

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

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**FORM 10-Q**

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(Mark One)

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

**For the quarterly period ended June 30, 2015**

**or**

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

**Commission File Number: 0-26824**

**COLLABRX, INC.**

*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**  
*(State or Other Jurisdiction of Incorporation or Organization)*

**68-0370244**  
*(I.R.S. Employer Identification No.)*

**44 Montgomery Street, Suite 800  
San Francisco, California 94104**  
*(Address of Principal Executive Offices)*

**(415) 248-5350**  
*(Registrant's Telephone Number, Including Area Code)*

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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 reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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 (Sec.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  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.

Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 12, 2015, there were 10,487,373 shares of the Registrant's common stock outstanding.

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# COLLABRX, INC.

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**PART I — FINANCIAL INFORMATION****Item 1. Condensed Financial Statements (Unaudited)**

**COLLABRX, INC.**  
**CONDENSED BALANCE SHEETS**  
**(Unaudited)**  
**(In thousands, except per share data)**

	<b>June 30, 2015</b>	<b>March 31, 2015 *</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,084	\$ 7,521
Accounts receivable	192	88
Prepaid expenses and other current assets	165	91
Total current assets	<u>6,441</u>	<u>7,700</u>
Property and equipment, net	107	106
Intangible assets, net	441	501
Goodwill	603	603
Investments	818	399
Total assets	<u><u>\$ 8,410</u></u>	<u><u>\$ 9,309</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 420	\$ 529
Promissory notes payable and interest, current	208	208
Deferred revenue	210	104
Total current liabilities	<u>838</u>	<u>841</u>
Deferred tax liability	172	195
Promissory notes payable	333	325
Other long-term liabilities	12	12
Total liabilities	<u><u>1,355</u></u>	<u><u>1,373</u></u>
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; none issued and outstanding	--	--
Common stock, \$0.01 par value; 50,000,000 shares authorized; 10,487,373 and 10,469,120 shares issued and outstanding as of June 30, 2015, and March 31, 2015, respectively	105	105
Additional paid-in capital	141,129	141,084
Accumulated other comprehensive income	419	-
Accumulated deficit	<u>(134,598)</u>	<u>(133,253)</u>
Total stockholders' equity	<u>7,055</u>	<u>7,936</u>
Total liabilities and stockholders' equity	<u><u>\$ 8,410</u></u>	<u><u>\$ 9,309</u></u>

\* Derived from the Company's audited financial statements.

See accompanying notes to condensed financial statements.

**COLLABRX, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE LOSS**  
**(Unaudited)**  
**(In thousands, except per share data)**

	Three Months Ended June 30,	
	<u>2015</u>	<u>2014</u>
Revenue	\$ 108	\$ 64
Cost of revenue	26	18
Gross profit	<u>82</u>	<u>46</u>
Operating expenses:		
Engineering	549	542
Research and development	21	50
Sales and marketing	110	80
General and administrative	<u>753</u>	<u>644</u>
Total operating expenses	<u>1,433</u>	<u>1,316</u>
Operating loss	(1,351)	(1,270)
Other income (expense)	<u>(7)</u>	<u>7</u>
Loss before income tax benefit	(1,358)	(1,263)
Income tax benefit	<u>(13)</u>	<u>(15)</u>
Net loss	(1,345)	(1,248)
Other comprehensive income	419	--
Comprehensive loss	<u>\$ (926)</u>	<u>\$ (1,248)</u>
Net loss per share		
Basic and diluted	\$ (0.13)	\$ (0.61)
Weighted-average shares used in per share computation:		
Basic and diluted	10,485	2,032

See accompanying notes to condensed financial statements.

**COLLABRX, INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(In thousands)**

	Three Months Ended June 30,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$ (1,345)	\$ (1,248)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation expense	36	94
Depreciation	10	9
Loss on disposal of property and equipment	4	--
Amortization of intangible assets	60	52
Accrued interest on convertible note receivable	--	(9)
Deferred taxes	(23)	(21)
Accrued interest on promissory note payable	8	2
Changes in operating assets and liabilities:		
Accounts receivable	(104)	24
Prepaid expenses and other current assets	(74)	(63)
Deferred financing costs	--	162
Accounts payable and accrued expenses	(100)	191
Deferred revenue	106	79
Current assets and liabilities from discontinued operations, net	-	(5)
Net cash used in operating activities	(1,422)	(733)
Cash flows from investing activities:		
Acquisition of property and equipment	(15)	(13)
Net cash used in investing activities	(15)	(13)
Cash flows from financing activities:		
Proceeds from at-the-market facility	--	23
Proceeds from sale of common stock, net of expenses of \$466	--	1,361
Net cash provided by financing activities	--	1,384
Net cash increase/(decrease) in cash and cash equivalents	(1,437)	638
Cash and cash equivalents, beginning	7,521	1,430
Cash and cash equivalents, ending	\$ 6,084	\$ 2,068
Supplemental disclosure of non-cash activities:		
Unrealized gain on available-for-sale securities	\$ 419	\$ --
Over accrued financing costs	\$ 9	--

See accompanying notes to condensed financial statements.

## COLLABRX, INC.

### NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

**(All amounts in thousands, except share and per share data, unless otherwise noted)**

#### **1. Description of Business and Summary of Significant Accounting Policies:**

CollabRx, Inc., a Delaware corporation (“CollabRx,” the “Company” or “we,” “us,” or “our”), is the renamed Tegal Corporation, (“Tegal”), which acquired a private company of the same name on July 12, 2012. Following approval by its stockholders on September 25, 2012, Tegal amended its charter and changed its name to “CollabRx, Inc.” (the “Name Change”).

Tegal was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc., Tegal’s predecessor company was founded in 1972 and acquired by Motorola, Inc. in 1978. Tegal completed its initial public offering in October 1995.

CollabRx offers cloud-based expert systems that provide clinically relevant interpretive knowledge to institutions, physicians, researchers and patients for genomics-based medicine in cancer to inform health care decision-making. With access to a large network of clinical and scientific advisors at leading academic institutions and a suite of tools and processes that combine artificial intelligence-based analytics with proprietary interpretive content, the Company is well positioned to participate in the value-added “big data” opportunity in the U.S. health care. We use the term “cloud” to mean a product or service that can be delivered via the Internet, usually on a pay-for-use or subscription basis, versus the purchase and installation of enterprise-based software, which typically requires investments in both software and hardware, often also requiring large-scale customization efforts. The Company uses the term “big data” to refer to datasets whose size is beyond the ability of typical database software tools to capture, store, manage, and analyze.

The Company searches publicly available databases as source documents for our knowledge base. Such databases include those that are available, either free or on a commercial basis, in the areas of clinical trials, drugs, investigational compounds, biomarkers, bioinformatics, cancer ontology and literature. The Company then aggregates, annotates and integrates these datasets for the purpose of defining the relationship of biomarkers to therapeutic strategies, drugs and clinical trials. None of the individual databases the Company utilizes as sources provide information on the interrelationships of these discrete elements. In addition, CollabRx has developed a process for incorporating the guidance of our network of physician and research advisors in the selection of the most relevant data for specific diagnoses, histopathology data, prior treatments and biomarkers. The result of this software- and expert-assisted process is proprietary content incorporated into our knowledge base which includes decision rules, succinct statements of therapeutic strategy and a comprehensive listing of appropriate drugs and clinical trials, all related to specific aberrations which might be observed in connection with genomic testing.

Although the process and results are proprietary, the Company always refers to the relevant source documentation that provides the support for the identification of an actionable biomarker, typically a peer-reviewed, published paper. In this way, the Company avoids the “black-box algorithm problem”, which is prevalent in other companies’ predictive analytical models, but is not currently a trusted methodology in medical practice. Our proprietary content is incorporated into our knowledge base, which is updated regularly with the assistance of a large network of independent advisors, and which forms the basis for all our products and services. Our knowledge base contains no individual patient data, nor do our processes for providing related content include the review by our network of independent experts of any individual test data.

Our knowledge base informs two distinctly different products and services.

*Genetic Variant Annotation™ Service.* The “Genetic Variant Annotation” or “GVA” is a service offered to diagnostic testing laboratories, including academic medical centers and commercial laboratories. Our lab customers provide us with a test result, usually in the form of an electronic file that represents the results of a genomic test, typically from a “Next Generation Sequencing” (“NGS”), microarray or similar testing platform. The test results provided to us contain no patient-identifiable information. The Company analyzes the test results for the purpose of identifying those genetic alterations which the Company has annotated in advance as being “actionable” (i.e., related to a therapeutic strategy). The Company provides the testing lab with a report, incorporating information regarding identified biomarkers and associated therapeutic strategies for each, along with relevant drugs and clinical trials, to a level and in a format that the Company has agreed in advance with our customer. The Company is compensated for this service either on a per-test or on a volume-adjusted subscription basis. This service is not available to the public and is not available on our website.

*Therapy Finder Products.* Our Therapy Finder® products are a series of cancer-specific, web-based and mobile apps which are accessed by physicians and patients, usually in the physician's office. After indicating a number of pre-set options related to stage of cancer, histopathology, prior treatments and presence of biomarkers on an input page, the physician is presented with a results page which explains the role of the biomarker, identifies a possible therapeutic strategy for that particular set of inputs, along with tabs associated with searchable lists of relevant drugs and clinical trials. Therapy Finders are an interactive, informational and educational resource for both physicians and patients, and can be used for decision-support. They neither contain nor store any patient identifiable information. The advisors associated with the development and updating of each app are prominently featured. The development and distribution of Therapy Finders is partially supported by sponsorships and advertising revenue. They are available free of charge on our company website. Our aim is to make this tool widely available to help community physicians understand the relevance of biomarker testing and the availability of potential therapies for their advanced cancer patients.

In 2014, the Company redesigned its Therapy Finders so that they could be accessed by physicians using the iOS operating system from Apple, Inc. via an iPhone or an iPad, and have named this mobile application "CancerRx." CancerRx was co-developed with MedPage Today of Everyday Health, Inc., with the ownership of the application retained by CollabRx. A special feature of CancerRx is a daily oncology newsfeed from MedPage Today, all with real-time over the air updates. The Company launched CancerRx during the first fiscal quarter of fiscal year 2015.

Recently, we undertook a review of the software engineering and the biomedical and scientific basis of the Therapy Finders and the related CancerRx mobile app in order to determine the feasibility of offering a replacement product that incorporates the breadth of data that we have accumulated since the initial development of those products in 2010, and which is easier to maintain with frequent updates. We expect to complete that review over the next several months. While we undertook the review in close collaboration with our on-line media partner, MedPage Today of Everyday Health, Inc., we temporarily suspended all or certain features of these products. On June 16, 2015, we terminated our exclusive agreement with MedPage Today / Everyday Health, Inc. We are in the process of updating Therapy Finders and/or developing alternative decision support products for distribution directly by us or in connection with other on-line media partners. We continue to offer our Therapy Finders on the CollabRx website.

The Company intends to pursue collaborative arrangements with other companies and entities that provide contract research services to oncology practices, conduct in-house clinical and translational research, collect information on patient outcomes and link this information to genetic sequencing data, and calculate the relative costs and benefits associated with different diagnostic tests and therapies. The Company expects such efforts to lead to novel insights and advances to improve the quality of cancer care and reduce the costs of delivering it. The physicians and researchers within our network of advisors have agreed to participate in our efforts for an indefinite term, on an uncompensated basis, and without a formal agreement. The board assignments, biographies and current affiliations of all of our advisors are posted on our website.

The Company's condensed financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company incurred net losses of \$1,345 and \$1,248 for the three months ended June 30, 2015 and 2014, respectively. The Company used \$1,422 and \$733 of cash in operating activities for the three months ended June 30, 2015 and 2014, respectively. The Company's existing cash and cash equivalents are adequate to fund the Company's operations requirements and obligations through the third quarter of its fiscal year 2017. As a result, over the past year it has been pursuing several alternative financing sources to continue operations.

On December 6, 2014, we entered into a non-binding letter of intent to acquire Medytox Solutions, Inc. ("Medytox") in a reverse merger transaction. Medytox is a holding company that owns and operates businesses in the medical services sector. Its principal line of business is clinical laboratory blood and urine testing services, with a particular emphasis in the provision of urine drug toxicology and comprehensive pain medication monitoring programs to physicians, clinics and rehabilitation facilities in the United States.

On April 15, 2015, we and Medytox entered into a definitive Agreement and Plan of Merger, which we filed as an exhibit to our Form 8-K filed on April 17, 2015. Completion of the merger is subject to the satisfaction or waiver of a number of conditions. If the proposed transaction is completed, Medytox Solutions would be the accounting acquirer of the Company, the management of Medytox Solutions would become the management of our Company, and the current directors of Medytox Solutions would constitute a majority of our Board of Directors. Following the transaction, we may be a "controlled company" exempt from certain corporate governance requirements under the NASDAQ Rules.

Upon completion of the reverse merger transaction with Medytox Solutions, we expect to continue to operate CollabRx as an independent subsidiary, pursuing our current business strategy as a developer and marketer of medical information and clinical decision support products and services to oncologists. We expect that the additional management and financial resources that will be made available to us by Medytox Solutions will allow us to gain market share against our current and potential competitors, to expand our product offerings with additional interpretive content that supports ever more complex decision-making in the treatment of advanced cancers, to better support our large network of clinical advisors, and to develop new products that address emerging needs for oncology clinicians and researchers in pharmaceutical development.

