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

# Form 10-K

(Mark One)

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

**For the fiscal year ended March 31, 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** | **68-0370244** |
|---|---|
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(I.R.S. Employer Identification No.)* |
| **44 Montgomery Street, Suite 800**<br>**San Francisco, California** | **94104** |
| *(Address of Principal Executive Offices)* | *(Zip Code)* |

**Registrant's telephone number, including area code: (415) 248-5350**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of Each Class | Name of Each Exchange on which Registered |
|---|---|
| **Common Stock, $0.01 Par Value** | **The NASDAQ Capital Market** |

**Securities Registered Pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☑

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Sec.229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☐ (Do not check if a smaller reporting company) | Smaller reporting company ☑ |

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing sale price of the common stock on September 30, 2014 (the last day of the second quarter) as reported on the NASDAQ Capital Market, was $3,164,350. As of June 23, 2015 10,487,373 shares of the registrant's common stock were outstanding.

**TABLE OF CONTENTS**

# PART I

## Item 1. *Business*

*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 "believe," "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 including, but not limited to, industry conditions, economic conditions, and acceptance of our current and future products and services. For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see "Part Item 1A—Risk Factors" and the "Liquidity and Capital Resources" section set forth in "Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 14 and such other risks and uncertainties as set forth below in this report or detailed in our other Securities and Exchange Commission ("SEC") reports and filings. We assume no obligation to update forward-looking statements.*

All dollar amounts are in thousands unless specified otherwise.

### The Company

### Corporate Information

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

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

Our principal executive offices are located at 44 Montgomery Street, Suite 800, San Francisco, California 94104 and our telephone number is (415) 248-5350. Our website address is www.collabrx.com. Our Common Stock trades on the NASDAQ Capital Market under the symbol "CLRX."

### 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, we 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, we 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, we 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 or into another company, a sale of the Company's remaining assets, and the liquidation or dissolution of the Company. We 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, we 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.

### The CollabRx Merger

On July 12, 2012, we completed the acquisition of a private company called CollabRx, Inc. (the "Merger"), pursuant to an Agreement and Plan of Merger dated as of June 29, 2012 (the "Merger Agreement"). As a result of the Merger, CollabRx became a wholly-owned subsidiary of the Company. In consideration for 100% of the stock of CollabRx, we agreed to issue an aggregate of 236,433 shares of common stock, representing approximately 14% of the Company's total shares outstanding prior to the closing, to former CollabRx stockholders. As of July 12, 2012, these shares had a fair value of $932. We also assumed $500 of existing CollabRx indebtedness through the issuance of promissory notes. The principal amount of the promissory notes is payable in equal installments on the third, fourth and fifth anniversaries of the closing date of the Merger, along with the accrued but unpaid interest as of such dates. Prior to the closing of the Merger, we provided $300 of bridge financing to CollabRx. After the completion of the Merger, this loan was reclassified to be included as part of the purchase price, and the loan was thereby extinguished. In addition, in connection with the Merger, we granted a total of 368,417 restricted stock units ("RSUs") and options as "inducement grants" to newly hired management and employees, all subject to four-year vesting and other restrictions. In December 2012, an aggregate of 215,475 RSUs were forfeited in connection with the resignation of James Karis as our Co-Chief Executive Officer.

**The Medytox Solutions, Inc. Merger**

On December 6, 2014, we entered into a non-binding letter of intent to acquire Medytox Solutions, Inc. ("Medytox"). On April 15, 2015, the Company 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 and is incorporated herein in its entirety by this reference. Completion of the merger is subject to the satisfaction or waiver of a number of conditions.

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. Medytox offers a complete, turn-key urine drug testing, or UDT, program allowing physicians to proactively monitor and treat patients. The Medytox UDT program is utilized by physicians to identify and evaluate prescribed and/or non-prescribed drugs that when combined may cause adverse drug interactions dangerous to a patient's health. With Medytox's UDT program, physicians can be more assured their patients are adhering to their therapeutic drug regimens and are in compliance with their prescribed guidelines. Medytox's UDT program helps the health care provider achieve better outcomes for patients and in evaluating to what extent the prescribed medications and their dosages are working for the patient to achieve a better outcome towards recovery. In addition to its clinical testing operations, Medytox provides a web-based portal to provide laboratory ordering and results to its physician customers. Medytox Solutions also provides lab information systems and electronic health records and billing services to customers.

As a provider of clinical laboratory services, Medytox continues to pursue its strategy of acquiring or entering into binding relationships with high-complexity laboratories that can facilitate its customers' needs. Medytox has successfully completed several such acquisitions or strategic partnerships with laboratories located in different regions of the United States, allowing Medytox to correspondingly increase its client base. These laboratories, and those Medytox will continue to seek out, offer or can be developed to offer the most advanced analytical technology for the processing of urine specimens including Immunoassay Analyzers for screens and GCMS/LCMS for confirmations. All Medytox's laboratories are fully-staffed professional COLA-accredited high-complexity laboratories with additional certifications such as the COLA Laboratory of Excellence Award (COLA's Highest Commendation), CLIA (Clinical Laboratory Improvement Amendments) and the State of Florida's AHCA Clinical Laboratory License for Non-Waived High Complexity testing, and Medytox anticipates that any facilities acquired in the future will meet these stringent requirements. Medytox's in-house billing company services all of its acquired or allied facilities, utilizing electronic processing of claims to the major insurance payers and eliminating the need to rely on and pay for the services of clearing houses, allowing us to maximize profit retention.

Medytox is subject to the informational and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with this law, files annual, quarterly and current reports, proxy statements and other information with the SEC. You can read Medytox's SEC filings over the Internet at the SEC's website at www.sec.gov. You may also read and copy any document Medytox files with the SEC at its public reference facility and the website of the SEC referred to above.

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), we believe 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, we expect the availability of additional resources for the marketing and promotion of our existing web-based and mobile decision support products will allow us to either expand the use of our Therapy Finder and CancerRx products among oncology professionals, or to develop other tools for physicians and patients that will enhance awareness of our brand.

We believe that the expansion of our business has been hampered by a lack of adequate management and capital resources, as well as the excessive cost of supporting a public company at an early stage in its development and revenue generation. Our combination with Medytox Solutions will allow CollabRx to focus on its core competencies in content and systems development, to invest in additional business development, marketing and sales support for our products, and to develop new products in an environment in a larger corporate structure, in which expertise on complex issues in health care (e.g., compliance, regulatory, laboratory operations, etc.) are readily available.

