ASTROTECH Corp \WA\
Form 10-Q
May 11, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-34426

Astrotech Corporation
(Exact name of registrant as specified in its charter)

Washington (State or other jurisdiction of incorporation or organization)	91-1273737 (I.R.S. Employer Identification No.)

401 Congress Avenue, Suite 1650
Austin, Texas 78701
(Address of principal executive offices and zip code)

(512) 485-9530
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þNo ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ¨ Noþ

As of May 11, 2015, the number of shares of the registrant’s common stock outstanding was: 21,290,263.

ASTROTECH CORPORATION AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
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PART I: FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

ASTROTECH CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share data)
(unaudited)

	March 31, 2015	June 30, 2014
Assets		
Current assets		
Cash and cash equivalents	$6,666	$3,831
Short-term investments	23,946	—
Accounts receivable, net of allowance	95	59
Indemnity receivable	6,100	—
Prepaid expenses and other current assets	725	389
Discontinued operations – current assets	—	1,405
Total current assets	37,532	5,684
Property and equipment, net	2,699	1,211
Long-term investments	9,255	—
Discontinued operations – net of current assets	—	33,887
Total assets	$49,486	$40,782
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$462	$996
Accrued liabilities and other	2,082	1,753
Income tax payable	300	—
Discontinued operations – current liabilities	—	7,344
Total current liabilities	2,844	10,093
Other liabilities	114	152
Discontinued operations – net of current liabilities	—	237
Total liabilities	2,958	10,482
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock, no par value, convertible, 2,500,000 authorized shares; no issued and outstanding shares, at March 31, 2015 and June 30, 2014	—	—
Common stock, no par value, 75,000,000 authorized shares; 20,013,787 and 19,856,454 shares issued at March 31, 2015 and June 30, 2014	184,088	183,866
Treasury stock, 524,285 and 311,660 at March 31, 2015 and at June 30, 2014, at cost	(775)	(237)
Additional paid-in capital	1,087	1,671
Accumulated deficit	(138,039)	(156,800)
Accumulated other comprehensive income	13	—
Noncontrolling interest	154	1,800

Total stockholders’ equity	46,528	30,300
Total liabilities and stockholders’ equity	$49,486	$40,782

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Revenue	$12	$48	$336	$130
Cost of revenue	—	—	281	—
Gross profit	12	48	55	130
Operating expenses:				
Selling, general and administrative	1,681	1,432	5,653	5,007
Research and development	659	645	2,335	1,800
Total operating expenses	2,340	2,077	7,988	6,807
Loss from operations	(2,328)	(2,029)	(7,933)	(6,677)
Interest and other income, net	76	—	112	9
Loss from continuing operations before income taxes	(2,252)	(2,029)	(7,821)	(6,668)
Income tax benefit (expense)	894	(360)	2,953	1,371
Loss from continuing operations	(1,358)	(2,389)	(4,868)	(5,297)
Discontinued operations (Note 3)				
Income (loss) from operations of ASO business (including gain from sale of $25.6 million)	—	(1,022)	26,933	1,855
Income tax benefit (expense)	(753)	358	(3,315)	(1,379)
Income (loss) on discontinued operations	(753)	(664)	23,618	476
Net (loss) income	(2,111)	(3,053)	18,750	(4,821)
Less: Net loss attributable to noncontrolling interest	(11)	(216)	(11)	(681)
Net (loss) income attributable to Astrotech Corporation	$(2,100)	$(2,837)	$18,761	$(4,140)
Amounts attributable to Astrotech Corporation:				
Loss from continuing operations, net of tax	$(1,347)	$(2,173)	$(4,857)	$(4,616)
Income (loss) from discontinued operations, net of tax	(753)	(664)	23,618	476
Net (loss) income attributable to Astrotech Corporation	$(2,100)	$(2,837)	$18,761	$(4,140)
Weighted average common shares outstanding:				
Basic and diluted	19,497	19,486	19,561	19,479
Basic and diluted net income (loss) per common share:				
Net loss attributable to Astrotech Corporation from continuing operations	$(0.07)	$(0.11)	$(0.28)	$(0.24)
Net (loss) income from discontinued operations	(0.04)	(0.03)	1.21	0.02
	$(0.11)	$(0.14)	$0.93	$(0.22)