In the event that Medytox Solutions decides to enter the genomic-based testing market through the acquisition or internal development of an NGS testing lab capability in cancer or another genomic-based disease area (such as hereditary diseases or pharmacogenomics), CollabRx is ideally suited, via our current and expanded GVA product-line, to provide the leading-edge tools needed to provide robust interpretation of those complex tests. In addition, the availability of additional resources for the marketing and promotion of our existing web-based and mobile decision support products will allow us to expand the use of our Therapy Finder and CancerRx products among oncology professionals, enhance awareness of our brand, and deliver more and better tools to physicians and patients alike.

By letter dated June 2, 2015, CollabRx was notified by Nasdaq that the bid price of our common stock closed below the minimum \$1.00 per share requirement for continued inclusion under Marketplace Rule 4310(c)(4). In accordance with Marketplace Rule 4310(c)(8) (D), we have 180 calendar days to regain compliance. If at any time before the expiration of such 180-day period, the bid price of our common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days, we will regain compliance with the Rule. If we do not regain compliance prior to the expiration of such 180-day period, an additional 180 days will be granted to regain compliance, so long as we meet The Nasdaq Capital Market initial listing criteria (except for the bid price requirement).

The Company continues to incur recurring losses from operations. Even though the Company has entered into the aforementioned agreement with Medytox, it must still prove its ability to generate sufficient levels of cash from its operations.

## **Basis of Presentation**

In the opinion of management, the unaudited condensed financial statements have been prepared on the same basis as the March 31, 2015 audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the information set forth herein. The financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission (“SEC”), but omit certain information and footnote disclosures necessary to present the financial statements in accordance with GAAP. The accompanying condensed financial statements do not include any adjustments that might result from the outcome of this uncertainty, and contemplate the realization of assets and the settlement of liabilities and commitments in the normal course of business. The accompanying condensed financial statements have been prepared assuming the Company will continue as a going concern. These condensed financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2015, filed on June 26, 2015. The results of operations for the three months ended June 30, 2015 are not necessarily indicative of results to be expected for the entire year.

## **Comprehensive Income (loss)**

Comprehensive income (loss) is defined as the change in equity of the Company during the period from transactions and other events and circumstances, excluding transactions resulting from investments by owners and other distributions to owners. For the three months ended June 30, 2015, the Company recognized an increase in the estimated fair value of its investment in NanoVibronix, which it holds as long-term marketable securities available-for-sale. The unrealized gain on this investment for the current period is \$419. For the three months ended June 30, 2014, the Company had no items of other comprehensive income (loss). Therefore the net loss in the prior period equaled the comprehensive loss for the three months ended June 30, 2014.

## **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could vary from those estimates.

## **Change in Accounting Estimate**

Upon the original acquisition of the private company called CollabRx, the Company determined that the lives of intangible assets were determined to be between 3 years to 10 years. Originally, the life of the acquired developed technology software was determined to be ten years, expiring in July 2022, and the life of the customer relationships was determined to be five years, expiring in July 2017. During the fiscal year ended March 31, 2015, the Company determined facts and circumstances existed that indicated the useful lives of these two intangible assets were shorter than originally estimated. The Company has adjusted the lives of its acquired developed technology and its customer relationships and now expects the lives of these assets to expire no later than March 2016.

## **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash investments. The Company's accounts receivable balance is also subject to credit risk. Substantially all of the Company's cash equivalents are held in liquid cash accounts. The Company's accounts receivable are derived primarily from sales to customers located in the United States. The Company performs ongoing credit evaluations of its customers and generally requires no collateral. The Company no longer maintains reserves for potential credit losses. There have been no write-offs during the periods presented.

For the three months ended June 30, 2015, four customers accounted for 23.1%, 18.3%, 16.3% and 13.8%, respectively, of the Company's revenue. For the three months ended June 30, 2014, four customers accounted for 26.1%, 23.1%, 19.6% and 18.2%, respectively, of the Company's revenue.

As of June 30, 2015, three customers accounted for 94.0% of the balance in accounts receivable. Two customers accounted for 95.1% of the balance in accounts receivable as of June 30, 2014. As of March 31, 2015, three customers accounted for 95% of our trade accounts receivable balance.

## **Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments having a maturity of three months or less on the date of purchase to be cash equivalents.

As of June 30, 2015 and March 31, 2015, all of the Company's cash equivalents are included as Level 1 assets on the fair value hierarchy, and were held in the form of money market funds in the condensed balance sheets.

## **Promissory Notes Payable**

On July 12, 2012, the Company completed the acquisition of the private company called CollabRx, pursuant to the previously announced Agreement and Plan of Merger, dated as of June 29, 2012. As part of the purchase price, the Company assumed \$500 of existing CollabRx indebtedness through the issuance of the promissory notes. The principal of the promissory notes is payable in equal installments on the third, fourth and fifth anniversaries of the date of issuance, along with the accrued but unpaid interest as of such dates. On July 13, 2015, the Company made a \$208 payment of principal and accrued interest. Principal payments of \$167 and \$166, together with accrued interest, will be made in July 2016 and July 2017, respectively.

## **Investment**

On November 22, 2011, the Company completed a \$300 strategic investment in NanoVibronix, Inc., ("NanoVibronix") a private company that develops medical devices and products that implement its proprietary therapeutic ultrasound technology. The Company's investment in NanoVibronix was in the form of a convertible promissory note that bears interest at a rate of 10% per year compounded annually, which matured on November 15, 2014. Our investment was intended to precede a possible merger of the two companies. However, those discussions were terminated by mutual agreement between the parties and NanoVibronix, Inc. continued to operate as a private company. NanoVibronix filed a registration statement with the Securities and Exchange Commission in connection with a proposed initial public offering. In connection with the planned offering, the parties agreed that the Convertible Promissory Note will be converted into common stock of NanoVibronix.

On February 9, 2015 NanoVibronix filed a Form 10 with the SEC. On February 10, 2015, the series B-1 promissory note held by CollabRx was converted into Series B-1 preferred shares. Coincident with the effectiveness of this filing, the Series B-1 preferred shares held by CollabRx was converted into 204,507 shares of NanoVibronix common stock, representing 8.9% of the 2,289,682 shares of total common shares outstanding as of January 30, 2015.

During the fourth quarter of fiscal year 2015, the Convertible Promissory Note was converted into a cost investment on the Company's condensed balance sheets at the carrying value of the note upon maturity. As of March 31, 2015, the Convertible Promissory Note balance was \$399, consisting of the original \$300 investment and \$99 in accrued interest income. At that time, the Company believed the maturity date value of the Convertible Promissory Note approximated the fair value of the investment as of March 31, 2015, as NanoVibronix did not yet have an effective market price.

In May 2015, NanoVibronix, Inc. became a public company and the Company's Chief Executive Officer became a member of the NanoVibronix, Inc. Board of Directors. For the three months ended June 30, 2015, the Company recognized an increase in the estimated fair value of its investment in NanoVibronix, which it holds as long-term marketable securities available-for-sale. The unrealized gain on this investment for the three months ended June 30, 2015 is \$419. For the three months ended June 30, 2014, the Company had no items of other comprehensive income (loss). Therefore the net loss in the prior period equaled the comprehensive loss for the three months ended June 30, 2014.

The unrealized gain in the current period reflects the share price of NanoVibronix on June 30, 2015. The NanoVibronix ticker symbol is "NAOV". While this stock is thinly traded, the share price is our best estimate of the fair value of this investment.

On a periodic basis, we assess whether there are any indicators that the fair value of our investment may be impaired. An investment is impaired only if our estimate of the fair value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the fair value of the investment.

#### **Accounts Receivable – Allowance for Sales Returns and Doubtful Accounts**

As of June 30, 2015 and March 31, 2015, respectively, the Company had zero reserves for potential credit losses as such risk was determined to be insignificant. The Company does not currently maintain an allowance for doubtful accounts receivable for potential estimated losses resulting from the inability of the Company's customers to make required payments. The Company believes no such reserve is currently required. The Company had zero write-offs during the periods presented. The Company reviews the estimated risk of current customers' inability to make payments on a quarterly basis to determine if any amount is uncollectible.

#### **Revenue Recognition and Deferred Revenue**

Each contract sale of our interpretive data is evaluated individually in regard to revenue recognition. The Company has integrated in our evaluation the related guidance included in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition*. The Company recognizes revenue when persuasive evidence of an arrangement exists, the seller's price is fixed or determinable, delivery has occurred, and collectability is reasonably assured.

For arrangements that include multiple deliverables, the Company identifies separate units of accounting based on the guidance under ASC 605-25, *Multiple Element Arrangements*, which provides that revenue arrangements with multiple deliverables should be divided into separate units of accounting, if certain criteria are met. The consideration of the arrangement is allocated to the separate units of accounting using the relative fair value method. Applicable revenue recognition criteria are considered separately for each separate unit of accounting.

Revenue from fixed price contracts is recognized primarily under the percentage of completion method. Under this method the Company recognizes estimated contract revenue and resulting income based on costs incurred to date as a percentage of the total estimated costs as the Company considers this model to best reflect the economics of these contracts. In such contracts, the Company's efforts, measured by time incurred, typically represents the contractual milestones or output measure. If at any time during the contract period, the Company determines that a loss will occur, the Company recognizes the loss in that period. Furthermore, if in previous periods a profit was recognized under the percentage-of completion method, the profit would be reversed during the period the Company determined a loss on the contract exists.

## Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes* (“ASC 740”), which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. Under ASC 740, the liability method is used in accounting for income taxes. Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized. The Company evaluates annually its ability to realize our deferred tax assets by assessing our valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization include our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. In 2015 and 2014, the Company has recorded a full valuation allowance for our deferred tax assets based on our past losses and uncertainty regarding our ability to project future taxable income. In future periods, if the Company is able to generate income the Company may reduce or eliminate the valuation allowance.

## Fair Value Measurements

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the Company considers what assumptions market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
- Level 2: Directly or indirectly observable inputs as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.
- Level 3: Unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The Company’s financial instruments consist primarily of liquid cash accounts denominated in U.S. dollars. As of June 30, 2015, the investment balance of \$818 included in the condensed balance sheets is considered Level 2 and is remeasured on a recurring basis. The value of money market funds was immaterial at June 30, 2015.

## Intangible Assets and Goodwill

Intangible assets include patents, trade names, software, non-compete agreements, customer relationships and trademarks that are amortized on a straight-line basis over periods ranging from three to ten years. The Company performs an ongoing review of its identified intangible assets to determine if facts and circumstances exist that indicate the useful life is shorter than originally estimated or the carrying amount may not be recoverable. If such facts and circumstances exist, the Company assesses the recoverability of identified intangible assets by comparing the projected undiscounted net cash flow associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. As of the current reporting period, the Company’s remaining intangible assets, not including those related to the acquisition of CollabRx, were internally developed, which have a carrying value of zero. Currently the Company expenses all costs incurred to renew or extend the term of a recognized intangible asset.

With the acquisition of CollabRx, the Company acquired software, trade names, customer relationships, non-compete agreements and goodwill. The lives of the acquired intangible assets range from three to ten years. Intangible assets, except for trade names and goodwill, are amortized on a straight-line basis. Intangible assets related to trade names and goodwill are not amortized. The Company tests goodwill for impairment annually during the fourth quarter of each fiscal year. The fair values of these assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. No impairment charges for intangible assets or goodwill were recorded for the three months ended June 30, 2015 and 2014, respectively. The Company recognized \$60 and \$52 of amortization expense for the three month periods ended June 30, 2015 and 2014, respectively. The amortization expense included in cost of revenue is related to the acquired software and is amortized on a straight-line basis over the updated expected life of the asset, which the Company believes to be completed by the end of fiscal year 2016.

### **Impairment of Long-Lived Assets**

Long-lived assets are reviewed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If undiscounted expected future cash flows are less than the carrying value of the assets, an impairment loss is recognized based on the excess of the carrying amount over the estimated fair value of the assets. The Company recorded \$4 and \$0 in disposal losses for fixed assets for the three months ended June 30, 2015 and 2014.

### **Stock-Based Compensation**

The Company has adopted several stock plans that provide for issuance of equity instruments to our employees and non-employee directors. Our plans include incentive and non-statutory stock options and restricted stock awards. These equity awards generally vest ratably over a four-year period on the anniversary date of the grant, and stock options expire ten years after the grant date. Certain restricted stock awards may vest on the achievement of specific performance targets. The Company also had an Employee Stock Purchase Plan (“ESPP”), allowing qualified employees to purchase Company shares at 85% of the fair market value on specified dates. The ESPP was allowed to expire on July 22, 2014 and has not been renewed.

Total stock-based compensation related to stock options and restricted stock units (“RSUs”) for the three months ended June 30, 2015 and 2014 was \$36 and \$94, respectively.

The Company utilized the following valuation assumptions to estimate the fair value of options that were granted for the three month periods ended June 30, 2015 and 2014, respectively. The Company utilized the following assumptions to estimate the fair value of options that were granted for the three months ended June 30, 2014. There were no options granted for the three months ended June 30, 2015.

	<b>Three Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Expected life (years)	N/A	6.0
Volatility	N/A	151.70%
Risk-free interest rate	N/A	1.62% -1.74%
Dividend yield	N/A	0%
Forfeiture rate	N/A	10%

The Company’s ESPP plan expired in the prior fiscal year. No ESPP awards were made in the current period nor are any future ESPP awards expected to be made. Prior ESPP awards were valued using the Black-Scholes option pricing model with expected volatility calculated using a six-month historical volatility.