**Overview of our Current Business**

We develop and market medical information and clinical decision support products and services intended to set a standard for the clinical interpretation of genomics-based, precision medicine. Building on a comprehensive and specialized knowledge base, software systems that facilitate dynamic updating and automated reporting, and a unique network of over 75 independent expert clinical advisors, we have developed a suite of unique and differentiated information products and services. These products include a scalable system for providing high-value information on biomarkers and related therapies for inclusion in reports prepared by diagnostic labs reporting on the results from their multi-biomarker genomic-based tests. In addition, we have developed decision-support tools for physicians and patients to assist with treatment planning for advanced cancer, offered over the Internet in both web-based and mobile apps. We believe that both product sets are highly synergistic, and allow opportunities for enhancement, cross-fertilization and adoption that go beyond what each would offer individually.

Our overall vision is that we are 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. We regard this knowledge as being the most valuable portion of the molecular diagnostic process and we believe that all sectors of the healthcare industry, including providers, insurers, drug developers and patients, are potential users of this knowledge. We aim to deliver our proprietary interpretive content as quickly as possible and in as many usable forms as possible via the Internet.

We are just entering our commercialization phase. The systems and approach that we have developed can be applied to many disease states, but we have chosen to focus initially on cancer, an area of tremendous need and potential. We believe that our approach is unique, disruptive in the market and well timed, offering the potential for high growth, profitability and above average returns for investors.

We support oncologists and pathologists in their efforts to plan treatment approaches for their advanced cancer patients. We do so through three major information products, all of which are based on a proprietary knowledgebase that is informed by external data sources, our in-house experts, and a large network of independent clinical advisors. We attempt to gather together much of the data and evidence that is relevant to different therapeutic approaches in the context of the presence of specific genetic biomarkers, relating those to the relevant drugs and clinical trials that may help a physician plan a treatment approach for a patient. Similar to an electronic library, we focus on keeping the information comprehensive, accurate, current and easy to access. Currently, our information products include the following:

| ***Product*** | ***Users*** | ***Description*** | ***Business Model*** |
|---|---|---|---|
| Genetic Variant Annotation Service™ (GVA™) | Pathologists and Laboratory Medical Directors via cloud-based servers | Automated clinical interpretation of tumor genetic alterations (mutation and copy number variation) | Laboratories pay $75-$150 per test event or purchase annual subscription |
| Therapy Finders™ for Melanoma, Colorectal and Lung Cancer and Metastatic Breast Cancer | Oncology professionals at the point-of-care | Web-based expert systems for clinical decision support | Advertising and sponsorship sharing with on-line media partner *MedPage Today* |
| CancerRx | Oncology professionals at the point-of care | Mobile app with reference tools, social media, and expert systems | Advertising and sponsorship sharing with media partner *MedPage Today* |

Since launching our Genetic Variant Annotation Service (GVA) in August 2013, several prominent diagnostic laboratories, comprehensive cancer centers and life science companies have become customers of and/or partners in this product, including: Life Technologies, Inc. (now Thermo-Fisher, Inc., Carlsbad, California), Affymetrix, Inc. (Santa Clara, California), OncoDNA, SA (Brussels, Belgium), Sengenics, Pte., Ltd. (Singapore), Cynvenio Biosystems, Inc. (Westlake Village, California), Quest Diagnostics, Inc. (Madison, New Jersey), CellNetix Pathology and Laboratories (Seattle, Washington), Genoptix (a Novartis company, Carlsbad, California), The Jackson Laboratory for Genomic Medicine (Bar Harbor, Maine), The University of Chicago Medical (Chicago, Illinois) and The Ohio State University Medical Center (Columbus, Ohio).

Our Therapy Finders™ and CancerRx are made available free to physicians and patients via our on-line media partner, MedPage Today, the professional property of Everyday Health, Inc.

*Products and Technology*

We are 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 therapeutic options, including molecular diagnostics, medical tests, clinical trials, drugs, biologics, and other information relevant for cancer treatment planning. We have 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. We currently deliver our 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 under a license plus advertising or sponsorship revenue sharing arrangement. The content that we offer to laboratories is sold based on a variation of a "Software as a Service" or SaaS business model, in which our content is provided on a one-time, subscription or per test basis. We also receive fee-for-service payments in connection with customized user interfaces to our database.

We use 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. 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.

We search publicly available databases as source documents for our knowledgebase. 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 oncology and literature. We then aggregate, annotate and integrate these datasets for the purpose of defining the relationship of biomarkers to therapeutic strategies, drugs and clinical trials. None of the individual databases we utilize 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, histopathological data, prior treatments and biomarkers. The result of this software and expert-assisted process is proprietary content that 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, we always refer 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, we avoid 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 knowledgebase, 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.

In addition to analyzing the sequencing data that we collect, we intend 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. We expect 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 systems and approach that we have developed for knowledge aggregation, content creation and expert advisory management can be applied to many disease states, but we have 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. We 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 we are 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. We regard this knowledge as being the most valuable portion of the molecular diagnostic process and we believe that all sectors of the healthcare industry, including providers, insurers, drug developers and patients are potential users of this knowledge. We aim to deliver our proprietary interpretive content as quickly as possible and in as many usable forms as possible, via the Internet.

*Products*

*Therapy Finders®™ and CancerRx Mobile App*

Our Therapy Finders®™ web-based application serves as an initial user-interface to the underlying knowledge base. It is available free of charge on our website. Our Therapy Finders®™ are also offered to registered physicians through MedPage Today, an offering of Everyday Health, Inc. MedPage Today is a rapidly growing online site that serves 96% of all oncologists and 1.6 million monthly online unique users. Our agreement with Everyday Health provides for an annual license fee payable to our Company and sharing of sponsorships and advertising revenue generated by Everyday Health.

Our Therapy Finder®™ products are available free-of-charge on our website. Our Therapy Finders are a series of cancer-specific, web-based apps that 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. Therapy Finders do not provide the level of detailed information on specific test results that are available from the GVA. Therapy Finders are offered free of charge and 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. Our aim is to make this tool available as widely as possible, through as many channels as possible, to help community physicians understand the relevance of biomarker testing and the availability of potential therapies for their advanced cancer patients.

