purchases of property, equipment and leasehold improvements	(253)	(413)
Net cash used in investing activities	(253)	(413)
Cash flows from financing activities		
Term loan payment	(177)	(3,356)
Senior convertible notes repayment	—	(5,111)
Proceeds from term loan	—	6,943
Proceeds from issuance of common stock	—	142
State of Texas Funding	900	—
Net cash provided by (used in) financing activities	723	(1,382)
Net change in cash and cash equivalents	(542)	(875)
Cash and cash equivalents at beginning of period	14,994	8,085
Cash and cash equivalents at end of period	\$ 14,452	\$ 7,210
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 134	\$ 215

See accompanying notes to unaudited condensed consolidated financial statements.