### **Valuation and Other Assumptions for Stock Options**

*Valuation and Amortization Method.* The Company estimates the fair value of stock options granted using the Black-Scholes option pricing model. The Company estimates the fair value using a single option approach and amortizes the fair value on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods.

*Expected Term.* The expected term of options granted represents the period of time that the options are expected to be outstanding. The Company estimates the expected term of options granted based on our historical experience of exercises including post-vesting exercises and termination.

*Expected Volatility.* The Company estimates the volatility of our stock options at the date of grant using historical volatilities. Historical volatilities are calculated based on the historical prices of our common stock over a period at least equal to the expected term of our option grants.

*Risk-Free Interest Rate.* The Company bases the risk-free interest rate used in the Black-Scholes option pricing model on U.S. Treasury yield curve in effect at the time of grant for zero-coupon issues with remaining terms equivalent to the expected term of our option grants.

*Dividends.* The Company has never paid any cash dividends on common stock and the Company does not anticipate paying any cash dividends in the foreseeable future.

*Forfeitures.* The Company uses historical data to estimate pre-vesting option forfeitures. The Company record stock-based compensation only for those awards that are expected to vest.

During the three months ended June 30, 2015, the Company granted no options either to any current employees or to any current members of the Board of Directors.

### **Stock Options**

A summary of the stock option activity during the three months ended June 30, 2015 is as follows:

	Shares	Weighted-Average Exercise Price	Remaining Contractual Term (in Years)	Weighted-Average	Aggregate Intrinsic Value
Beginning outstanding, March 31, 2015	665,058	\$ 4.79	7.80	\$ 67,951	
Granted	--	-			
Forfeited	(49,938)	2.54			
Expired	<u>(4,501)</u>	25.52			
Ending outstanding, June 30, 2015	610,619	\$ 4.82	7.35	\$ -	
Ending vested and expected to vest	610,474	\$ 4.82	7.35	\$ -	
Ending exercisable	<u>299,876</u>	\$ 8.06	5.62	\$ -	

The aggregate intrinsic value of stock options outstanding as of June 30, 2015 is calculated as the difference between the exercise price of the underlying options and the market price of our common stock as of June 30, 2015.

The following table summarizes information with respect to stock options outstanding as of June 30, 2015:

Range of Exercise Prices	Number Outstanding As of June 30, 2015	Weighted-Average Remaining Contractual Term (in years)	Weighted-Average Exercise Price	Number Exercisable As of June 30, 2015	Weighted-Average Exercise Price As of June 30, 2015
\$ 0.75	\$ 1.50	206,679	9.42	\$ 0.80	\$ 1.31
1.99	3.22	167,629	8.39	2.54	88,190 2.41
3.35	6.00	143,997	6.25	3.90	101,872 3.89
11.70	17.80	46,191	3.35	12.03	46,191 12.03
21.00	34.20	36,125	2.04	22.63	36,125 22.63
41.40	41.45	9,998	0.21	41.40	9,998 41.40
		<u>610,619</u>	7.35	\$ 4.82	<u>299,876</u> \$ 8.06

As of June 30, 2015, there was \$197 of total unrecognized compensation cost related to outstanding options which the Company expects to recognize over an estimated weighted average period of 1.38 years.

### Restricted Stock Units

The Company had no activity related to unvested RSUs in the current period.

### Unvested Restricted Stock as of June 30, 2015

As of June 30, 2015, there was no amount of total unrecognized compensation cost related to outstanding RSUs. All related expenses were previously recognized.

In the three months ending June 30, 2015, the Company did not grant any RSUs.

### 2. Earnings Per Share (EPS):

Basic EPS is computed by dividing net income (loss) available to common stockholders (numerator) by the weighted-average number of common shares outstanding (denominator) for the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. The computation of diluted EPS uses the average market prices during the period.

Basic net loss per common share is computed using the weighted-average number of shares of common stock outstanding.

The following table represents the calculation of basic and diluted net loss per common share:

	Three Months Ended June 30,	
	2015	2014
Net loss	\$ (1,345)	\$ (1,248)
Basic and diluted:		
Weighted-average common shares outstanding	10,485	2,032
Weighted-average common shares used in per share computation	<u>10,485</u>	<u>2,032</u>
Net loss per share		
Basic and diluted	\$ (0.13)	\$ (0.61)

The following shares of common stock equivalents were excluded from the computation of diluted earnings per share for the three months ended June 30, 2015 and 2014 because including them would have been anti-dilutive.

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Outstanding Options	610,619	383,427
Outstanding RSUs	<u>23,921</u>	<u>152,631</u>
	<u>634,540</u>	<u>536,058</u>
Warrants - Sequel	-	92,888
Warrants S-3 (June 2014)	27,405	27,405
Warrants - S-1	4,256,000	-
Warrants - underwriters	186,066	-
Shares Excluded from EPS calculation	<u>5,104,011</u>	<u>656,351</u>

The weighted-average exercise price per share of the excluded outstanding options and outstanding and deferred RSUs was \$7.78 and \$8.93 on June 30, 2015 and 2014, respectively.

At June 30, 2015, the Company had the following warrants outstanding to purchase the Company's stock:

Issue Date	Outstanding Warrants	Exercise Price	Maturity Date
6/24/2014	27,405	\$ 2.50	6/24/2020
2/25/2015	4,256,000	\$ 1.18	2/25/2020
2/25/2015	115,200	\$ 1.56	2/18/2020
3/2/2015	<u>70,866</u>	<u>\$ 1.59</u>	<u>2/25/2020</u>
	<u>4,469,471</u>		

### 3. Financial Instruments:

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, convertible promissory note, notes receivable, accrued expenses, promissory note payable and other liabilities approximates fair value due to their relatively short maturity. The Company currently has only minimal sales in global markets and is not exposed to changes in foreign currency exchange rates. The Company does not hold derivative financial instruments for speculative purposes. Foreign currency transaction gains and (losses), if any, are included in other income (expense), and were \$0 for the three month periods ended June 30, 2015 and 2014. On June 30, 2015, the Company had no open foreign exchange contracts to sell Euros or any other foreign currencies.

Changes in the exchange rate between the Euro and the U.S. dollar are currently immaterial to our operating results. Exposure to foreign currency exchange rate risk may increase over time as our business evolves.

### 4. Geographical and Segment Information:

For the periods presented, the Company's source of revenue was related to genomics based technology information services. The Company's chief operating decision-maker has been identified as the President and Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company.

For geographical reporting, revenues are attributed to the geographic location in which the customers' facilities are located. Long-lived assets consist of property, plant and equipment and are attributed to the geographic location in which they are located. For all periods presented, revenues by geographic region were all in the United States.

Additionally, all long-lived, intangible and goodwill assets are located in the United States.

## **5. Recent Accounting Pronouncements:**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the IASB has issued IFRS 15, Revenue from Contracts with Customers. The issuance of these documents completes the joint effort by the FASB and the IASB to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and IFRS. The new guidance affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is not permitted. The Company will continue to evaluate this newly issued guidance.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Sub Topic 205-40) – Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 clarifies principles and definitions that may be used by an organization's management for disclosures that are currently made available in financial statement footnotes. Presently, U.S. GAAP does not provide an organization's management guidance regarding its responsibility to assess whether substantial doubt exists regarding the ability to continue as a going concern or to prepare related footnote disclosures. Instead, auditors are responsible for assessing an entity's ability to continue as a going concern under AU-C 570. ASU 2014-15 will move this responsibility to management. ASU 2014-15 will require management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for one year from the date the financial statements are issued. ASU 2014-15 is effective for annual periods ending after December 15, 2016 to allow the auditing guidance to catch up with this change. ASU No. 2014-15 affects all companies and nonprofits and early application is allowed. The Company is currently evaluating the impact of adopting this new guidance on our condensed financial statements.

In April 2015, the FASB issued ASU 2015-05, *Intangibles Goodwill and Other – Internal Use Software (Sub Topic 350-40) – Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2015-05 provides explicit guidance to help companies evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The new guidance clarifies that if a cloud computing arrangement includes a software license, the customer should account for the license consistent with its accounting for other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract. ASU 2015-05 is effective for public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. An entity can elect to adopt the amendments either prospectively for all arrangements entered into or materially modified after the effective date, or retrospectively. Early adoption is permitted for all entities. The Company is currently evaluating the impact of adopting this new guidance on our condensed financial statements.

## **6. Commitments and Contingencies**

The Company has several non-cancelable operating leases, primarily for general office space, that expire over the next three years. The Company has no capital leases at this time. Future minimum lease payments under these leases are as follows:

<b>Year Ending March 31,</b>	<b>Operating Leases</b>	
2016	95	
2017	129	
2018	54	
Total minimum lease payments	\$	278

Most leases provide for the Company to pay real estate taxes and other maintenance expenses. Rent expense for operating leases related to continuing operations, net of sublease income was \$32 and \$31, during the three months ended June 30, 2015 and 2014, respectively.

## **7. Subsequent Events:**

On July 13, 2015, the Company made its first payment of principal (\$167) and unpaid accrued interest (\$41) on the CollabRx acquisition promissory notes payable.

On July 17, 2015 the Company filed an S-4 registration statement. The statement contained a preliminary joint proxy statement/prospectus for the plan of merger between CollabRx, Inc. and Medytox Solutions, Inc.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – (Amounts in thousands)**

### **Special Note Regarding Forward Looking Statements**

*Information contained or incorporated by reference in this report contains forward-looking statements. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology which constitutes projected financial information. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company including, but not limited to, industry conditions, economic conditions and acceptance of new technologies. For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see "Part II, Item 1A.—Risk Factors" and the "Liquidity and Capital Resources" section set forth in this section and such other risks and uncertainties as set forth below in this report or detailed in our other SEC reports and filings. We assume no obligation to update forward-looking statements.*

### **The Company**

#### **Corporate Information**

CollabRx, Inc., a Delaware corporation ("CollabRx," the "Company" or "we," "us," and "our"), is the renamed Tegal Corporation, ("Tegal"), which acquired a private company of the same name on July 12, 2012. Following approval by its stockholders on September 25, 2012, Tegal amended its charter and changed its name to "CollabRx, Inc." (the "Name Change").

Tegal was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Tegal's predecessor company was founded in 1972 and acquired by Motorola, Inc. in 1978. Tegal completed its initial public offering in October 1995.

#### **Company Background**

CollabRx (f/k/a Tegal) was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Until recently, the Company designed, manufactured, marketed and serviced specialized systems used primarily in the production of semiconductors and micro-electrical mechanical devices, including integrated circuits, memory devices, sensors, accelerometers and power devices. Beginning in late 2009, the Company experienced a sharp decline in revenues resulting from the collapse of the semiconductor capital equipment market and the global financial crisis. In a series of transactions from 2010 to 2012, the Company sold the majority of our operating assets and intellectual property portfolio. During the same time period, our Board of Directors evaluated a number of strategic alternatives, which included the continued operation of the Company as a stand-alone business with a different business plan, a merger with another company, a sale of the Company's remaining assets, and the liquidation or dissolution of the Company. The Company investigated opportunities within and outside the semiconductor capital equipment industry and evaluated a number of transactions involving other diversified technology-based companies. Throughout this process, The Company developed and refined our criteria for a business combination, with an eventual focus on the healthcare industry, and specifically information technology and services within the healthcare industry. In July 2012, the Company completed its acquisition of CollabRx (the "CollabRx Transaction"). Following approval by our stockholders on September 25, 2012, the Company amended its charter and changed our name to "CollabRx, Inc." (the "Name Change").

## Overview of our Current Business

CollabRx, Inc. is entering the commercialization phase of our business. The Company is focused on developing and delivering content-rich knowledge-based products and services that inform healthcare decision-making, with an emphasis on genomics-based “precision” medicine and big data analytics. Our proprietary content is organized in a knowledge base that expresses the relationship between genetic profiles and therapy considerations including molecular diagnostics, medical tests, clinical trials, drugs, biologics, and other information relevant for cancer treatment planning. The Company has developed a method for capturing how practicing physicians use this information in the clinical setting, by incorporating within the knowledge base the views of a large network of independent key opinion leaders in medicine and medical research.

The Company searches publicly available databases as source documents for our knowledge base. Such databases include those that are available, either free or on a commercial basis, in the areas of clinical trials, drugs, investigational compounds, biomarkers, bioinformatics, cancer ontology and literature. The Company aggregates, annotates and integrates these datasets for the purpose of defining the relationship of biomarkers to therapeutic strategies, drugs and clinical trials. None of the individual databases the Company utilizes as sources provide information on the interrelationships of these discrete elements. In addition, CollabRx has developed a process for incorporating the guidance of our network of physician and research advisors in the selection of the most relevant data for specific diagnoses, histopathology data, prior treatments and biomarkers represented within the knowledge base. The result of this software- and expert-assisted process is proprietary content which includes decision rules, succinct statements of therapeutic strategy and a comprehensive listing of appropriate drugs and clinical trials, all related to specific aberrations which might be observed in connection with genomic testing. Although the process and results are proprietary, the Company always refers to the relevant source documentation that provides the support for the identification of an actionable biomarker, typically a peer-reviewed, published paper. In this way, the Company avoids the “black-box algorithm problem”, which is prevalent in other companies’ predictive analytical models, but is not currently a trusted methodology in medical practice. Our proprietary content is incorporated into our knowledge base, which is updated regularly with the assistance of a large network of independent advisors, and which forms the basis for all our products and services.