Our Therapy Finders®™ products are available on both our website and on the MedPage Today website. There is no material difference between the Therapy Finders®™ presented on both websites. The only differences are cosmetic, such as background color and placement of individual frames. Initially, the language used in our Therapy Finders presented on our website was geared toward patients. When the opportunity arose in connection with MedPage Today, we modified the language to be more physician-friendly and indicated this by appending "Professional" to the title "Therapy Finder." In order to avoid confusion, we replaced the patient oriented version on our website with the professional version that is distributed through MedPage Today. At the same time, we also undertook to revise the other Therapy Finders appearing on our website, but not yet distributed through MedPage today, to the professional (physician-friendly) version, and labeled them as such. Nevertheless, we anticipate offering both professional and patient oriented versions of our Therapy Finders or other similar decision-support tools in the future.

In 2014, we redesigned our 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. Under our agreement with MedPage Today each company absorbs its own costs for the development, and we share the gross advertising, sponsorship and data analytics revenues associated with the app. We 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 undertake the review in close collaboration with our on-line media partner, MedPage Today of Everyday Health, Inc., we may temporarily suspend all or certain features of these products.

*Genetic Variant Annotation™ Service (GVA™)*

Within the clinical laboratory market segment, our current offering provides the clinical interpretation of genetic variants present in human tumor biopsies, and is sold directly to diagnostic labs that perform molecular testing on patients. Our *"Genetic Variant Annotation™" service" or "GVA™"* is compiled dynamically by our software platform to provide specific insights to a patient's diagnostic test results on a test-by-test basis. The GVA results are provided to laboratories in a variety of forms, including with a front-end user interface or directly integrated into a customer's laboratory information management system. Drawing on our interactive and up-to-date knowledge base, a diagnostic lab medical director can select the most relevant insights for a particular patient at the time of testing, and incorporate those insights on potential therapeutic strategies within the report that is transmitted directly back to the ordering physician (typically an oncologist or pathologist). Our content is typically branded and identified as *"Powered by CollabRx"* within the test report. We deliver the GVA product via a cloud-based variation on a SaaS business model, and we receive payment directly from the diagnostic laboratory, typically on a per-test basis. Because we are independent and focused exclusively on providing information on actionable biomarkers, we are able to offer our service to many of the hundreds of laboratories globally that offer genetic testing of cancer tumors.

The 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) or similar testing platform. We analyze the test results for the purpose of identifying those aberrations that we have annotated in advance as being "actionable" (i.e., related to a therapeutic strategy). We provide 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 we have agreed in advance with our customer. We are 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. To date we have signed SaaS-based, multi-year agreements with Life Technologies, Inc. (Carlsbad, California), OncoDNA, SA (Brussels, Belgium), Sengenics, Pte., Ltd. (Singapore), Cynvenio Biosystems, Inc. (Westlake Village, California), Quest Diagnostics, Inc. (Madison, New Jersey), CellNetix Pathology and Laboratories (Seattle, Washington), Genoptix (a Novartis company)(Carlsbad, California), The Jackson Laboratory for Genomic Medicine (Bar Harbor, Maine).

*Technologies*

The knowledge base that underlies our clinical and laboratory is focused on the "actionable" molecular biomarkers and evidence-based medicine that guides the selection of therapeutic options. We determine "actionability" based on a defined set of measures of the strength of evidence and other objective criteria. The information that we aggregate, synthesize and report to physicians is based solely on data available publicly in the medical literature. It is referenced with respect to its source documentation and is vetted for appropriateness and relevance as needed by our network of more than 75 independent key opinion leaders, whose identities and biographies are posted on our website. In these important ways we are transparent in our approach to providing the information that supports the day-to-day decisions made by practicing physicians. We have simplified and made more efficient the process by which many physicians would otherwise collect the needed information to make or support clinical decisions (e.g., web search followed by reading). We have performed the searches and compiled the relevant information in advance on behalf of users, ensuring that the information is comprehensive, relevant and up-to-date. Generally speaking, we provide an easy-to-use, efficient, interactive on-line library for practicing oncologists and laboratory medical directors.

We have developed sophisticated, artificial-intelligence-based software programs that allow us to aggregate data from publicly available sources of published, peer-reviewed scientific and medical literature, abstracts and case reports. Our *"Semantic Information Platform",* or SIP, allows us to update on a regular and frequent basis a proprietary knowledge base that links several external and internal databases with information on known and emergent biomarkers, molecular tests that are available to assist with further diagnoses, drugs and compounds that have either been approved as drugs or are under investigation, and the relevant clinical trials that are recruiting patients for further research. All of this information is referenced to published source documentation. We annotate and curate the basic information, creating high-level summaries designed to contextualize for physicians and patients the relationships between the identified biomarkers and the available testing and treatment options.

Fundamental to our business is the concept that "thought-leader" medicine drives advances in clinical practice. Physicians and researchers in the major cancer centers in the United States and abroad that oversee cutting-edge clinical research are discovering new treatment and testing options for patients at an increasingly rapid pace, due in large part to advances in testing and information technology. Treatment options that are incorporated into routine clinical practice "standard of care" guidelines fail to keep up with the rapid pace of discovery in the research laboratories. We have addressed this problem by assembling a network of over 75 leading oncologists and researchers and by providing them with a platform to integrate their knowledge into clinical practice and to distribute that knowledge widely to other practicing physicians. Generally speaking, most advanced-staged patients are "beyond the standard of care." We believe this "democratization" of thought-leader medicine is disruptive to the status-quo of compartmentalized, institution-based diagnosis and treatment.

Building on the well-established conceptual framework for publishing in medicine, we have assembled a network of Editorial and Advisory Boards of independent physicians and researchers, based around specific expertise in organ or location-based cancers (e.g., melanoma, colorectal, breast, prostate, etc.) and "pan-cancer" (a biomarker-centric, non-location specific view). Each Editorial Board has a Chairperson and consists of 6 – 12 additional experts recruited by the Chairperson and assembled specifically to help us model each disease on a molecular level, to create decision nodes for the consideration of additional testing or therapy options, and to weigh alternative treatments against the highest quality of peer-reviewed scientific and medical evidence. Several of our models have been co-authored by our Editorial Board members and published in open access, peer-reviewed journals. The decision-support features of the knowledge have been developed into easy-to-use, web-based Therapy Finder™ applications that we have made available to physicians and patients free of charge on our website and through other online media outlets. In this way, we fulfill our commitment to transparency and the democratization of thought-leader medicine.