Net (loss) income attributable to Astrotech Corporation				
Other comprehensive income, net of tax:				
Available-for-sale securities				
Net unrealized gains, net of taxes	$8	$—	$8	$—
Total comprehensive (loss) income attributable to Astrotech Corporation	$(2,092)	$(2,837)	$18,769	$(4,140)

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended March 31, 2015	2014
Cash flows from operating activities:		
Net income (loss)	$18,761	$(4,140)
Less: Income from discontinued operations	(23,618)	(476)
Net loss from continuing operations	(4,857)	(4,616)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Stock-based compensation	58	621
Depreciation and amortization	229	228
Changes in assets and liabilities:		
Accounts receivable	(36)	129
Accounts payable	(534)	(163)
Other assets and liabilities	52	(239)
Income tax	244	—
Net cash used in operating activities-continuing operations	(4,844)	(4,040)
Net cash (used in) provided by operating activities-discontinued operations	(2,307)	2,600
Net cash used in operating activities	(7,151)	(1,440)
Cash flows from investing activities:		
Purchases of investments	(33,201)	—
Purchases of property and equipment, net	(1,755)	(149)
Net cash used in investing activities-continuing operations	(34,956)	(149)
Net cash provided by investing activities-discontinued operations	53,189	1,335
Net cash provided by investing activities	18,233	1,186
Cash flows from financing activities:		
Repayment of State of Texas funding, including deemed dividend	(2,331)	—
Payments for share buyback program	(538)	—
Noncontrolling interest investment in subsidiary	165	—
Proceeds from common stock issuance	112	—
Net cash used in financing activities-continuing operations	(2,592)	—
Net cash used in financing activities-discontinued operations	(5,655)	(290)
Net cash used in financing activities	(8,247)	(290)
Net change in cash and cash equivalents	2,835	(544)
Cash and cash equivalents at beginning of period	3,831	5,096
Cash and cash equivalents at end of period	$6,666	$4,552
Supplemental disclosures of cash flow information:		
Cash paid for interest	$63	$177

See accompanying notes to unaudited condensed consolidated financial statements.

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ASTROTECH CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

(1) General Information

Description of the Company – Astrotech Corporation (Nasdaq: ASTC) ("Astrotech," "the Company," "we," "us" or "our"), a Washington corporation, is an Austin, TX based technology company that has evolved from over 30 years in the human spaceflight, Space Shuttle, and Department of Defense ("DOD") satellite programs. The Company has become a leader in the commercialization of government sponsored advanced space technologies. We are also evaluating potential investment opportunities where we can leverage our significant operating experience to add considerable value.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements have been prepared by Astrotech Corporation in accordance with United States Generally Accepted Accounting Principles ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the nine months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending June 30, 2015. These financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2014.

Discontinued Operations – On August 22, 2014, the Company completed the previously announced sale ("Asset Sale") of substantially all of its assets used in the Company's former Astrotech Space Operations ("ASO") business unit (the "ASO business") to Lockheed Martin Corporation (the "Buyer") for an agreed upon purchase price of $61.0 million, less a working capital adjustment. As of March 31, 2015, the estimated purchase price is $59.3 million, which included a working capital adjustment of $1.7 million.
As of March 31, 2015, the Company has received cash of $53.2 million and has recorded a receivable of $6.1 million for the indemnity holdback. In connection with the sale of our former ASO business unit, the outstanding debt of ASO was repaid with a portion of the proceeds. The Company has no other debt outstanding as of March 31, 2015. The condensed consolidated financial statements separately report discontinued operations, reflecting the former ASO business, and the results of continuing operations. The condensed consolidated financial statements as of June 30, 2014 and for the three and nine month periods ended March 31, 2014 have been reclassified to present the operations of the Company's former ASO business unit as discontinued operations. Disclosures included herein pertain to the Company's continuing operations unless noted otherwise (see Note 3 for more information).