Our knowledge base contains no individual patient data, nor do our processes for providing content include the review by our network of independent experts of any individual test data. The physicians and researchers within our network of advisors have agreed to participate in our efforts for an indefinite term, on an uncompensated basis, and without a formal agreement. The board assignments, biographies and current affiliations of all of our advisors are posted on our website.

The Company currently delivers its proprietary content to users via web-based applications and services in the “cloud,” serving physicians and their patients in two settings: (i) at the point-of-care in the clinic and (ii) indirectly, as a part of a genetic test report provided to an ordering physician by a diagnostic testing laboratory, (i.e., the “lab”). Portions of our web-based applications are currently available free to physicians and patients through commercial on-line media partners. The content that the Company offers to laboratories is based on a “Software as a Service” or SaaS business model, in which its content is provided on a one-time, subscription or per test basis. The Company uses the term “cloud” to mean a product or service that can be delivered via the Internet, usually on a pay-for-use or subscription basis, versus the purchase and installation of enterprise-based software, which typically requires investments in both software and hardware, often also requiring large-scale customization efforts.

Our “Genetic Variant Annotation™” or “GVA” is a service offered to diagnostic testing laboratories, including academic medical centers and commercial laboratories. Our lab customers provide us with a test result, usually in the form of an electronic file that represents the results of a genomic test, typically from a “Next Generation Sequencing” (“NGS”), micro-array or similar testing platform. The test results provided to us contain no patient-identifiable information. The Company analyzes the test results for the purpose of identifying those alterations which the Company has annotated in advance as being “actionable” (i.e., related to a therapeutic strategy). The Company provides the testing lab with a report, incorporating specific information regarding identified biomarkers and associated therapeutic strategies for each, along with relevant drugs and clinical trials, to a level and in a format that The Company has agreed in advance with our customer. The Company is compensated for this service either on a per-test or on a volume-adjusted subscription basis. This service is not available to the public and is not available on our website.

Our Therapy Finder® products are a series of cancer-specific, web-based and mobile apps which are accessed by physicians and patients, usually in the physician’s office. After indicating a number of pre-set options related to stage of cancer, histopathology, prior treatments and presence of biomarkers on an input page, the physician is presented with a results page which explains the role of the biomarker, identifies a possible therapeutic strategy for that particular set of inputs, along with tabs associated with searchable lists of relevant drugs and clinical trials. Therapy Finders are an interactive, informational and educational resource for both physicians and patients, and can be used for decision-support. They neither contain nor store any patient identifiable information. The advisors associated with the development and updating of each app are prominently featured. The development and distribution of Therapy Finders is partially supported by sponsorships and advertising revenue. They are available free of charge on our company website. Our aim is to make this tool widely available to help community physicians understand the relevance of biomarker testing and the availability of potential therapies for their advanced cancer patients.

The Company redesigned its Therapy Finders so that they could be accessed by physicians using the iOS operating system from Apple, Inc. via an iPhone or an iPad, and have named this mobile application “CancerRx.” CancerRx was co-developed with MedPage Today of Everyday Health, Inc., with the ownership of the application retained by CollabRx. A special feature of CancerRx is a daily oncology newsfeed from MedPage Today, all with real-time over the air updates. The Company launched CancerRx during the first fiscal quarter of fiscal year 2015.

Recently, we undertook a review of the software engineering and the biomedical and scientific basis of the Therapy Finders® and the related CancerRx mobile app in order to determine the feasibility of offering a replacement product that incorporates the breadth of data that we have accumulated since the initial development of those products in 2010, and which is easier to maintain with frequent updates. We expect to complete that review over the next several months. While we undertook the review in close collaboration with our on-line media partner, MedPage Today of Everyday Health, Inc., we temporarily suspended all or certain features of these products. On June 16, 2015, we terminated our exclusive agreement with MedPage Today / Everyday Health, Inc. We are in the process of updating Therapy Finders and/or developing alternative decision support products for distribution directly by us or in connection with other on-line media partners. We continue to offer our Therapy Finders on the CollabRx website.

The systems and approach that the Company has developed for knowledge aggregation, content creation and expert advisory management can be applied to many disease states, but the Company has chosen to focus initially on genomic medicine in cancer, which is sometimes referred to as “precision oncology.” This is an area of tremendous activity and promise, where clinical research in genomics has given rise to scores of “targeted” therapies that have proven in many cases to prolong the lives of cancer patients. The Company believe that oncology is also the area of greatest need, where physicians and patients lack convenient access to clear and easy-to-understand information about which drugs, tests and clinical trials should be considered in constructing a cancer treatment plan based on the genetic profile of a tumor. Our overall vision is that the Company is at the dawn of an era of explosive growth of data and information generated at the molecular level that must be interpreted and contextualized into knowledge before it can be used effectively by either physicians or patients. The Company regards this knowledge as being the most valuable portion of the molecular diagnostic process and the Company believes that all sectors of the healthcare industry, including providers, insurers, drug developers and patients are potential users of this knowledge. The Company aims to deliver its proprietary interpretive content as quickly as possible and in as many usable forms as possible, via the Internet.

The condensed financial statements have been prepared using the going concern basis, which assumes that the Company will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. The condensed financial statements are prepared in conformity with generally accepted accounting principles (“GAAP”).

Originally founded in 2008, CollabRx has developed clinical advisory networks, expert systems, proprietary tools and processes, and a pipeline of commercial data products and applications (“apps”) for cancer. CollabRx Therapy Finders™, the Company’s first commercial product, provides sophisticated, credible, personalized, and actionable information to physicians and patients for rapidly determining which medical tests, therapies, and clinical trials may be considered in cancer treatment planning with a specific emphasis on the tumor genetic profile. CollabRx combined three unique elements to solidify its position in advance of commercialization, namely the creation of a highly specialized knowledge base, specialized software tools and applications and a large network of independent experts. CollabRx’s staff of PhD-level molecular biologists have worked directly on the curation of our oncology-specific knowledge base for over five years and are supported by others on our team who are trained in molecular biology and bioinformatics, along with consultants, contractors and interns.

The Company does not believe that any of our current or planned products are subject to regulation by the United States Food and Drug Administration (the “FDA”) and other regulatory authorities worldwide. However, our business could be adversely affected by any increased regulation of our customers. Changes in the level of regulation, including an increase in regulatory requirements, could subject us to regulatory approvals and delays in launching our products or result in a decrease in demand for our products. Modifying our products to comply with changes in regulations or regulatory guidance could require us to incur substantial costs. Further, changing regulatory requirements may render our products obsolete or make new products or product enhancements more costly or time consuming than the Company currently anticipates. Failure by us or our customers to comply with applicable regulations could result in increased regulatory scrutiny and enforcement. If our products fail to comply with government regulations or guidelines, the Company could incur significant liability or be forced to cease offering our applicable products or services.

In both domestic and foreign markets, sales by our customers may depend, in large part, upon the availability of reimbursement from third-party payers. These third-party payers include government healthcare programs such as Medicare, managed care providers, private health insurers, and other organizations. Physicians and patients may not order genomic test services or products from our customers unless commercial third-party payers and government payers pay for all, or a substantial portion, of the list price, and certain commercial third-party payers may not agree to reimburse our customers if Centers for Medicaid and Medicare Services (“CMS”) does not issue a positive coverage decision. There is currently no national coverage decision that determines whether and how certain genomic tests are covered by Medicare. In the absence of a national coverage decision, local Medicare contractors that administer the Medicare program in various regions have some discretion in determining coverage and therefore payment for such tests. Accordingly, if our customers do not receive full or partial reimbursement for their tests, our revenue and results of operations could be adversely affected.

On November 22, 2011, the Company completed a \$300 strategic investment in NanoVibronix, Inc., (“NanoVibronix”) a private company that develops medical devices and products that implement its proprietary therapeutic ultrasound technology which may be utilized for a variety of medical applications requiring low cost therapeutic ultrasound qualities. NanoVibronix is focused on creating products utilizing its unique, patented approach which enables the transmission of low-frequency, low-intensity ultrasound surface acoustic waves (“SAWs”) through a variety of soft, flexible materials, including skin and tissue, enabling low-cost, breakthrough devices targeted at large, high-growth markets. The Company’s investment in NanoVibronix was in the form of a convertible promissory note that bears interest at a rate of 10% per year compounded annually, which matured on November 15, 2014. Our investment was intended to precede a possible merger of the two companies. However, those discussions were terminated by mutual agreement between the parties and NanoVibronix, Inc. continued to operate as a private company. NanoVibronix filed a registration statement with the Securities and Exchange Commission in connection with a proposed initial public offering. In connection with the planned offering, the parties agreed the Convertible Promissory Note will be converted into common stock of NanoVibronix.

On February 9, 2015 NanoVibronix filed a Form 10 with the SEC. On February 10, 2015, the series B-1 promissory note held by CollabRx was converted into Series B-1 preferred shares. Coincident with the effectiveness of this filing, the Series B-1 preferred shares held by CollabRx was converted into 204,507 shares of NanoVibronix common stock, representing 8.9% of the 2,289,682 shares of total common shares outstanding as of January 30, 2015.

During the fourth quarter of fiscal year 2015, the Convertible Promissory Note was converted into a cost investment on the Company’s balance sheets at the carrying value of the note upon maturity. As of March 31, 2015, the Convertible Promissory Note balance was \$399, consisting of the original \$300 investment and \$99 in accrued interest income. At that time, the Company believed the maturity date value of the Convertible Promissory Note approximated the fair value of the investment as of March 31, 2015, as NanoVibronix did not yet have an effective market price.

In May 2015, NanoVibronix, Inc. became a public company and the Company’s Chief Executive Officer became a member of the NanoVibronix, Inc. Board of Directors. For the three months ended June 30, 2015, the Company recognized an increase in the estimated fair value of its investment in NanoVibronix, which it holds as long-term marketable securities available-for-sale. The unrealized gain on this investment for the current period is \$419.

The unrealized gain in the current period reflects the share price of NanoVibronix on June 30, 2015. The NanoVibronix ticker symbol is “NAOV”. While this stock is thinly traded, the share price is our best estimate of the fair value of this investment.

In September 2012, the Company changed its name to “CollabRx, Inc.” and the Company’s common stock, which previously traded under the ticker symbol “TGAL” on the Nasdaq Capital Market, began trading under the new ticker symbol “CLRX”.

On December 6, 2014, we entered into a non-binding letter of intent to acquire Medytox Solutions, Inc. (“Medytox”) in a reverse merger transaction. Medytox is a holding company that owns and operates businesses in the medical services sector. Its principal line of business is clinical laboratory blood and urine testing services, with a particular emphasis in the provision of urine drug toxicology and comprehensive pain medication monitoring programs to physicians, clinics and rehabilitation facilities in the United States.

On April 15, 2015, we and Medytox entered into a definitive Agreement and Plan of Merger, which we filed as an exhibit to our Form 8-K filed on April 17, 2015. Completion of the merger is subject to the satisfaction or waiver of a number of conditions. If the proposed transaction is completed, the management of Medytox Solutions would become the management of our company, the current directors of Medytox Solutions would constitute a majority of our Board of Directors and our business would change significantly. Following the transaction, we may be a “controlled company” exempt from certain corporate governance requirements under the NASDAQ Rules.

Upon completion of the reverse merger transaction with Medytox Solutions, we expect to continue to operate CollabRx as an independent subsidiary, pursuing our current business strategy as a developer and marketer of medical information and clinical decision support products and services to oncologists. We expect that the additional management and financial resources that will be made available to us by Medytox Solutions will allow us to gain market share against our current and potential competitors, to expand our product offerings with additional interpretive content that supports ever more complex decision-making in the treatment of advanced cancers, to better support our large network of clinical advisors, and to develop new products that address emerging needs for oncology clinicians and researchers in pharmaceutical development.

In the event that Medytox Solutions decides to enter the genomic-based testing market through the acquisition or internal development of an NGS testing lab capability in cancer or another genomic-based disease area (such as hereditary diseases or pharmacogenomics), CollabRx is ideally suited, via our current and expanded GVA product-line, to provide the leading-edge tools needed to provide robust interpretation of those complex tests. In addition, the availability of additional resources for the marketing and promotion of our existing web-based and mobile decision support products will allow us to expand the use of our Therapy Finder and CancerRx products among oncology professionals, enhance awareness of our brand, and deliver more and better tools to physicians and patients alike.

During the three months ending June 30, 2014 the Company also received \$23 from the sale of 7,101 shares through an at-the-market financing facility through Cantor Fitzgerald.

On February 25, 2015, the Company closed an underwritten public offering of 4,416,000 shares of its common stock offered at a public offering price of \$1.25 per share and warrants to purchase an additional 4,416,000 shares of its common stock. The warrants have an exercise price of \$1.18 per share. Gross proceeds to CollabRx from this offering were \$5,520 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. The Company subsequently completed a second underwritten public offering of 2,716,535 shares of its common stock on March 3, 2015, which closed on March 3, 2015 at a public offering price of \$1.27 per share. Gross proceeds to CollabRx from this follow up offering were \$3,450 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx.

CollabRx anticipates using the net proceeds from the offerings for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. In addition to the offerings of 7,132,535 shares of common stock, 186,066 warrants to purchase shares of common stock were issued to Aegis Capital Corporation. These warrants have an exercise price of \$1.25 per share and expire February 25, 2020. Such securities could potentially dilute earnings per share in future periods. Previously deferred financing expenses incurred to raise equity capital related to financing transactions prior to the completion of the financing, as well as other related expenses incurred in the current period, were recognized in the current period and offset the gross proceeds raised. Total underwriting discount and financing expenses for both the S-1 and S-3 offerings were \$1,035.