*The Market*

Cancer is a worldwide health concern. In 2002, cancer eclipsed heart disease as the number one cause of death in the US for individuals under the age of 85, according to the National Cancer Institute. In the US, nearly 12 million individuals are living with a cancer diagnosis, approximately 7 million individuals are being treated for cancer, approximately 1.5 million new cases are diagnosed each year, over 600,000 people die from cancer each year (6 million deaths worldwide), and nearly 1 in 3 females and 1 in 2 males will be diagnosed with cancer in their lifetime, according to the American Cancer Society. Age is the number one risk factor for the development of cancer. Nearly 80% of cancers are diagnosed in individuals age 55 years and older, which is the fastest growing segment of the US population. JPMorgan recently estimated that the total market opportunity for testing in cancer is estimated at $10 billion in 2014 in the United States alone, growing to $25 billion by 2018, but this opportunity has only been partially tapped.

Cancer treatment and research has been experiencing an unprecedented explosion of knowledge in the past 5-10 years. There are over 500 new cancer therapies in pre-clinical development, approximately 400-500 cancer diagnostic labs, more than 10,000 cancer-related clinical trials are currently ongoing, and over 100,000 cancer-related papers are published in the scientific literature annually, according to PubMed and ClinicalTrials.gov. The knowledge explosion is associated with two interrelated key drivers: (i) cancer is fundamentally a disease of the genome, (i.e., genetic mutations cause cancer), and (ii) the costs and time to sequence genes (and discover mutations that can be targeted for therapy) have been falling at an increasing rate, driven principally by new sequencing technologies commonly referred to as "Next General Sequencing" or "NGS". The concept of a "$1,000 genome" has broad psychological implications since it represents the price point at which leading experts believe that every cancer genome will be sequenced.

Large-scale genetic sequencing studies in tumors are rapidly uncovering mutations in genes that can be selectively targeted by pharmaceutical and biotechnology companies. There were approximately 5 cancer genes in 2008 in which genetic aberrations were strongly associated with treatment implications. By comparison, there are currently 15-20 such genes, a number that is expected to double in the next year even as additional mutations are being discovered in genes already associated with cancer. Currently there are approximately 120 biomarkers representing hundreds of mutations in aggregate that are associated with some level of clinical actionability. This number is expected to increase as new discoveries are made.

**Business Strategy**

Our strategic vision is to become a leading source of high value, independently reviewed, actionable information on molecular medicine that supports decision-making by physicians and patients, embodied in tools and services whose performance or use allow us to accumulate data that is valuable to paying segments of the health care ecosystem. We intend to build our information franchise first in oncology, and then expand to other genomics-based disease areas that are amenable to our approach of automated, scalable, and expert-vetted content creation and distribution.

Payors, individual practitioners and patients alike will increasingly want to understand the power and utility of biomarkers and their associated targeted therapies in connection with treatment planning. By making our knowledge base accessible through easy to use web-based and mobile apps, we believe that we can extend our franchise beyond oncology, cross-sell related products and provide a service that is currently unmatched in the health care marketplace.

Our growth strategy includes the following key elements:

**Marketing of our Genetic Variant Annotation™ Service (GVA™) into additional segments within the clinical diagnostic laboratory market.** Since launching the GVA, we have been engaged primarily in a business development effort with the largest general reference laboratories, with the belief that these laboratories will eventually make up a large portion of all of the genomic tests administered to cancer patients. We have also been successful in attracting some of the most prominent specialty reference laboratories in the US. We intend to continue to formalize our approach to these market segments, relying more on marketing than business development. We have had some success in penetration of the important academic hospital lab segment, but intend to do more in this segment, likely in association with strategic partners. The additional segments of community hospital labs and research labs are not prominent short-term targets for the GVA, but will be addressed via partnerships with other companies for whom these are target markets. While most cancer patients are treated in community hospitals, their in-house laboratories currently rely largely on either the general or specialty reference labs for cancer genomic testing.

**Forming strategic partnerships with life science companies to expand GVA biomarker coverage and utility and to engage with them in cooperative marketing efforts.** An example of such a strategic partner is Affymetrix, Inc., which has supported our inclusion of Copy Number Variation (CNV) data, which along with sequencing data, provides a comprehensive genetic profile of somatic tumors. In addition to supporting the inclusion of CNV data in our GVA, Affymetrix is supporting a cooperative marketing effort to their clinical research customers. Another life science company with whom we were engaged in the early development of our GVA was Life Technologies, Inc. (now a part of Thermo-Fisher). We are actively seeking additional strategic partnerships with life science and other large companies to both expand the utility of our GVA and to market to our mutual customers.

**Forming partnerships with companies in the diagnostic testing workflow to enhance the GVA and to expand our customer base.** Particularly in the academic hospital laboratory segment, there is a wide range of capabilities in the area of information technology (IT). A certain base level of IT capability is needed to design, manage and track test results and to prepare reports for ordering physicians. Several companies with whom we have entered agreements, such as GeneInsight, Inc., have developed product offerings in these areas. Our aim is to be able to offer our GVA content through such IT platforms. In addition, we have established a partnership with Omicia, Inc. which offers both IT support to labs and provides a powerful platform and algorithm for genomic research. We are also seeking to tie-up with companies that are integrated into or offer Electronic Medical Records, to facilitate the integration and reporting of additional high value patient data, such as clinical outcomes.

**Supporting the advertising and sponsorship sales activities of Everyday Health, Inc. in connection with the current and future Therapy Finders and CancerRx mobile apps.** With the successful launch of the CancerRx mobile app in connection with MedPage Today, the sales and marketing teams of Everyday Health have been actively recruiting advertising and sponsorships for the app, which is free to registered users of MedPage Today. We intend to provide our specialized expertise related to the information needs of oncologists and pathologists to promote CancerRx to the largest pharmaceutical and diagnostic companies. In addition, we intend to develop additional Therapy Finders for other cancers and other tools and features that will drive repeat usage for inclusion on both MedPage Today and CancerRx. Eventually, with continued and prolonged use of the app by physicians, we will be able to develop anonymous data sets which we believe will be of assistance to the detailed sales efforts of our sponsors and advertisers.