Accounting Pronouncements – In April 2014, the FASB issued ASU No. 2014-8, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity", which changes the criteria for disposals to qualify as discontinued operations and requires new disclosures about disposals of both discontinued operations and certain other disposals that do not meet the new definition. Early adoption of this ASU is permitted and is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2014. The Company is currently evaluating the impact of the pending adoption of this ASU on its financial statements but will adopt this standard in fiscal year 2016.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-9, "Revenue from Contracts with Customers (Topic 606)". This ASU provides a single comprehensive revenue recognition model for all contracts with customers. The principle for recognizing revenue is clarified as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU provides a five-step analysis to determine how revenue is recognized. The provisions of the ASU are effective for interim and annual periods beginning after December 15, 2016, although the FASB has proposed a delay of this implementation by one year. The Company is currently evaluating the impact of the pending adoption of this ASU on its financial statements as well as which method of adoption the Company will utilize.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." This ASU requires management to evaluate whether there are conditions or events that raise substantial doubt about the ability of a company to continue as a going concern for one year from the date the financial statements are issued or within one year after the date that the financial statements are available to be issued when applicable. Further, the ASU provides management guidance regarding its responsibility to disclose the ability of a company to continue as a going concern in the notes to the financial statements. This ASU is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The adoption of ASU No. 2014-15 is not expected to have an impact on our financial statements; we will adopt this ASU in fiscal year 2017.

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Segment Information – With the sale of the ASO business, the Company now operates a single reportable business unit, Spacetech. Since the Company operates in one segment, all financial segment information required by FASB Accounting Standards Codification ("ASC") 280 can be found in the condensed consolidated financial statements.

Spacetech

Spacetech is a technology incubator designed to commercialize space-industry technologies. This business unit is currently pursuing three distinct opportunities:

1st Detect

1st Detect develops, manufactures and sells miniaturized transportable mass spectrometers and related equipment. Mass spectrometers, in general, measure the mass and relative abundance of ions in a sample to create a “mass spectrum”. This resulting mass spectrum is a unique fingerprint that can be compared to a reference library of mass spectra to verify the identity of a sample. Mass spectrometers can identify chemicals with more accuracy and precision than competing instruments given their extreme sensitivity and specificity, and they are a staple of almost all analytical laboratories. By leveraging technology initiated by an engagement with the National Aeronautics and Space Administration (“NASA”) to develop a mass spectrometer for the International Space Station (“ISS”), the Company has developed a series of instruments that are significantly smaller, lighter, faster and less expensive than competing mass spectrometers, and significantly more sensitive and accurate than other competing chemical detectors at a lower price point. Our efforts have resulted in a technology that has been or may be deployed in the following areas:

- Explosive device detection in airports
- Military
- Industrial process control
- Food & beverage
- Semiconductor
- Oil & gas
- Laboratory research
- Petrochemical & refining

Our product portfolio currently consists of the following products:

- MMS-1000™ - the MMS-1000™ is a small, low power desktop mass spectrometer designed for the laboratory market. The unique design of this unit enables fast, quality chemical analysis and requires minimal benchtop space (about the size of a shoebox), requires less power than a typical light bulb, and unlike traditional instruments, requires no consumables or special infrastructure. It has been particularly well received by the laboratory research marketplace.
- OEM-1000 - the OEM-1000 is a mass spectrometer component that is designed to be integrated into customers specific packaging and enclosures, and is well suited to be integrated with application specific sampling or separation technology. A variant, the OEM-1000PI has recently been integrated into a Thermogravimetric Analyzer (“TGA”) manufactured by RIGAKU Corp. of Tokyo, Japan, one of the leading instrumentation companies in Asia. The integrated instrument named Thermo iMS2 is the world’s first integrated TGA with MS/MS capabilities and is expected to be well received by the international research and development markets. A further variant of the OEM-1000 has been selected by Battelle, a leading supplier of military chemical detection equipment, for integration into the Next Generation Chemical Detector, a program under development by the DOD’s Joint Program Executive for Chemical and Biological Defense.
- iONTRAC - the iONTRAC is a process analyzer utilizing the same mass spectrometer technology as the MMS-1000™. The iONTRAC provides near real-time monitoring of industrial processes such as petrochemical processing, food & beverage manufacturing, and semiconductor cleanroom environmental monitoring. The instrument is designed to autonomously monitor processes and report conditions over industry standard factory management system (“FMS”) infrastructure.

Astrogenetix

Astrogenetix is a biotechnology company formed to commercialize products processed in the unique environment of microgravity. Astrogenetix pursued an aggressive space access strategy to take advantage of the NASA space shuttle program prior to its retirement in 2011. This strategy gave Astrogenetix unprecedented access to research in microgravity, as we flew experiments twelve times over a three year period. In collaboration with NASA, NASA has engaged leading vaccine development experts

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through a premier educational institution to independently evaluate Astrogenetix's platform with specific direction to aid in the filing of an Investigational New Drug ("IND") application for Salmonella. Given that NASA is providing much of the necessary funding for this research, additional investment in Astrogenetix has been scaled back considerably as efforts are concentrated on filing this IND. The team is also evaluating a vaccine target for Methicillin-Resistant Staphylococcus Aureus ("MRSA") based on early discoveries made in microgravity. We have negotiated a Space Act Agreement with NASA for a minimum of twenty-eight additional space flights following the successful filing of the IND for Salmonella.