The Company continues to incur recurring losses from operations. Even though the Company has entered into the aforementioned agreement with Medytox, it must still prove its ability to generate sufficient levels of cash from its operations.

### **Critical Accounting Policies and Estimates**

The Company prepares the condensed financial statements in conformity with GAAP which requires management to make certain estimates, judgments and assumptions that affect the reported amounts in the accompanying condensed financial statements, disclosure of contingent assets and liabilities and related footnotes. Accounting and disclosure decisions with respect to material transactions that are subject to significant management judgment or estimates include but are not limited to revenue recognition, accounting for stock-based compensation, accounts for receivables and allowance for doubtful accounts and impairment of goodwill and intangible assets. Actual results may differ from these estimates under different assumptions or conditions. Critical accounting policies are defined as those that are required for management to make estimates, judgments and assumptions giving due consideration to materiality, in certain circumstances that affect amounts reported in the condensed financial statements, and potentially result in materially different results under different conditions and assumptions. The Company based these estimates and assumptions on historical experience and evaluate them on an on-going basis to help ensure they remain reasonable under current conditions. Actual results could differ from those estimates. During the three months ended June 30, 2015, there were no significant changes to the critical accounting policies and estimates discussed in the Company's 2015 Annual Report on Form 10-K.

## Results of Operations

The following table sets forth certain financial items for the three months ended June 30, 2015 and 2014:

	Three Months Ended June 30,	
	<b>2015</b>	<b>2014</b>
Revenue	\$ 108	\$ 64
Cost of revenue	26	18
Gross profit	<u>82</u>	<u>46</u>
Operating expenses:		
Engineering	549	542
Research and development	21	50
Sales and marketing	110	80
General and administrative	<u>753</u>	<u>644</u>
Total operating expenses	<u>1,433</u>	<u>1,316</u>
Operating loss	(1,351)	(1,270)
Other income (expense)	<u>(7)</u>	<u>7</u>
Loss before income tax benefit	(1,358)	(1,263)
Income tax benefit	<u>(13)</u>	<u>(15)</u>
Net loss	(1,345)	(1,248)
Other comprehensive income	419	--
Comprehensive loss	<u>\$ (926)</u>	<u>\$ (1,248)</u>
Net loss per share		
Basic and diluted	\$ (0.13)	\$ (0.61)
Weighted-average shares used in per share computation:		
Basic and diluted	10,485	2,032

### **Revenue**

Revenue for the three month period ended June 30, 2015 increased by \$44 compared to the three month period ended June 30, 2014. Revenues in fiscal 2014 were derived primarily from the Company's first multiple-element arrangement with a strategic customer. This arrangement began in fiscal year 2013 and expired in fiscal year 2014. Revenues in fiscal 2015 were derived from multiple customer SaaS service agreements, a royalty agreement, advertising revenues and testing fees.

Revenue for the three month period ended June 30, 2014 decreased by \$206 compared to the three month period ended June 30, 2013. The Company began fiscal year 2014 with its first multiple-element arrangement with a strategic customer. The Company did not have a similar revenue stream beginning in fiscal year 2015.

As a percentage of total revenue for each of the three months ended June 30, 2015 and 2014, international sales were an immaterial portion of total revenues.

### **Gross Profit**

Gross profit for the three months ended June 30, 2015 increased by \$36 compared to the three months ended June 30, 2014. Our gross profit reflects the amortization of the Company's product specific software, which was included in the CollabRx acquisition. Any engineering expenses related to revenue are also included in cost of revenue. For the three months ended June 30, 2015 there was no additional engineering expenses included in cost of revenue.

Gross profit for the three months ended June 30, 2014 decreased \$206 compared to the three months ended June 30, 2013. Our gross profit reflects the amortization of the Company's product specific software, which was included in the CollabRx acquisition. Any engineering expenses related to revenue are also included in cost of revenue. For the three months ended June 30, 2014 and 2013, respectively there were no additional engineering expenses included in cost of revenue.

Our gross margin for the three months ended June 30, 2015 was 75.9%. Our gross margin for the three months ended June 30, 2014 was 71.9%. These periods included revenue solely derived from our genomics based information products. The amortization of acquired software is included in cost of goods.

### **Engineering**

Engineering expenses consist primarily of salaries. The increase in Engineering expense of \$7 for the three months ended June 30, 2015, compared to the same period in 2014, reflected higher salary and recruiting expenses offset by lower stock compensation expense and a reduced level of effort focused on existing products than on products that had not yet been offered for sale. The increase in Engineering expense of \$310 for the three months ended June 30, 2014, compared to the same period in 2013 reflected a higher level of effort on existing products than on products that had not yet been offered for sale.

We define "engineering" as those development activities that are related to products, content or services which have been offered for sale or for which we have been paid. We define "R&D" as those development activities which are not related to products which have been offered for sale or for which we have been paid.

### **Research and Development**

The expenses related to research and development ("R&D") are primarily the result of allocations from Engineering. The efforts of our engineering group include supporting existing product offerings as well as developing future product offerings. We have segregated these expenses and reported expenses that make up R&D expenses for the three months ended June 30, 2015 and 2014, respectively.

The decrease of R&D expense of \$29 for the three month period ended June 30, 2015, compared to the same period in 2014 reflects the focus of development activities on products offered for sale, as opposed to those that may be offered in the future. Extensions or improvements to the Therapy Finders, CancerRx mobile app and the GVA, along with fee-for-service development activities are all assigned as Engineering expenses rather than R&D.

The reduction of R&D expense of \$124 for the three months ended June 30, 2014 compared to the same period in 2013 reflects the focus of development activities on products offered for sale, as opposed to those that may be offered in the future. The launch of the Genetic Variant Annotation Service in August 2013 and the CancerRx mobile app in May 2014 significantly lowered the amount of effort being devoted to future products. Extensions or improvements to the Therapy Finders, CancerRx mobile app and the GVA, along with fee-for-service development activities are all now assigned as Engineering expenses rather than R&D.

### **Sales and Marketing**

Sales and marketing expenses consist primarily of employee related expenses. For the three months ended June 30, 2015, sales and marketing expenses increased by \$30, primarily due to the engagement of a strategic marketing consultant. This expense was offset by the unrelated departure of our Vice President of Strategic Business Development at the end of April 2015. The Company expects to fill this position later in the fiscal year.

The change in sales and marketing expense of \$13 for the three months ended June 30, 2014, compared to the same period in 2013 resulted primarily from increased expenses for increased conference attendance.

### **General and Administrative**

General and administrative expenses consist of salaries, legal, accounting and related administrative services and expenses associated with general management, finance, information systems, human resources and investor relations activities. The increase in general and administrative expenses of \$109 for the three month period ended June 30, 2015, compared to the same period in 2014 was due primarily to increases in an employee bonus for a key employee, and legal expenses which were offset by decreases in consulting, Delaware franchise taxes and stock related compensation expenses. The increase in legal expenses is due to merger related activities. The increase in general and administrative expenses of \$156 for the three month period ended June 30, 2014, compared to the same period in 2013 was due primarily to higher expenses related to investor relations and presentations, as well as higher expenses for director compensation and franchise taxes.

### **Intangible Asset Impairment**

For the three months ended June 30, 2015 and 2014, respectively, no impairment of intangible assets was recognized.

However, the Company did determine that a portion of the net book value at the end of the twelve months ended March 31, 2015 of the developed technology software product and customer relationship acquired in the original CollabRx, Inc. merger should be impaired. The Company then recognized a total of \$571 in impairment charges, which included \$415 for developed technology and \$156 for customer relationships. No impairment charges for intangible assets were recorded for the fiscal year ended 2014.

### **Other Income (Expense), net**

Other income (expense), net consists of the interest earned on our NanoVibronix investment, and the interest accrued on our note payable. With the conversion of the NanoVibronix promissory note into equity, the Company no longer recognizes any related interest due. The Other income expense for the three months ended June 30, 2015 is solely interest expense on our note payable. The change in Other income (expense) in fiscal year 2014 to fiscal year 2013 was flat.

The change in the estimated fair value of our converted NanoVibronix investment is included in other comprehensive income.

### **Income Taxes**

As a result of the acquisition of CollabRx by stock purchase, the Company had no tax basis in the intangible assets acquired. The Company recognized \$23 in each of the three month periods ended June 30, 2015 and 2014, respectively in tax benefit as a result of this difference.

Due to our net loss and the aforementioned valuation allowance on the resulting deferred tax asset, the Company recognized no federal or state income taxes in our condensed statements of operations for the three months ended June 30, 2015 and 2014, respectively.

The Company did however recognize \$10 for city taxes and the annual minimum amount due for state income taxes in the three months ended June 30, 2015 and \$5 in city taxes and the state's annual minimum amount due for state income taxes in the three month period ended June 30, 2014.

During the three months ended June 30, 2015 and 2014, respectively, there was \$0 of income tax expense or benefit for federal and state income taxes respectively reflected in our condensed statements of operations. Both federal and state income taxes due reflected our net loss and a valuation allowance on the resulting deferred tax asset.

The increase in other expense fiscal year 2015 is primarily related to municipal payroll taxes.

As of March 31, 2015, the Company had net operating loss carryforwards of approximately \$118.2 million and \$50.4 million for federal and state tax purposes, respectively. The federal net operating loss carryforward will begin to expire in the year ending March 31, 2020 and the state of California net operating loss carryforward began to expire in the year ended March 31, 2013. As of March 31, 2015, the Company also had research and experimentation credit carryforwards of \$0.9 million and \$0.9 million for federal and state income tax purposes, respectively. A portion of the federal credit began to expire in the year ended March 31, 2012 and the state of California will never expire under current law. Net operating loss carryforwards and R&D credits can only offset 90% of state taxable income.

### **Other Comprehensive income**

We recognize our investment in NanoVibronix as long-term marketable securities available-for-sale. The Company recognized a \$419 unrealized gain on these securities in the three months ended June 30, 2015. The unrealized gain reflects the share price of NanoVibronix on June 30, 2015. The NanoVibronix ticker symbol is “NAOV”. While this stock is thinly traded, the share price is our best estimate of the fair value of this investment.

### **Contractual Obligations**

The following summarizes our contractual obligations as of June 30, 2015, and the effect such obligations are expected to have on our liquidity and cash flows in future periods (in thousands).

Contractual obligations:	Total	Less than 1 Year	1-3 Years	3-5 Years
Promissory note payable	\$ 500	\$ 167	\$ 333	\$ -
Interest due on convertible promissory note payable	71	41	30	-
Non-cancelable operating lease obligations	278	127	151	-
Total contractual cash obligations	<u>\$ 849</u>	<u>\$ 335</u>	<u>\$ 514</u>	<u>\$ -</u>

Most leases provide for the Company to pay real estate taxes and other maintenance expenses. Rent expense for operating leases related to continuing operations was \$32 and \$31 for the three month periods ended June 30, 2015 and 2014, respectively. The Company has no sublease income for the periods presented.

Certain of our past sales contracts included provisions under which customers would be indemnified by us in the event of, among other things, a third party claim against the customer for intellectual property rights infringement related to our products. There are no limitations on the maximum potential future payments under these guarantees. The Company has accrued no amounts in relation to these provisions as no such claims have been made, and the Company believes it has valid, enforceable rights to the intellectual property embedded in our products.

### **Liquidity and Capital Resources**

For the three months ended June 30, 2015 and 2014, respectively, the Company financed its operations from existing cash on hand and the net proceeds raised from separate underwritten public offerings which closed on June 25, 2014, February 25, 2015 and March 3, 2015. Net cash used in operating activities during the three months ended June 30, 2015 was \$1,422. The primary changes in our cash flow statement for the three months ended June 30, 2015 compared to the corresponding period in the prior fiscal year were due to our net loss of \$1,345, partially offset by changes in stock-based compensation, amortization of intangibles, and changes in accounts payable and accrued expenses. Net cash used in operating activities during the three months ended June 30, 2014 was \$733, due primarily to our net loss of \$1,248, offset by changes in account payable and accrued expenses and a reclassification of financing expenses from prepaid assets to net against the proceeds of the Company's recent round of new financing and stock-based compensation.

The condensed financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company incurred net comprehensive losses of \$926 for the three months ended June 30, 2015. The Company's existing cash and cash equivalents are adequate to fund the Company's operations requirements and obligations through the third quarter of its fiscal year 2017.

Net cash used in investing activities totaled (\$15) and (\$13), in the three months ended June 30, 2015 and 2014, respectively. Cash used in fiscal years 2015 and 2016 was related to the acquisition of computer equipment and furniture.

Net cash provided by financing activities totaled \$0 and \$1,384 for the three months ended June 30, 2015 and 2014, respectively.

During the three months ending June 30, 2014 the Company also received \$23 from the sale of 7,101 shares through an at-the-market financing facility through Cantor Fitzgerald.

On February 25, 2015, the Company closed an underwritten public offering through an S-1 filing of 4,416,000 shares of its common stock offered at a public offering price of \$1.25 per share. Gross proceeds to CollabRx from this offering were \$5,520 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. The Company followed the S-1 offering with an underwritten public offering through an S-3 filing of 2,716,535 shares of its common stock which closed on March 3, 2015 at a public offering price of \$1.27 per share. Gross proceeds to CollabRx from this follow up offering were \$3,450 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx.