**Customers**

In fiscal year 2015, six customers accounted for 78% of our revenues. In fiscal year 2014, five customers accounted 96% of our revenues and one of our customers, Life Technologies, Inc., accounted for 76% of our revenues. No other customer accounted for 10% or more of our revenues in fiscal years 2015 or 2014. As we continue to make inroads into the commercialization phase of our current business, we expect that our customer base will expand and that our sales will be less concentrated. As of March 31, 2015, three customers accounted for 95% of our trade accounts receivable balance. As of March 31, 2014, four customers accounted for 100% of our trade accounts receivable balance.

Life Technologies, Inc. has been a major contributor to our revenues and gross profits in the past. However we have funded our operating expenses primarily through our financing activities, cash on hand and the net proceeds from the sale of discontinued assets. Please see the "*Liquidity and Capital Resources*" section set forth in Item 2 herein. We are actively engaged in negotiations with several other companies who are interested in purchasing our content on similar terms or under annual subscriptions or SaaS arrangements.

**Marketing, Sales and Service**

We focus on content creation through the aggregation of peer-reviewed published data and its review and interpretation by clinical experts, and the incorporation of that content into products that provide current, credible and actionable information to users. Updated frequently, such information is highly valuable to several segments of the healthcare market, including patients, healthcare providers (e.g., oncologists and pathologists), provider networks, laboratories, diagnostic companies, medical institutions, pharmaceutical and biotechnology companies, and contract research organizations. The diversity of potential users of such information requires a corresponding diversity in marketing approaches and sales strategies. For this reason, we have chosen to enter the markets through strategic partnering arrangements with companies that already have a significant presence in each of the market segments.

For our clinical products, we formed our first strategic partnership with Everyday Health, Inc. a leading on-line media company in the healthcare market. Our agreement with Everyday Health includes license fees and advertising revenue sharing in connection with making our CollabRx Therapy Finders®™ available to registered physicians through *MedPage Today*, Everyday Health, Inc.'s rapidly growing online site that serves 96% of all oncologists and has 1.6 million monthly online unique users.

For our laboratory products, we entered into a multi-year agreements with several companies, including Quest Diagnostics, Inc., The Jackson Laboratory, Cellnetix, Inc., Genoptix, Inc., Cynvenio Biosystems, Inc., OncoDNA, SA (Brussels, Belgium), and Sengenics, Pte., Ltd. (Singapore).

We are in the process of pursuing and negotiating strategic partnerships with other companies in the major healthcare segments as part of a broad business development strategy in which several of our employees, including our senior executives, are involved. Our other marketing efforts consist primarily of our website and presentations by our executives at industry trade shows and conferences. At the present time, we do not engage in direct sales activities to users, and our service activities are limited to supporting and maintaining our software applications that run on several cloud-based servers.

**Research and Development**

Our research and development, or R&D, efforts span a broad range of activities, including research into peer-reviewed published literature and databases, the development and publication of Molecular Disease Models, or MDMs, the creation of proprietary knowledge bases of medical and scientific content, the development of applications and user interfaces to access the knowledge bases, and the development of a suite of artificial intelligence-based tools that assist in the research, aggregation, organization, curating and updating of the knowledge bases.

We employ approximately eight full-time scientists and engineers in our R&D organization, supplemented by a number of contract consultants and interns. The expenses related to R&D resulted from the change in categorization of certain employee related expenses from Engineering to R&D. 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 the total R&D expenses for respective the fiscal periods.

Research and development expenses for continuing operations for fiscal 2015 and 2014 were $85 and $284, respectively. The decrease in research and development expenses in fiscal 2015 compared to fiscal 2014 reflected a higher level of effort on existing products than on products that had not yet been offered for sale.

We expect that R&D is and will be an essential part of our business, and that our absolute spending will remain at current levels or increase in the future.

**Competition**

Competition in the "content" space can originate from the Internet, online medical journals, consumer-facing healthcare websites, other proprietary databases, and subscription-based services. However, we believe that none of the existing competitors offer the array of experts, vetted content, tools and services that are embodied in the CollabRx organization.

Competition in the clinical decision support space comes primarily from clinical treatment guidelines publishers (e.g., NCCN), boutique-level consulting companies (e.g., N-of-One, Inc.), companies that develop healthcare applications ("apps", e.g., Athena Health/Epocrates), and more recently laboratories that conduct genomic testing (e.g., Foundation Medicine and Caris Life Sciences). The most relevant direct competitor to CollabRx interpretive analytics and test reporting services is Foundation Medicine, currently recognized as one of a small number of lab testing companies that also provide "best-in-class" interpretive reporting of tumor mutational profiling. CollabRx has been identified as a key potential competitor to Foundation Medicine and others since we broadly enable others to meet and exceed the standard set by Foundation Medicine with respect to test report quality. Competition in the "analytics" space comes primarily from large firms with a broad focus (e.g., SAP) and from niche firms with a focus in healthcare (e.g., GNS Healthcare) or cancer genomics (e.g., Molecular Health). Both types of firms currently develop and apply statistical models to identify trends in large and complex datasets, but do not routinely provide a clinically relevant interpretive framework to the results. When they do, it's typically in the content of drug toxicity, and not efficacy. At present these firms represent potential CollabRx partners, but could conceivably become direct competitors if they developed a clinical expert-backed content strategy similar to CollabRx. In addition, unlike CollabRx, these types of firms (i.e., ones that utilize statistical modeling and algorithms) are likely to face much more intense regulatory oversight and scrutiny, based on recent guidance issued by the FDA.

**Intellectual Property**

Our business relies, in part, upon our ability to protect our proprietary technologies, methods and processes, product designs and branding that we have invented, developed or licensed. To accomplish these objectives, we rely on a combination of patent, trademark, copyright and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections. Our policy is to seek patent protection and trademark registration for commercially valuable assets we develop, as appropriate, and maintain as trade secrets other aspects of our proprietary platform, processes, and know-how.

We have licensed the rights to two U.S. patent applications to GeneKey, Inc. pursuant to royalty agreements and have filed one provisional U.S. patent application. We also rely on several registered and unregistered trademarks to protect our brand. In addition, we seek to protect our intellectual property rights by generally requiring our employees and independent contractors involved in development to enter into agreements acknowledging that all inventions, trade secrets, works of authorship, developments, concepts, processes, improvements and other works generated by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim in those works.