Astral Images

Astral Images, Inc. ("Astral") was created to commercialize identified government funded satellite image correction technologies. During the third quarter of 2015, Astral acquired certain defect correction technologies ("software") from Image Trends, Inc. ("Image Trends") in a transaction pursuant to Section 363 of the U.S. Bankruptcy Code. This acquisition excluded certain assets, including their consulting practice, which was the bulk of their revenue, and existing customer contracts that used acquired software as well as all their liabilities. Image Trends established a gold standard in film defect correction by expanding upon technology first developed by IBM and Kodak, and was the intellectual property of interest in this acquisition. The total cost of the selected assets Astral acquired was $1.6 million, which was predominately for the software. Of the $1.6 million, $165 thousand was contributed by the non-controlling interest owner, which securitized his interest in the software. His $165 thousand later became his non-controlling basis in Astral, and was used as part of the asset purchase agreement with the bankruptcy court. The processes that were critical in producing sales from the software "as is" were not acquired. In conjunction with the asset purchase, we were able to hire several engineers who were critical in the creation of this technology. The engineers will allow the Company to enhance this technology to future opportunities in the digital conversion and repair of feature films and film-based television series industries to the next generation Ultra-High Definition ("UHD") 4K standards.

(2) Investments

The following tables summarize gains and losses related to our investments:

Available-for-Sale (In thousands)	March 31, 2015 Adjusted Cost	Unrealized Gain	Unrealized Loss	Fair Value
Mutual Funds - Corporate & Government Debt	$18,750	$23	$(10)	$18,763
Total	$18,750	$23	$(10)	$18,763

For information on the unrealized holding gains (losses) on available-for-sale investments reclassified out of accumulated other comprehensive income (loss) into the consolidated statements of income, see "Note 10: Other Comprehensive Income."

Held-to-Maturity (In thousands)	March 31, 2015 Carrying Value	Unrealized Gain	Unrealized Loss	Fair Value
Cash & Cash Equivalents	$6,666	$—	$—	$6,666
Fixed Income Bonds	3,523	—	(16)	3,507

Time Deposits	10,915	8	—	10,923
Total	$21,104	$8	$(16)	$21,096

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We have certain financial instruments on our consolidated balance sheet related to interest bearing time deposits and fixed income bonds. These held-to-maturity time deposits are included in "Cash and cash equivalents" on our consolidated balance sheet if the maturities at the end of the reporting period were 90 days or less; otherwise, these investments are included in "Short-term investments" if the maturities at the end of the reporting period were 91-360 days or "Long-term investments" if the maturities at the end of the reporting period were over 360 days. Fixed income bonds, maturing over the next one to four years, are comprised of investments in various corporations with ratings of BBB+ or better.

	Carrying Value					
	Cash & Cash Equivalents		Short-Term Investments		Long-Term Investments	
(In thousands)	March 31, 2015	June 30, 2014	March 31, 2015	June 30, 2014	March 31, 2015	June 30, 2014
Cash	$4,208	$3,831	$—	$—	$—	$—
Money Market Funds	465	—	—	—	—	—
Mutual Funds - Corporate & Government Debt	—	—	18,763	—	—	—
Time deposits						
Maturities from 1-90 days	1,993	—	—	—	—	—
Maturities from 91-360 days	—	—	5,183	—	—	—
Maturities over 360 days	—	—	—	—	5,732	
Fixed Income Bonds						
Maturities from 1-3 years	—	—	—	—	1,716	—
Maturities from 3-5 years	—	—	—	—	1,807	—
Total	$6,666	$3,831	$23,946	$—	$9,255	$—

(3) Discontinued Operations & Gain on the Sale of the ASO Business Unit

On August 22, 2014, the Company completed the previously announced sale of substantially all of its assets used in the Company's former ASO business unit to the Buyer for an agreed upon sales price of $61.0 million, less a working capital adjustment. As of March 31, 2015, the estimated sales price is $59.3 million, which includes a working capital adjustment of $1.7 million. As of March 31, 2015, the Company has received cash of $53.2 million and has recorded a receivable of $6.1 million for the indemnity holdback. The indemnity holdback is being held in escrow under the terms of an escrow agreement until February 2016 (the 18-month anniversary of the consummation of the transaction). The Company believes it will fully realize the indemnity holdback in February 2016. The ASO business consisted of (i) ownership, operation and maintenance of spacecraft processing facilities in Titusville, Florida and Vandenberg Air Force Base, California (“VAFB”); (ii) supporting government and commercial customers processing complex communication, earth observation and deep space satellite launches; (iii) designing and building spacecraft processing equipment and facilities; and (iv) providing propellant services including designing, building and testing propellant service equipment for fueling spacecraft.