Aegis Capital Corporation acted as the sole book-running manager for both offerings. In addition to the offering of a total of 7,132,535 shares of common stock through its recent S-1 and S-3 filings, shareholders were offered 4,416,000 warrants to purchase shares of common stock in connection with the February 25, 2015 offering. These warrants have an exercise price of \$1.18 per share. In addition 186,066 warrants to purchase shares of common stock were issued in connection with this offering, and were sold to Aegis Capital Corporation for one hundred dollars. These warrants have an exercise price of \$1.25 per share and expire February 25, 2020. Such securities could potentially dilute earnings per share in future periods. Previously deferred financing expenses incurred to raise equity capital related to financing transactions prior to the completion of the financing, as well as other related expenses incurred in the current period, were recognized in the current period and offset the gross proceeds raised. Total underwriting discount and financing expenses for both the S-1 and S-3 offerings were \$1,035. As of June 30, 2015, 160,000 warrants have been exercised and are included in the number of shares outstanding.

CollabRx anticipates using the net proceeds from the offerings for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. The audited consolidated financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company continues to incur recurring losses from operations. We believe that our existing cash and cash equivalents will be adequate to fund the Company's operations requirements and obligations through the second quarter of fiscal year 2017.

If the Company is not able to achieve profitability and positive cash flows, the Company may not be able to continue the operation of its business. It is not possible to predict when our business and results of operations will improve.

### ***Off-Balance Sheet Arrangements***

The Company does not currently have, nor has it ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, the Company does not engage in trading activities involving non-exchange traded contracts.

### ***Item 3. Quantitative and Qualitative Disclosures About Market Risk***

#### ***Foreign Currency Exchange Risk***

As of June 30, 2015 and 2014, respectively, all of the Company's cash equivalents were held in the form of money market funds denominated in U.S. dollars in the condensed balance sheet. Changes in the exchange rate between other currencies and the U.S. dollar are currently immaterial to our operating results. Exposure to foreign currency exchange rate risk may increase over time as our business evolves.

#### ***Fair Value Measurements***

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers what assumptions market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
- Level 2: Directly or indirectly observable inputs as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.

- Level 3: Unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. As of June 30, 2015, the investment balance of \$818, included in the condensed balance sheets, is considered Level 2 and is remeasured on a recurring basis. The value of money market funds was immaterial at June 30, 2015.

#### **Interest Rate Risk**

The Company is not exposed to interest rate risk. The Company does not hold or issue derivatives, commodity instruments or other financial instruments for trading purposes.

#### **Item 4. Controls and Procedures**

##### ***Disclosure Controls and Internal Controls for Financial Reporting***

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Chief Executive Officer and Acting Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls for financial reporting are procedures which are designed with the objective of providing reasonable assurance that our transactions are properly authorized, our assets are safeguarded against unauthorized or improper use and our transactions are properly recorded and reported, all to permit the preparation of our financial statements in conformity with U.S. GAAP.

##### ***Evaluation of Disclosure Controls and Procedures***

As of the period covered by this Quarterly Report on Form 10-Q, management performed, with the participation of our Chief Executive Officer and Acting Chief Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the report the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Acting Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Based on the evaluation, our Chief Executive Officer and Acting Chief Financial Officer concluded that as of June 30, 2015, such disclosure controls and procedures were effective.

##### ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we may be involved in routine legal proceedings, as well as demands, claims and threatened litigation, which arise in the normal course of our business. We believe there is no litigation pending that could, individually or in the aggregate, have a material adverse effect on our Company.

### Where You Can Find More Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge as soon as possible after we electronically file them with, or furnish them to, the SEC. You can access our filings with the SEC by visiting our website. The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the SEC. Additionally, the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended by our predecessor registrant Registrar and Transfer Company are available at [www.sec.gov](http://www.sec.gov). Investors and others should note that we announce material financial information to our investors using our investor relations website, press releases, SEC filings and public conference calls and webcasts. You can also read and copy any document that we file, including this Quarterly Report on Form 10-Q, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Call the SEC at 1-800-SEC-0330 for information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. You can electronically access our SEC filings there.

### Item Risk Factors

#### 1A.

*We wish to caution you that there are risks and uncertainties that could affect our business. A description of the risk factors associated with our business that you should consider when evaluating our business is included under "Risk Factors" contained in Item 1A. of our Annual Report on Form 10-K for the year ended March 31, 2015. In addition to those factors and to other information in this Form 10-Q, the following updates to the risk factors should be considered carefully when evaluating the Company or our business.*

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. The risks described below are those which we believe are the material risks we face. Any of the risk factors described below or additional risks and uncertainties not presently known to us, or that we currently deem immaterial, could have a material adverse effect on our business, financial condition and results of operations.

#### Risks Related to Our Business

Our future growth is dependent on the successful development and introduction of new products and enhancements. There can be no assurance that we will be successful in developing and marketing, on a timely basis, new products or product enhancements, or that our new products will adequately address the changing needs of the health care marketplace.

A significant portion of our operating expense is relatively fixed and planned expenditures are based in part on expectations regarding future revenues. As a result, we are generally unable to mitigate the negative impact on margins in the short term. Accordingly, unexpected revenue shortfalls may significantly decrease our operating results from quarter to quarter. As a result, in future quarters our operating results could fall below the expectations of securities analysts or investors, in which event our stock price would likely decrease.

***We have a history of losses, expect to incur substantial further losses and may not achieve or maintain profitability in the future, which in turn could further materially decrease the price of our common stock.***

We had net comprehensive losses of \$926, \$5,164, and \$3,314 for the three months ended June 30, 2015 and the fiscal years ended March 31, 2015 and 2014, respectively. We used cash flows from operations of \$1,422, \$3,565 and \$2,431 in these respective periods. As of June 30, 2015, we had cash and cash equivalents of \$6,084. We expect to continue to sustain losses for the foreseeable future, which may decrease the price of our common stock.

**We may not complete our proposed transaction with Medytox Solutions.**

On December 6, 2014, we entered into a non-binding letter of intent with Medytox Solutions, Inc. for a potential business combination between the companies. The business combination is subject to, among other things, due diligence, the execution of a definitive agreement, necessary board of director and stockholder approvals and other customary conditions. Our negotiations with Medytox Solutions are at an early stage, and we do not know whether we will enter into a definitive agreement and, if such definitive agreement is entered into, whether the contemplated business combination will be consummated.

**If we complete a reverse merger transaction with Medytox, our business will change significantly and, as a result, we would face new risks.**

Medytox is a holding company that owns and operates businesses in the medical services sector. Its principal line of business is clinical laboratory blood and urine testing services, with a particular emphasis in the provision of urine drug toxicology and comprehensive pain medication monitoring programs to physicians, clinics and rehabilitation facilities in the United States. If we complete a reverse merger transaction with Medytox, our business will change significantly and, as a result, we would face new risks, including the following:

- Medytox has a limited operating history, which will make it difficult to evaluate an investment in our common stock;
- Voting control by Medytox's directors and officers will make it unlikely for other stockholders to effect change even if they are dissatisfied with management's performance;
- Medytox plans to use our common stock, to a large extent to pay for future acquisitions and this would be dilutive to investors;
- As a company with limited capital and human resources, management's time and attention will be diverted from our business to ensure compliance with regulatory requirements more than would be the case with a company that has well established controls and procedures;
- Medytox's business could be harmed from the loss or suspension of a license or imposition of a fine or penalties under, or future changes or changing interpretations of, The Clinical Laboratory Improvement Amendments of 1984 or state laboratory licensing laws to which Medytox is subject;
- Regulation by the Food and Drug Administration of Laboratory Developed Tests and clinical laboratories may result in significant change to Medytox Solutions' business;
- Some of Medytox's activities may subject the company to risks under federal and state laws prohibiting "kickbacks" and other laws designed to prohibit payments for referrals;
- Medytox conducts its clinical laboratory testing business in a heavily regulated industry and changes in regulations or violations of regulations could, directly or indirectly, harm its operating results and financial condition;
- Failure to comply with complex federal and state laws and regulations related to submission of claims for clinical laboratory services can result in significant monetary damages and penalties and exclusion from the Medicare and Medicaid Programs;
- Changes in regulation and policies, including increasing downward pressure on health care reimbursement, may adversely affect reimbursement for diagnostic services and could have a material adverse impact on Medytox's business; and
- Healthcare plans have taken steps to control the utilization and reimbursement of healthcare services, including clinical test services.

The risks described above are not the only ones Medytox faces. Additional risk we and Medytox are not presently aware of or that we or Medytox believe are immaterial may also impair the operations of the combined company.

**If we complete our proposed transaction with Medytox Solutions, your ownership will be significantly diluted and the senior management of Medytox Solutions will control the combined company.**

The last reported sale price of our common stock on The NASDAQ Capital Market on February 11, 2015 was \$2.01 per share, implying a market capitalization for our company of approximately \$4.9 million based on 2,929,954 shares of our common stock outstanding as of September 30, 2014. The last reported sale price of Medytox Solutions' common stock on the Over-the-Counter Bulletin Board on February 5, 2015 was \$5.00 per share, implying a market capitalization for Medytox Solutions of approximately \$145 million based on 29,039,836 shares of Medytox Solutions common stock outstanding as of November 17, 2014. As a result of the significant difference in the relative market capitalizations of our company and Medytox Solutions, we expect that your ownership in the combined company will be significantly diluted. Medytox Solutions is a closely-held corporation, and we expect that members of Medytox Solutions' senior management will control the combined company in the event that the proposed transaction is treated. In addition, members of Medytox Solutions' senior management hold preferred stock with rights, preferences and privileges that will rank senior to the common stock of the combined company.

***Our quarterly operating results may continue to fluctuate.***

Our revenue and operating results have fluctuated and are likely to continue to fluctuate significantly from quarter to quarter, and we cannot assure you that we will achieve profitability in the future.

Factors that could affect our quarterly operating results include:

- operating results of CollabRx;
- operating results of any companies that we may acquire in the future;
- fluctuations in demand for our products, and the timing of agreements with strategic partners in the health care marketplace;
- the timing of new products and product enhancements;
- changes in the growth rate of the health care marketplace;
- our ability to control costs, including operations expenses;
- our ability to develop, induce and gain market acceptance for new products and product enhancements;
- changes in the competitive environment, including the entry of new competitors and related discounting of products;
- adverse changes in the level of economic activity in the United States or other major economies in which we do business;
- renewal rates and our ability to up-sell additional products;
- the timing of customer acquisitions;
- the timing of revenue recognition for our sales; and
- future accounting pronouncements or changes in our accounting policies.

***Our future success depends on our ability to retain our key personnel.***

We are dependent on the services of Thomas Mika, our President and Chief Executive Officer, Clifford Baron, our Vice President and Chief Operating Officer, Smruti Vidwans, our Vice President and Chief Science Officer and Dr. George Lundberg, our Vice President and Chief Medical Officer, along with our technical experts and other members of our management team. The loss of one or more of these key members of our senior management team could have a material adverse effect on us. We may not be able to retain or replace these key personnel, and we may not have adequate succession plans in place. Messrs. Mika and Baron are subject to employment conditions or arrangements that contain post-employment non-competition provisions. However, these arrangements permit Messrs. Mika and Baron to terminate their employment with us upon little or no notice and the enforceability of the non-competition provisions is uncertain.

***If we are unable to hire, retain and motivate qualified personnel, our business would suffer.***

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel or delays in hiring required personnel, particularly in software and biotechnology, may seriously harm our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel will be critical to our future success. Competition for highly skilled personnel is frequently intense, especially in the San Francisco Bay Area. We intend to issue stock options as a key component of our overall compensation and employee attraction and retention efforts. In addition, we are required under U.S. generally accepted accounting principles, or GAAP, to recognize compensation expense in our operating results for employee stock-based compensation under our equity grant programs, which may negatively impact our operating results and may increase the pressure to limit share-based compensation. We may not be successful in attracting, assimilating or retaining qualified personnel to fulfill our current or future needs. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

**The personalized healthcare market is rapidly evolving and difficult to predict. If the personalized healthcare market does not evolve as we anticipate or if healthcare market participants do not perceive value in our products, our sales will not grow as quickly as anticipated and our stock price could decline.**

We are in a new, rapidly evolving category within the healthcare industry that focuses on using information technology to inform personalized cancer treatment planning. As such, it is difficult to predict important market trends, including how large the personalized healthcare market will be or when and what products customers will adopt. If the market does not evolve in the way we anticipate, if organizations do not recognize the benefit that our products offer, or if we are unable to sell our products to customers, then our revenue may not grow as expected or may decline, and our stock price could decline.

New or existing technologies that are perceived to address personalized cancer treatment planning in different ways could gain wide adoption and supplant our products, thereby weakening our sales and our financial results.

The introduction of products and services embodying new technologies could render our existing products obsolete or less attractive to customers. Other technologies exist or could be developed in the future, and our business could be materially negatively affected if such technologies are widely adopted. We may not be able to successfully anticipate or adapt to changing technology or customer requirements on a timely basis, or at all. If we fail to keep up with technological changes or to convince our customers and potential customers of the value of our products even in light of new technologies, our business, operating results and financial condition could be materially and adversely affected.

***We are dependent on a family of products that informs genomic-based medicine.***

Our current product offering is limited to a family of products that informs genomic-based medicine using a unique approach of experts and expert systems. We expect to derive a substantial portion of our revenue from this approach and the family of products based on this approach for the foreseeable future. A decline in the price of these products, whether due to competition or otherwise, or our inability to increase sales of these products, would harm our business and operating results. We expect that this concentration of revenue from a single product family comprised of a limited number of products will continue for the foreseeable future. As a result, our future growth and financial performance will depend heavily on our ability to develop and sell enhanced versions of our products. If we fail to deliver product enhancements, new releases or new products that customers want, it will be more difficult for us to succeed.