Despite our efforts to protect our proprietary technologies and our intellectual property rights, unauthorized parties may attempt to copy aspects of our products or obtain and use our trade secrets or other confidential information. We generally enter into confidentiality agreements with our employees, consultants, vendors and customers, and generally limit access to and distribution of our confidential information and proprietary technology. These agreements may not effectively prevent unauthorized use or disclosure of our intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our intellectual property or technology. In addition, others may independently discover our trade secrets and confidential information, and in such cases we could not assert any trade secret rights against such parties. We cannot assure you that the steps taken by us will prevent misappropriation of our trade secrets or technology. In addition, the laws of some foreign countries do not protect our intellectual property rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States.

Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secret rights and related confidentiality and nondisclosure provisions, and failure to obtain or maintain trade secret protection, or our competitors' obtainment of our trade secrets or independent development of unpatented technology similar to ours or competing technologies, could adversely affect our competitive business position.

Litigation or proceedings before the U.S. Patent and Trademark Office, or USPTO, or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our intellectual property rights, to protect our patent rights, trademarks, and trade secrets and to determine the validity and scope of the intellectual property rights of others. Our efforts to enforce or protect our intellectual property rights may be ineffective and could result in substantial costs and diversion of resources and management time, and could substantially harm our results of operations.

**Employees**

As of March 31, 2015, we had a total of thirteen regular employees and no part-time contract personnel. Of our regular employees, eight are in research and development, and five are in executive and administrative positions. Of the thirteen regular employees, ten hold advanced degrees, including PhDs, MDs and MBAs.

None of our remaining employees are represented by a labor union or covered by a collective bargaining agreement.

**NanoVibronix**

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 bore 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 has filed a registration statement with the Securities and Exchange Commission in connection with a proposed initial public offering. The Company and NanoVibronix agreed that once the offering is completed, 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.

As of March 31, 2015, the NanoVibronix registration statement was not yet effective with the SEC, nor was the stock trading as it has not yet cleared the Depository Trust & Clearing Corporation ("DTC"). During the fourth quarter of fiscal year 2015, the Convertible Promissory Note was converted into an equity investment on the Company's balance sheets. As of March 31, 2015 and 2014, respectively, the Convertible Promissory Note balance was $399 and $378, respectively, consisting of the original $300 investment and $99 and $78, respectively, in accrued interest income. The Company believes the maturity date value of the Convertible Promissory Note approximates the fair value of the investment as of March 31, 2015, as NanoVibronix did not yet have an effective market price.

Once the NanoVibronix, Inc. offering is complete, we expect that our Chief Executive Officer will become a member of the NanoVibronix, Inc. Board of Directors.

**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. 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 Annual Report on Form 10-K, 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 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 1A.** ***Risk Factors***

*We wish to caution you that there are risks and uncertainties that could affect our business. These risks and uncertainties include, but are not limited to, the risks described below and elsewhere in this report, particularly in "Forward-Looking Statements." The following is not intended to be a complete discussion of all potential risks or uncertainties, as it is not possible to predict or identify all risk factors.*

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, services and enhancements. There can be no assurance that we will be successful in developing and marketing, on a timely basis, new products, services or product and service enhancements, or that our new products will adequately address the changing needs of the healthcare 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 losses of $(5,164) and $(3,314) for the years ended March 31, 2015 and 2014, respectively. We used cash flows from operations of $(3,565) and $(2,431), in these respective years. As of March 31, 2015, we had cash and cash equivalents of $7,521. We expect to continue to sustain losses for the foreseeable future.

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.

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

On December 6, 2014, we entered into a non-binding letter of intent to acquire Medytox Solutions, Inc. ("Medytox") in a reverse merger transaction. 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, and we cannot provide any assurances that the transaction will be completed.

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

Our Agreement and Plan of Merger with Medytox provides that the exchange ratio for purposes of converting Medytox common stock into CollabRx common stock will be calculated such that holders of CollabRx equity prior to the closing of the merger (including all outstanding CollabRx common stock and all restricted stock units, options and warrants exercisable for shares of CollabRx common stock) will hold 10% of CollabRx's common stock following the closing of the merger, and holders of Medytox equity prior to the closing of the merger (including all outstanding Medytox common stock and all outstanding options exercisable for shares of Medytox common stock, but less certain options that will be cancelled contingent upon the closing pursuant to agreements between Medytox and such optionees) will hold 90% of CollabRx's common stock following the closing of the merger, in each case on a fully diluted basis. In addition, holder of Medytox preferred stock will receive shares of newly designated CollabRx Series B Preferred Stock, Series D Preferred Stock and Series E Preferred Stock. Your equity interest in the combined company will be further diluted by certain outstanding convertible promissory notes exercisable for CollabRx common stock after the closing and certain option grants expected to be made at or immediately following the closing of the merger. Accordingly, 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.

***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.

***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:

- fluctuations in demand for our products and services, and the timing of agreements with strategic partners in the healthcare marketplace;
- the timing of new products, services and product and service enhancements;
- changes in the growth rate of the healthcare marketplace;
- our ability to control costs, including operations expenses;

- our ability to develop, induce and gain market acceptance for new products, services and product and service enhancements;
- changes in the competitive environment, including the entry of new competitors and related discounting of products and services;
- 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 and services;
- 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 US 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 to 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 and services offer, or if we are unable to sell our products and services 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 and services, thereby weakening our sales and our financial results.

The introduction of products and services embodying new technologies could render our existing products and services 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 and services 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 and services 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 services and to enhance and improve our existing products and services, 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 and services or enhancements;
- we fail to successfully manage the transition to new products and services from the products they are replacing;
- we do not invest our development efforts in appropriate products and services or enhancements for markets in which we now compete and expect to compete;
- we fail to predict the demand for new products and services following their introduction to market; or
- these new products and services 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 products and services 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. The principal competitive factors in our markets include key strategic customer relationships, expert technical personnel, and marketplace acceptance of our product.