Additionally, as part of the Asset Sale, the Company used a portion of the proceeds to pay off the outstanding balance of its term loan of $5.7 million, which was secured by assets of the ASO business. As such, 100% of the interest expense on the debt was allocated to discontinued operations in the amount of $62 thousand and $188 thousand for the nine months ended March 31, 2015 and 2014, respectively.

The sale of our former ASO business, which was previously reported within our former ASO business unit segment, resulted in a pre-tax gain of $25.6 million ($23.7 million after-tax) for the nine months ended March 31, 2015. The pre-tax gain on this sale reflects the excess of the sum of the cash proceeds received over the net book value of the net assets of the Company's former ASO business.

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The total pre-tax gain on the sale for the nine months ended March 31, 2015, includes the following (in thousands):

Cash proceeds from the sale of the ASO business	$53,189
Receivable for indemnity holdback	6,100
Liabilities assumed by the Buyer	2,478
Net book value of assets sold	(36,175)
Other	38
Gain on sale of our former ASO business	$25,630

The Company and the Buyer entered into a transition services agreement to which the Company and the Buyer agreed to provide the other party with certain services, including, among others, services related to benefits, human resources and payroll administration, cash management, financial statements and compliance, each of a type currently provided by or for the Company or our former ASO business unit prior to the Asset Sale. Pursuant to the transition services agreement, the Company agreed to provide services to the Buyer for a period of up to one year, and the Buyer agreed to provide services to the Company for a period of up to six months. Each party has the option to extend the term of the services provided by the other party for a period of one year. The services provided may be terminated by the party receiving such services on an individual basis upon 30 days' notice to the providing party. The party receiving services shall pay the providing party, as consideration for such services, on a time and materials basis, fees based upon an agreed upon set fringe rate and fee rate and the salary of the employee of the providing party who is providing such services.

While we are a party to the transition services agreement, we have determined that the continuing cash flows generated by this agreement did not constitute significant continuing involvement in the operations of our former ASO business. As such, the net assets, operating results and cash flows related to our former ASO business have been separately reflected as discontinued operations for the three and nine months ended March 31, 2015 and 2014.

The following table provides a reconciliation of the major assets and liabilities of our former ASO business to the amounts reported in the previously reported condensed consolidated balance sheet (in thousands):

	June 30, 2014
Carrying amounts of major classes of assets included as part of discontinued operations	
Accounts receivable, net	$1,220
Prepaid expenses and other current assets	185
Property and equipment, net	33,858
Other assets, net	29
Total assets of discontinued operations	$35,292
Carrying amounts of major classes of liabilities included as part of discontinued operations	
Accounts payable	$184
Accrued liabilities and other	632
Short-term deferred revenue	873
Term note payable	5,655
Long-term deferred revenue	237
Total liabilities of discontinued operations	$7,581

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The following table provides a reconciliation of the major components of income of our former ASO business to the amounts reported in the consolidated statements of operations (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Major line items constituting income of discontinued operations				
Revenue	$—	$1,508	$2,807	$10,653
Cost of revenue	—	(2,308)	(1,313)	(8,076)
Selling, general and administrative	—	(161)	(128)	(535)
Other expense, net	—	(61)	(63)	(187)
Gain on sale of discontinued operations	—	—	25,630	—
Income tax benefit (expense)	(753)	358	(3,315)	(1,379)
Income (loss) on discontinued operations	$(753)	$(664)	$23,618	$476

Revenue generated by our former ASO business unit payload processing facilities was recognized ratably over the occupancy period of the satellite while in those facilities from arrival through launch. Those contracts were firm fixed price mission specific contracts. The percentage-of-completion method was used for all contracts where incurred costs could be reasonably estimated and successful completion could be reasonably assured at inception. Changes in estimated costs to complete and provisions for contract losses were recognized in the period they become known. Below is a summary of revenue recognition methods under our former ASO business unit:

Services/Products Provided	Contract Type	Method of Revenue Recognition
Payload Processing Facilities	Firm Fixed Price — Mission Specific	Ratably, over the occupancy period of a satellite within the facility from arrival through launch
Construction Contracts	Firm Fixed Price	Percentage-of-completion based on costs incurred
Engineering Services	Cost Reimbursable Award/Fixed Fee	Reimbursable costs incurred plus award/fixed fee

(4) Receivables – Indemnity Holdback Related to the Asset Sale

On August 22, 2014, the Company completed the Asset Sale. As of March 31, 2015, the estimated purchase price is $59.3 million, which includes a working capital adjustment of $1.7 million. As of March 31, 2015, the Company has received cash of $53.2 million and has recorded a receivable of $6.1 million for the indemnity holdback.

The indemnity holdback of $6.1 million is being held in escrow under the terms of an escrow agreement until February 2016 (the 18-month anniversary of the consummation of the Asset Sale). Within three business days after the 18-month anniversary of the closing of the Asset Sale, the then-available indemnity escrow holdback (less any pending Buyer claims), will be released and paid to the Company. The Company is currently not aware of any pending claims.

(5) Noncontrolling Interest

In January 2010, restricted shares of Astrotech subsidiaries, 1st Detect and Astrogenetix, were granted to certain employees, directors and officers, resulting in Astrotech owning less than 100% of the subsidiaries. The Company applied noncontrolling interest accounting from January 2010 through June 2014, which required us to clearly identify the noncontrolling interest in the condensed consolidated balance sheets and condensed consolidated statements of operations. We disclose three measures of net income (loss): net income (loss), net loss attributable to noncontrolling interest and net income (loss) attributable to Astrotech Corporation. Our operating cash flows in our condensed consolidated statements of cash flows reflect net income (loss) while our basic and diluted net income (loss) per share calculations reflect net income (loss) attributable to Astrotech Corporation.

During June 2014, the Company completed an internal reorganization involving both 1st Detect and Astrogenetix which resulted in the two entities becoming wholly-owned subsidiaries of the Company, and which was effected through the relinquishment by certain employees of equity grants previously issued to them in 1st Detect and Astrogenetix. The noncontrolling interest balance of $1.8 million at June 30, 2014 represented an interest held by the State of Texas Emerging Technology Fund, which was settled on August 28, 2014 for $2.3 million (see Note 12 for more information).

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During the third quarter of 2015, Astral Images was created in conjunction with a noncontrolling interest, resulting in Astrotech owning 67% of Astral. The Company applies noncontrolling interest accounting, which requires us to clearly identify the noncontrolling interest in the condensed consolidated balance sheets and condensed consolidated statements of operations. We disclose three measures of net income (loss): net income (loss), net loss attributable to noncontrolling interest and net income (loss) attributable to Astrotech Corporation. Our operating cash flows in our condensed consolidated statements of cash flows reflect net income (loss) while our basic and diluted net income (loss) per share calculations reflect net income (loss) attributable to Astrotech Corporation.

The following table breaks down the changes in Stockholders' Equity (amounts in thousands):

	Astrotech Corp Stockholders' Equity	Noncontrolling Interest in Subsidiary	Total Stockholders' Equity
Balance at June 30, 2014	$28,500	$1,800	$30,300
Stock based compensation	58	—	58
Repayment of State of Texas Emerging Technology Fund	(531)	(1,800)	(2,331)
Exercise of stock options	111	—	111
Payments for share buyback	(538)	—	(538)
Noncontrolling interest funding of Astral Images	—	165	165
Net change in available-for-sale securities	13	—	13
Net income attributable to Astrotech Corporation	18,761	—	18,761
Net loss attributable to noncontrolling interest	—	(11)	(11)
Balance at March 31, 2015	$46,374	$154	$46,528

(6) Net Income (Loss) per Share

Basic net income per share is computed on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted net income per share is computed based on the weighted average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method and the if-converted method. Dilutive potential common shares include outstanding stock options and share-based awards.

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The following table reconciles the numerators and denominators used in the computations of both basic and diluted net income per share (in thousands, except per share data):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Numerator:				
Amounts attributable to Astrotech Corporation, basic and diluted:				
Loss from continuing operations, net of tax	$(1,347)	$(2,173)	$(4,857)	$(4,616)
(Loss) income from discontinued operations, net of tax	(753)	(664)	23,618	476