***If we are unable to introduce new products successfully and to make enhancements to existing products, our growth rates would likely decline and our business, operating results and competitive position could suffer.***

Our continued success depends on our ability to identify and develop new products and to enhance and improve our existing products, and the acceptance of those products by our existing and target customers. Our growth would likely be adversely affected if:

- we fail to introduce these new products or enhancements;
- we fail to successfully manage the transition to new products from the products they are replacing;
- we do not invest our development efforts in appropriate products or enhancements for markets in which we now compete and expect to compete;
- we fail to predict the demand for new products following their introduction to market; or
- these new products or enhancements do not attain market acceptance.

Any or all of the above problems could materially harm our business and operating results.

***If we are unable to increase market awareness of our company and our products, our revenue may not continue to grow, or may decline.***

The personalized healthcare market is nascent, and we have not yet established broad market awareness of our products and services. Market awareness of our value proposition and products will be essential to our continued growth and our success, particularly for the advanced stage treatment segment of the personalized cancer treatment market. If our marketing efforts are unsuccessful in creating market awareness of our company and our products, then our business, financial condition and operating results will be adversely affected, and we will not be able to achieve sustained growth.

**We compete in highly competitive markets, and competitive pressures from existing and new companies may adversely impact our business and operating results.**

The markets in which we compete are highly competitive. We expect competition to intensify in the future as existing competitors bundle new and more competitive offerings with their existing products and services, and as new market entrants introduce new products into our markets. This competition could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses and our failure to increase, or the loss of, market share, any of which would likely seriously harm our business, operating results and financial condition. If we do not keep pace with product and technology advances and otherwise keep our product offerings competitive, there could be a material and adverse effect on our competitive position, revenue and prospects for growth.

We compete either directly or indirectly with other medical database solution companies. Some companies that offer competitive products or services are also potential customers. We do not believe that any of our principal competitors can offer the same scalable interactive expert solutions as CollabRx. The principal competitive factors in our markets include, key strategic customer relationships, expert technical personnel, marketplace acceptance of our product, among others.

Many of our current and potential competitors are substantially larger and have greater financial, technical, research and development, sales and marketing, manufacturing, distribution and other resources and greater name recognition. We could also face competition from new market entrants, including our joint-development partners or other current technology partners. In addition, many of our existing and potential competitors enjoy substantial competitive advantages, such as:

- longer operating histories;
- the capacity to leverage their sales efforts and marketing expenditures across a broader portfolio of products;
- broader distribution and established relationships with partners;
- access to larger customer bases;
- greater customer support;
- greater resources to make acquisitions;
- larger intellectual property portfolios; and
- the ability to bundle competitive offerings with other products and services.

As a result, increased competition could result in loss of existing or new customers, price reductions, reduced operating margins and loss of market share. Our competitors also may be able to provide customers with capabilities or benefits different from or greater than those we can provide in areas such as technical qualifications or geographic presence, or to provide end-user customers a broader range of products, services and prices. In addition, some of our larger potential competitors have substantially broader product offerings and could leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our products, including through selling at zero or negative margins, product bundling or closed technology platforms. These larger potential competitors may also have more extensive relationships within existing and potential customers that provide them with an advantage in competing for business with those customers. Our ability to compete will depend upon our ability to provide a better product than our competitors at a competitive price. We may be required to make substantial investments in research, development, marketing and sales in order to respond to competition, and there is no assurance that these investments will achieve any returns for us or that we will be able to compete successfully in the future.

***Our limited operating history in the health care market makes it difficult for you to evaluate our current business and future prospects, and may increase the risk of your investment.***

Our Company was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Until recently, our Company designed, manufactured, marketed and serviced specialized plasma etch systems used primarily in the production of micro-electrical mechanical systems devices, such as sensors, accelerometers and power devices. The Company's Deep Reactive Ion Etch systems were also employed in certain sophisticated manufacturing techniques, involving 3-D interconnect structures formed by intricate silicon etching. For most of the fiscal year ended March 31, 2011, we also sold systems for the etching and deposition of materials found in other devices, such as integrated circuits and optoelectronic devices found in products such as smart phones, networking gear, solid-state lighting, and digital imaging. We exited the semiconductor industry through a series of divestitures in 2010 to 2012. In July 2012, we acquired CollabRx and entered the personalized healthcare market. CollabRx was founded in 2008 to use information technology to inform personalized medicine. Our current management has only been working together with our employee base for a short period of time. This limited operating history in the healthcare market makes financial forecasting and evaluation of our business difficult. Furthermore, because we depend in part on the market's acceptance of our products, it is difficult to evaluate trends that may affect our business. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries. If we do not address these risks successfully, our business and operating results would be adversely affected, and our stock will be adversely affected.

**We do not sell our products directly to users and rely instead on contractual relationships with key market participants who derive a benefit from offering our products to their users. Our business development cycles can be long and unpredictable, and our business development efforts require considerable time and expense.**

We do not sell our products directly to users. Instead, we form strategic relationships with existing market participants who derive a benefit from offering our products to their users. Our business development efforts involve educating our potential business partners about the use and benefits of our products. Such potential business partners are typically large, well-established companies with long evaluation cycles. We spend substantial time and resources on our business development efforts without any assurance that our efforts will produce any sales. In addition, partnerships are frequently subject to budget constraints, multiple approvals and unplanned administrative, processing and other delays. These factors, among others, could result in long and unpredictable sales cycles. The length of our products' business development cycles typically range from six to twelve months based on our limited experience, but may be longer as we expand our business development efforts to other segments of the healthcare market. As a result of these lengthy business development time-lines and the uncertain benefit that our partners may derive from offering our products, it is difficult for us to predict when our partners may purchase products from us and as a result, our operating results may vary significantly and may be adversely affected.

***Our customers are concentrated and therefore the loss of a significant customer may harm our business.***

We generate revenues from a small number of customers. The loss of any of these customers would significantly impact our operating results in future periods.

***We are exposed to risks associated with contract termination or delay***

The software products for which we receive revenue are distributed through third-parties under license or contract, with varying terms. Generally, our agreements with third-parties are subject to termination with notice and/or discretionary termination if certain revenue targets are not achieved. In addition, our agreements generally do not contain revenue or performance guarantees, so our achieved revenues may vary from targets because of changes in strategic direction of our customers, contract termination, or from delays in projected launch dates, over which we have no influence or control. The loss or delay of revenues associated with such contracts may harm our business and cause us to suffer further operating losses.

***If our security is breached, our business could be disrupted, our operating results could be harmed, and customers could be deterred from using our products and services.***

Our business relies on the secure electronic transmission, storage and hosting of information, including published data and proprietary databases. We face the risk of a deliberate or unintentional incident involving unauthorized access to our computer systems that could result in misappropriation or loss of assets or information, data corruption, or other disruption of business operations. Although we have devoted significant resources to protecting and maintaining the confidentiality of our information, including implementing security and privacy programs and controls, training our workforce, and implementing new technology, we have no guarantee that these programs and controls will be adequate to prevent all possible security threats. We believe that any compromise of our electronic systems, including the unauthorized access, use, or disclosure of information or a significant disruption of our computing assets and networks, would adversely affect our reputation and our ability to fulfill contractual obligations, and would require us to devote significant financial and other resources to mitigate such problems, and could increase our future cyber security costs.

***Defects or errors in our software could harm our reputation, result in significant cost to us and impair our ability to market our products.***

The software applications underlying our hosted products and services are inherently complex and may contain defects or errors, some of which may be material. Errors may result from our own technology or from the interface of our software with legacy systems and data, which we did not develop. The risk of errors is particularly significant when a new product is first introduced or when new versions or enhancements of existing products are released. The likelihood of errors is increased as a result of our commitment to frequent release of new products and enhancements of existing products.

Material defects in our software could result in a reduction in sales and/or delay in market acceptance of our products. In addition, such defects may lead to the loss of existing customers, difficulty in attracting new customers, diversion of development resources or harm to our reputation. Correction of defects or errors could prove to be impossible or impractical. The costs incurred in correcting any defects or errors or in responding to resulting claims or liability may be substantial and could adversely affect our operating results.

***If we experience any failure or interruption in the delivery of our services over the Internet, customer satisfaction and our reputation could be harmed and customer contracts may be terminated.***

If we experience any failure or interruption in the delivery of our services over the Internet, customer satisfaction and our reputation could be harmed and lead to reduced revenues and increased expenses.

***We may expand our business through new acquisitions in the future. Any such acquisitions could disrupt our business, harm our financial condition and dilute current stockholders' ownership interests in our company.***

We may pursue potential acquisitions of, and investments in, businesses, technologies or products complementary to our business and periodically engage in discussions regarding such possible acquisitions. Acquisitions involve numerous risks, including some or all of the following:

- difficulties in identifying and acquiring complementary products, technologies or businesses;
- substantial cash expenditures;
- incurrence of debt and contingent liabilities, some of which we may not identify at the time of acquisition;
- difficulties in assimilating the operations and personnel of the acquired companies;
- diversion of management's attention away from other business concerns;
- risk associated with entering markets in which we have limited or no direct experience;
- potential loss of key employees, customers and strategic alliances from either our current business or the target company's business; and
- delays in customer purchases due to uncertainty and the inability to maintain relationships with customers of the acquired businesses.

If we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of such acquisitions, we may incur costs in excess of what we anticipate, and management resources and attention may be diverted from other necessary or valuable activities. An acquisition may not result in short-term or long-term benefits to us. The failure to evaluate and execute acquisitions or investments successfully or otherwise adequately address these risks could materially harm our business and financial results. We may incorrectly judge the value or worth of an acquired company or business. In addition, our future success will depend in part on our ability to manage the growth anticipated with these acquisitions.

Furthermore, the development or expansion of our business or any acquired business or companies may require a substantial capital investment by us. We may not have these necessary funds or they might not be available to us on acceptable terms or at all. We may also seek to raise funds for an acquisition by issuing equity securities or convertible debt, as a result of which our existing stockholders may be diluted or the market price of our stock may be adversely affected.

***We may be subject to claims that we or our technologies infringe upon the intellectual property or other proprietary rights of a third party. Any such claims may require us to incur significant costs, to enter into royalty or licensing agreements or to develop or license substitute technology.***

We cannot assure you that our software solutions and the technologies used in our product offerings do not infringe patents held by others or that they will not in the future. Any future claim of infringement could cause us to incur substantial costs defending against the claim, even if the claim is without merit, and could distract our management from our business. Moreover, any settlement or adverse judgment resulting from the claim could require us to pay substantial amounts or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. Any required licenses may not be available to us on acceptable terms, if at all. If we do not obtain any required licenses, we could encounter delays in product introductions if we attempt to design around the technology at issue or attempt to find another provider of suitable alternative technology to permit us to continue offering the applicable software solution. In addition, we generally provide in our customer agreements that we will indemnify our customers against third-party infringement claims relating to our technology provided to the customer, which could obligate us to fund significant amounts. Infringement claims asserted against us or against our customers or other third parties that we are required or otherwise agree to indemnify may have a material adverse effect on our business, results of operations or financial condition.

**We may be unable to adequately enforce or defend our ownership and use of our intellectual property and other proprietary rights.**

Our success is heavily dependent upon our intellectual property and other proprietary rights. We rely upon a combination of trademark, trade secret, copyright, patent and unfair competition laws, as well as license and access agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring certain of our employees and consultants to enter into confidentiality, non-competition and assignment of inventions agreements. The steps we take to protect these rights may not be adequate to prevent misappropriation of our technology by third parties or may not be adequate under the laws of some foreign countries, which may not protect our intellectual property rights to the same extent as do the laws of the United States.

Our attempts to protect our intellectual property may be challenged by others or invalidated through administrative process or litigation, and agreement terms that address non-competition are difficult to enforce in many jurisdictions and may not be enforceable in any particular case. Moreover, the degree of future protection of our intellectual property and proprietary rights is uncertain for products that are currently in the early stages of development because we cannot predict which of these products will ultimately reach the commercial market or whether the commercial versions of these products will incorporate proprietary technologies. In addition, there remains the possibility that others will "reverse engineer" our products in order to determine their method of operation and introduce competing products or that others will develop competing technology independently.

If we resort to legal proceedings to enforce our intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. The failure to adequately protect our intellectual property and other proprietary rights may have a material adverse effect on our business, results of operations or financial condition.

*If we cease to be a "smaller reporting company" in the future, we will be required to obtain an auditor's attestation on the effectiveness of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002. Complying with this requirement will increase our accounting costs, and any delay or difficulty in satisfying this requirement could adversely affect our future results of operations and our stock price.*

As a smaller reporting company, we are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002, which requires an independent registered public accounting firm to test the internal control over financial reporting of public companies, and to report on the effectiveness of such controls. If our status as a smaller reporting company changes, we may be required to comply with this auditor attestation requirement. We expect that compliance with this requirement would increase our financial compliance costs and make our audit process more time consuming and costly. In addition, we may in the future discover areas of our internal controls that need improvement, particularly with respect to businesses that we may acquire. If so, we cannot be certain that any remedial measures we take will ensure that we have adequate internal controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, or if it becomes necessary for our independent registered public accounting firm to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting and it is unable to do so, investors could lose confidence in the reliability of our financial statements. Any failure to implement required new or improved controls, or difficulties or significant costs encountered in the implementation or operation of these controls, could harm our operating results and cause us to fail to meet our financial reporting obligations, which could adversely affect our business and reduce our stock price.