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 healthcare market makes it difficult for you to evaluate our current business and future prospects, and may increase the risk of your investment.***

Until recently, we 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. Our Deep Reactive Ion Etch systems were also employed in certain sophisticated manufacturing techniques, involving 3-D interconnect structures formed by intricate silicon etching. 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 and services, 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 and services directly to users and rely instead on contractual relationships with key market participants who derive a benefit from offering our products and services 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 have 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, strategic 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 timelines and the uncertain benefit that our strategic partners may derive from offering our products, it is difficult for us to predict when our strategic 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. In fiscal year 2015, six customers accounted for 78% of our revenues. In fiscal year 2014, five customers accounted 96% of our revenues. Life Technologies, Inc. accounted for 0% and 76% of fiscal year 2015 and 2014 revenues, respectively. No other customer accounted for 10% or more of our revenues. The loss of any customer 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 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 and services.***

We do not believe that any of our current or planned products and services are subject to regulation by the Food and Drug Administration (the "FDA") or other regulatory authorities worldwide. Changes in the level of regulation, including an increase in regulatory requirements, could subject us to regulatory approvals and delays in launching our products and services. Modifying our products or services to comply with changes in regulations or regulatory guidance could require us to incur substantial costs. Further, changing regulatory requirements may render our products or services obsolete or make new products and services or enhancements more costly or time consuming than we currently anticipate. Failure by us or our strategic partners to comply with applicable regulations could result in increased regulatory scrutiny and enforcement. If our products and services 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 and services 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 United States FDA has not determined that any of our products and services 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 and services. If any of our products and services is 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, services or 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 and services, 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-US 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 healthcare 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 US and data privacy and security laws or regulations in non-US jurisdictions could restrict the ability of our strategic partners to obtain, use or disseminate patient information. This could adversely affect demand for our products and services 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 healthcare transactions. We may need to expend additional capital, software development and other resources to modify our products and services 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 Nasdaq that the bid price of the 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 have180 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).

In the future, our common stock price 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.***

Shares of our common stock have traded on The NASDAQ Capital Market as high as $3.33 and as low as $0.55 from April 1, 2014 through March 31, 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 1B.** ***Unresolved Staff Comments***

None.

**Item 2.** ***Properties***

We maintain our headquarters, encompassing our executive office and storage areas in San Francisco, California. We have a primary lease for office space, consisting of 2,614 square feet, which expires August 31, 2017. We also rent storage/workspace areas on a monthly basis. Prior to moving to San Francisco, we were located in Petaluma, California. We own all of the equipment used in our facilities. Such equipment consists primarily of computer related assets.

**Item 3.** ***Legal Proceedings***

As of March 31, 2015, we had no pending material legal proceedings. From time to time, we are involved in legal proceedings in the normal course of business and do not expect them to have a material adverse effect on our business.

**Item 4.** ***Mine Safety Disclosures***

Not applicable.

**PART II**

**Item 5.** ***Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock is currently traded on the NASDAQ Capital Market under the symbol CLRX. The following table sets forth the range of high and low closing prices for our common stock for each quarter during the prior two fiscal years.

| | High | Low |
|---|---|---|
| **FISCAL YEAR 2014** | | |
| First Quarter | $ 3.87 | $ 3.06 |
| Second Quarter | 4.49 | 3.15 |
| Third Quarter | 4.55 | 3.76 |
| Fourth Quarter | 4.02 | 3.06 |
| | | |
| **FISCAL YEAR 2015** | | |
| First Quarter | $ 3.33 | $ 1.86 |
| Second Quarter | 2.05 | 1.05 |
| Third Quarter | 1.08 | 0.55 |
| Fourth Quarter | 2.23 | 0.61 |

The approximate number of holders on record of our common stock as of March 31, 2015 was 125. We have not paid any cash dividends since our inception and do not anticipate paying cash dividends in the foreseeable future.

The following table sets forth the number and weighted-average exercise price of securities to be issued upon exercise of outstanding options and restricted stock awards, and the number of securities remaining available for future issuance under all of our equity compensation plans, at March 31, 2015:

**Equity Compensation Plan Information**

| Plan Category | Number of securities to be issued upon exercise of outstanding options and restricted stock awards | Weighted-average exercise price of outstanding options | Number of securities remaining available for future issuance under equity compensation plans(excluding securities reflected in column(a) |
|---|---|---|---|
| | (a) (1)(2) | (b) | (c) (3) |
| Equity compensation Plans: | | | |
| 1998 Equity Participation Plan | 11,599 | $ 36.22 | - |
| 2007 Equity Participation Plan | 522,396 | $ 3.71 | 21,295 |
| Directors Stock Option Plan | 117,000 | $ 3.69 | - |
| Inducement Shares | 14,063 | $ 27.67 | - |
| | | | |
| Total | 665,058 | | 21,295 |

(1) Excludes 23,921 Restricted Stock Unit awards whose distribution has been deferred.
(2) reserves in column C
(3) Excludes 3,705 shares balance under our expired Employee Qualified Stock Purchase Plan.

The following table sets forth the number and weighted-average exercise price of the warrants outstanding:

**Warrants Outstanding**

| | Year Ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Number of securities to be issued upon exercise of outstanding warrants | 4,469,471 | 92,888 |
| Weighted-average exercise price of outstanding warrants | $ 1.20 | $ 3.15 |

**Unregistered sales of equity securities and use of proceeds**

None.

**Item 6.** ***Selected Financial Data***

| | Year Ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | (In thousands, except per share data) | | | | |
| **Consolidated Statements of Operations Data:** | | | | | |
| Revenue | $ 498 | $ 658 | $ 400 | $ 100 | $ 16 |
| Gross profit | 426 | 500 | 344 | 100 | 16 |
| Income tax benefit | (301) | (79) | (83) | - | - |
| Loss from continuing operations | (5,164) | (3,469) | (3,973) | (4,543) | (1,709) |
| Income (loss) from discontinued operations, net of taxes | - | 155 | 45 | 3,114 | (1,421) |
| Net loss | $ (5,164) | $ (3,314) | $ (3,928) | $ (1,429) | $ (3,130) |
| Net loss per share - continuing operations: | | | | | |
| Basic and diluted | $ (1.52) | $ (1.77) | $ (2.14) | $ (2.69) | $ (1.01) |
| Net income (loss) per share - discontinued operations: | | | | | |
| Basic and diluted | $ - | $ 0.08 | $ 0.02 | $ 1.84 | $ (0.84) |
| Net loss per share: | | | | | |
| Basic and diluted | $ (1.52) | $ (1.69) | $ (2.12) | $ (0.85) | $ (1.85) |
| | | | | | |
| Weighted average shares used in per share computation: | | | | | |
| Basic and diluted | 3,387 | 1,965 | 1,856 | 1,689 | 1,689 |

| | March 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | (In thousands, except per share data) | | | | |
| Consolidated Balance Sheet Data: | | | | | |
| Cash and cash equivalents | $ 7,521 | $ 1,430 | $ 4,039 | $ 7,820 | $ 7,575 |
| Working capital | $ 6,859 | $ 1,933 | $ 4,209 | $ 7,712 | $ 7,252 |
| Total assets | $ 9,309 | $ 4,315 | $ 6,982 | $ 8,662 | $ 11,201 |
| Stockholders' equity | $ 7,936 | $ 2,925 | $ 5,704 | $ 8,080 | $ 9,409 |