*The market for cloud-based and cloud-focused solutions is at a relatively early stage of development, and if it does not develop or develops more slowly than we expect, our business could be harmed.*

The market for cloud-based solutions is at an early stage relative to physical appliances and on-premise solutions, and these types of deployments may not achieve or sustain high levels of demand and market acceptance. Many factors may affect the market acceptance of cloud-based and cloud-focused solutions, including:

- perceived security capabilities and reliability;
- perceived concerns about the ability to scale operations for large enterprise customers;
- concerns with entrusting a third party to store and manage critical data; and
- the level of configurability or customizability of the solutions.

If organizations do not establish a presence in the cloud or do not perceive the benefits of our cloud-focused solutions, or if our competitors or new market entrants are able to develop cloud-focused solutions that are or are perceived to be more effective than ours, this portion of our business may not grow further or may develop more slowly than we expect, either of which would adversely affect our business and operating results.

#### Risks Related to Our Industry

***Extensive governmental regulation could require significant compliance costs and have a material adverse effect on the demand for our products.***

We do not believe that any of our current or planned products are subject to regulation by the United States Food and Drug Administration (the “FDA”) and other regulatory authorities worldwide. However, our business could be adversely affected by any increased regulation of our customers. Changes in the level of regulation, including an increase in regulatory requirements, could subject us to regulatory approvals and delays in launching our products or result in a decrease in demand for our products. Modifying our products to comply with changes in regulations or regulatory guidance could require us to incur substantial costs. Further, changing regulatory requirements may render our products obsolete or make new products or product enhancements more costly or time consuming than we currently anticipate. Failure by us or our customers to comply with applicable regulations could result in increased regulatory scrutiny and enforcement. If our products fail to comply with government regulations or guidelines, we could incur significant liability or be forced to cease offering our applicable products or services.

***If any of our products are deemed to be Medical Devices, then complying with medical device regulations on a global scale will be time consuming and expensive, and could subject us to unanticipated and significant delays.***

Although the FDA has not determined that any of our products are medical devices that are actively regulated under the Federal Food, Drug and Cosmetic Act and amendments thereto (collectively, the “Act”), the FDA may do so in the future. Other countries have regulations in place related to medical devices that may in the future apply to certain of our products. If any of our products are deemed to be actively regulated medical devices by the FDA or similar regulatory agencies in countries where we do business, we could be subject to extensive requirements governing pre- and post-marketing activities, including pre-market notification clearance. Complying with medical device regulations would be time consuming and expensive, and could result in unanticipated and significant delays in the release of new products or product enhancements. Further, it is possible that these regulatory agencies may become more active in regulating software and medical devices that are used in healthcare. If we are unable to obtain the required regulatory approvals for any such products, our business plans for these products could be delayed or canceled.

***The laws governing electronic health data transmissions continue to evolve and are often unclear and difficult to apply. If we or our customers do not maintain the security and privacy of patient records, we may become subject to sanctions by various government entities.***

Federal, state, local and foreign laws regulate the confidentiality of patient records and the circumstances under which those records may be released. These regulations govern both the disclosure and use of confidential patient medical record information and require the users of such information to implement specified security and privacy measures. United States regulations currently in place governing electronic health data transmissions continue to evolve and are often unclear and difficult to apply. Laws in non-U.S. jurisdictions may have similar or even stricter requirements related to the treatment of patient information.

In the United States, the Health Insurance Portability and Accountability Act (“HIPAA”) regulations require national standards for some types of electronic health information transactions and the data elements used in those transactions, security standards to ensure the integrity and confidentiality of health information and standards to protect the privacy of individually identifiable health information. Covered entities under HIPAA, which include health care organizations such as our customers, are required to comply with the privacy standards, the transaction regulations and the security regulations. Moreover, the recently enacted Health Information Technology for Economic and Clinical Health (“HITECH”) provisions of the American Recovery and Reinvestment Act of 2009, and associated regulatory requirements, extend many of the HIPAA obligations, formerly imposed only upon covered entities, to business associates as well, which has created additional liability risks related to the privacy and security of individually identifiable health information.

Evolving HIPAA and HITECH-related laws or regulations in the U.S. and data privacy and security laws or regulations in non-U.S. jurisdictions could restrict the ability of our clients to obtain, use or disseminate patient information. This could adversely affect demand for our products if they are not re-designed in a timely manner in order to meet the requirements of any new interpretations or regulations that seek to protect the privacy and security of patient data or enable our clients to execute new or modified health care transactions. We may need to expend additional capital, software development and other resources to modify our products to address these evolving data security and privacy issues.

**If commercial third-party payers or government payers fail to provide coverage or adequate reimbursement for certain genomic tests offered by our customers, or if there is a decrease in the amount of reimbursement for our customers' products or future products they develop, our revenue and prospects for profitability may be harmed.**

In both domestic and foreign markets, sales by our customers may depend, in large part, upon the availability of reimbursement from third-party payers. These third-party payers include government healthcare programs such as Medicare, managed care providers, private health insurers, and other organizations. Physicians and patients may not order genomic test services or products from our customers unless commercial third-party payers and government payers pay for all, or a substantial portion, of the list price, and certain commercial third-party payers may not agree to reimburse our customers if Centers for Medicaid and Medicare Services ("CMS") does not issue a positive coverage decision. There is currently no national coverage decision that determines whether and how certain genomic tests are covered by Medicare. In the absence of a national coverage decision, local Medicare contractors that administer the Medicare program in various regions have some discretion in determining coverage and therefore payment for such tests. Accordingly, if our customers do not receive full or partial reimbursement for their tests, our revenue and results of operations could be adversely affected.

In addition, there is significant uncertainty surrounding whether the use of products that incorporate new technology, such as Next Generation Sequencing ("NGS")-based tests, for which we provide interpretative analysis, will be eligible for coverage by commercial third-party payers and government payers or, if eligible for coverage, what the reimbursement rates will be for those products. The fact that a diagnostic product has been approved for reimbursement in the past, for any particular indication or in any particular jurisdiction, does not guarantee that such a diagnostic product will remain approved for reimbursement or that similar or additional diagnostic products will be approved in the future. Reimbursement of NGS-based cancer products by commercial third party payers and government payers may depend on a number of factors, including a payor's determination that products enabled by our molecular information platform are:

- not experimental or investigational;
- medically necessary;
- appropriate for the specific patient;
- cost-effective;
- supported by peer-reviewed publications;
- included in clinical practice guidelines; and
- supported by clinical utility studies.

The United States and foreign governments continue to propose and pass legislation designed to reduce the cost of healthcare. For example, in some foreign markets, the government controls the pricing of many healthcare products. We expect that there will continue to be federal and state proposals to implement governmental controls or impose healthcare requirements. In addition, the Medicare program and increasing emphasis on managed care in the United States will continue to put pressure on product pricing. Cost control initiatives could decrease the price that our customers would receive for any products in the future, which may limit our revenue and profitability.

#### Risks Related to Our Common Stock

##### ***Our common stock could be delisted from NASDAQ.***

On June 2, 2015, we were notified by the Nasdaq that the bid price of our common stock closed below the minimum \$1.00 per share requirement for continued inclusion under Marketplace Rule 4310(c)(4). In accordance with Marketplace Rule 4310(c)(8)(D), we have 180 calendar days, or until November 29, 2015, to regain compliance. If at any time before November 29, 2015, the bid price of our common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days, we will regain compliance with the Rule. If we do not regain compliance by November 29, 2015, an additional 180 days will be granted to regain compliance, so long as we meet The Nasdaq Capital Market initial listing criteria (except for the bid price requirement).

In the future, our common stock price or our tangible net worth may fall below the NASDAQ listing requirements, or we may not comply with other listing requirements, with the result being that our common stock might be delisted. If our common stock is delisted, we may list our common stock for trading over-the-counter. Delisting from the NASDAQ could adversely affect the liquidity and price of our common stock and it could have a long-term impact on our ability to raise future capital through the sale of our common stock.

***The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.***

The closing price of our common stock on The NASDAQ Capital Market has ranged from a high of \$3.33 to a low of \$0.55 from April 1, 2014 through June 30, 2015. The trading price of our common stock may be subject to wide fluctuations in response to various factors, some of which are beyond our control, including:

- our quarterly or annual earnings or those of other companies in our industry;
- announcements by us or our competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic and stock market conditions, including disruptions in the world credit and equity markets;
- the failure of securities analysts to cover our common stock;
- future sales of our common stock; and
- the other factors described in these "Risk Factors."

In recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The price of our common stock could fluctuate based upon factors that have little to do with our performance, and these fluctuations could materially reduce our stock price.

In the past, some companies, including companies in our industry, have had volatile market prices for their securities and have had securities class action suits filed against them. The filing of a lawsuit against us, regardless of the outcome, could have a material adverse effect on our business, financial condition and results of operations, as it could result in substantial legal costs and a diversion of our management's attention and resources.

***Our actual operating results may differ significantly from guidance provided by our management.***

Although it has not been our practice in the recent past to do so, we may from time to time release guidance in our quarterly earnings releases, quarterly earnings conference call, or otherwise, regarding our future performance that represent our management's estimates as of the date of release. This guidance, which includes forward-looking statements, is based on projections prepared by our management. These projections are not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our registered public accountants nor any other independent expert or outside party compiles or examines the projections and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports that may be published by analysts.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from our guidance and the variations may be material. In light of the foregoing, investors are urged not to rely upon, or otherwise consider, our guidance in making an investment decision in respect of our common stock. Any failure to successfully implement our operating strategy could result in the actual operating results being different from our guidance, and such differences may be adverse and material.

**Provisions of Delaware law and our organizational documents may discourage takeovers and business combinations that our stockholders may consider in their best interests, which could negatively affect our stock price.**

Provisions of Delaware law and our certificate of incorporation and bylaws may have the effect of delaying or preventing a change in control of our company or deterring tender offers for our common stock that other stockholders may consider in their best interests. In addition, our board of directors has adopted a shareholder rights plan, or “poison pill,” which has the effect of making it more difficult for a person to acquire control of our company in a transaction not approved by our board of directors.

Our certificate of incorporation authorizes us to issue up to 5,000,000 shares of preferred stock in one or more different series with terms to be fixed by our board of directors. Stockholder approval is not necessary to issue preferred stock in this manner. Issuance of these shares of preferred stock could have the effect of making it more difficult and more expensive for a person or group to acquire control of us, and could effectively be used as an anti-takeover device. Currently there are no shares of our preferred stock issued or outstanding.

Our bylaws provide for an advance notice procedure for stockholders to nominate director candidates for election or to bring business before an annual meeting of stockholders, including proposed nominations of persons for election to our board of directors, and require that special meetings of stockholders be called only by our chairman of the board, chief executive officer, president or the board pursuant to a resolution adopted by a majority of the board.

The anti-takeover provisions of Delaware law and provisions in our organizational documents may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

***As a public company, we incur significant administrative workload and expenses.***

As a public company with common stock listed on The NASDAQ Capital Market, we must comply with various laws, regulations and requirements, including certain provisions of the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and The NASDAQ Stock Market. Complying with these statutes, regulations and requirements, including our public company reporting requirements, continues to occupy a significant amount of the time of our board of directors and management and involves significant accounting, legal and other expenses. We have hired, and anticipate that we will continue to hire, additional accounting personnel to handle these responsibilities, which will increase our operating costs. Furthermore, these laws, regulations and requirements could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

New laws and regulations as well as changes to existing laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and rules adopted by the SEC and by The NASDAQ Stock Market, would likely result in increased costs to us as we respond to their requirements. We are investing resources to comply with evolving laws and regulations, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities.

***We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.***

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your investment in our common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in its value. Shares of our common stock may depreciate in value or may not appreciate in value.

***Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None

**Item 5. Other Information**

None.

**Item 6. Exhibits**

**Exhibit  
Number      Description**

- |                             |  |
|-----------------------------|--|
| <u><a href="#">31.1</a></u> | Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                    |
| <u><a href="#">31.2</a></u> | Certification of the Acting Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                             |
| <u><a href="#">32.1</a></u> | Certification of the Chief Executive Officer and Acting Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLLABRX, INC.  
(Registrant)

/s/ THOMAS R. MIKA  
Thomas R. Mika  
*Acting Chief Financial Officer*

Date: August 14, 2015

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas R. Mika, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CollabRx, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s), if any, and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s), if any, and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 14, 2015

/s/ Thomas R. Mika

President and Chief Executive Officer

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**CERTIFICATION OF THE ACTING CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas R. Mika, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CollabRx, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s), if any, and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s), if any, and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 14, 2015

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/s/ Thomas R. Mika  
Acting Chief Financial Officer

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**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of CollabRx, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended June 30, 2015 as filed with the Securities and Exchange Commission (the “Report”), I, Thomas R. Mika, President and Chief Executive Officer of the Company, certify, pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Sec. 1350), that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas R. Mika  
President and Chief Executive Officer  
August 14, 2015

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of CollabRx, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended June 30, 2015 as filed with the Securities and Exchange Commission (the “Report”), I, Thomas R. Mika, Acting Chief Financial Officer of the Company, certify, pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Sec. 1350), that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas R. Mika  
Acting Chief Financial Officer  
August 14, 2015

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