**Item 7.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

*All dollar amounts are in thousands unless specified otherwise.*

**The Company**

**Corporate Information**

CollabRx, Inc., a Delaware corporation ("CollabRx," the "Company" or "we," "us," and "our"), is the formerly named Tegal Corporation, a Delaware 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. Our principal executive offices are located at 44 Montgomery St., Suite 800, San Francisco, California 94104 and our telephone number is (415) 248-5350. Our Common Stock trades on the NASDAQ Capital Market under the symbol "CLRX."

**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, we 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, we 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, we 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 or into another company, a sale of the Company's remaining assets, and the liquidation or dissolution of the Company. We 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, we 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, we completed our acquisition of CollabRx (the "CollabRx Transaction"). Following approval by our stockholders on September 25, 2012, we amended our charter and changed our name to "CollabRx, Inc." (the "Name Change").

**Overview of our Current Business and Proposed Reverse Merger Transaction**

CollabRx, Inc. is just entering the commercialization phase of our business. We are 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. We have 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. We currently deliver our 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 we offer to laboratories is based on a "Software as a Service" or SaaS business model, in which our content is provided on a one-time, subscription or per test basis.

At the time of the merger, CollabRx was a development stage company just entering the commercialization phase of business. Following the acquisition, CollabRx recorded initial revenues related to licensing and advertising of its Therapy Finder products on the MedPage Today website. Beginning in the fourth quarter of fiscal 2013 and extending into fiscal 2014, CollabRx recorded revenues related to its fee-for-service activities on behalf of Life Technologies, Inc. (now part of Thermo-Fisher). Initial revenues related to its laboratory products and services were recorded throughout fiscal year 2014 and into the current fiscal year 2015. CollabRx expects to build revenue through the remainder of fiscal 2015 primarily in connection with its Genetic Variant Annotation Service offering to clinical diagnostic laboratories. Significant revenues from advertising and/or sponsorships in connection with its CancerRx mobile app are not expected until next fiscal year beginning April 1, 2015.

During the period following the acquisition on July 12, 2012 and during the balance of fiscal year 2013, which ended March 31, 2013, CollabRx:

- Completed the transition of the Company from the former Tegal Corporation to CollabRx, Inc., a data analytics company that uses cloud-based expert systems to inform healthcare decision-making. The Company consolidated operations from Petaluma, CA, and Palo Alto, CA, and completed its relocation into new headquarters in San Francisco, CA;
- Introduced a second-generation Lung Cancer Therapy Finder App, which was made available to 96% of all U.S. oncologists via MedPage Today, a property of Everyday Health, Inc. CollabRx received license fees and a portion of sponsorship revenue associated with the "Oncology Next" webpage on which the Lung Cancer Therapy Finder App was located;
- Initiated activities related to the development of content resources to be used in conjunction with Life Technologies' global cancer diagnostics development and its laboratory developed test services business under the terms of a multi-year partnership agreement with Life Technologies Inc. (now a part of Thermo-Fisher Scientific, Inc.); and
- Began the development of its laboratory product, later named the "Genetic Variant Annotation Service, or GVA".

During fiscal year 2014, which ended March 31, 2014, CollabRx

- Piloted a pre-release version of its GVA Service with two specialty reference labs. Subsequent to the launch of the GVA in August 2013, the Company signed multi-year agreements with Cynvenio Biosystems, Inc. and Quest Diagnostics, Inc.;
- Formed a Pan Cancer (biomarker-focused) molecular oncology editorial board led by Razelle Kurzrock, M.D., serving as its Chief Editor. Dr. Kurzrock is the Senior Deputy Director for Clinical Science at the Moores Cancer Center at UC San Diego. Dr. Kurzrock leads a distinguished group of physicians from leading institutions on the Pan Cancer editorial board, including from the University of Utah, the University of Texas MD Anderson Cancer Center and the University of Maryland Anderson Cancer Center. The Pan Cancer editorial board is differentiated in that it applies a broad molecular oncology perspective in the identification of biomarkers that are clinically actionable in any cancer type;
- Formed a Prostate Cancer board led by E. David Crawford, M.D., serving as its Chief Editor. Dr. Crawford is the distinguished Professor of Surgery, Urology, and Radiation Oncology, and head of the Section of Urologic Oncology at the University of Colorado Anschutz Medical Campus. Dr. Crawford leads a distinguished group of physicians from leading institutions such as Yale University, University of Michigan, Cleveland Clinic, Dana-Farber Cancer Institute, and others;
- Began the development of a Prostate Cancer Therapy Finder, focused initially on neuroendocrine disease;

- Completed the development of a Metastatic Breast Cancer Therapy Finder under the direction of Hope Rugo, M.D., CollabRx's Breast Cancer Chief Advisor. Dr. Rugo is codirector of the Breast Oncology Clinical Trials Program and is the principal investigator of several clinical trials testing these treatments. She is a professor of medicine at UCSF; and
- Initiated a collaboration with the thoracic oncology program at the University of Chicago Medical Center under the direction of Ravi Salgia, MD, PhD, a professor of medicine and vice chair of translational research at the University of Chicago.

In fiscal year 2015, CollabRx, has made significant progress in building a strong base for future revenues and establishing a leadership position among oncologists and pathologists in the rapidly emerging area of clinical genetic testing in cancer, including:

- Entering into agreements with additional specialty clinical reference laboratories for the GVA Service, including CellNetix Pathology and Laboratories (Seattle, Washington), Genoptix (a Novartis company in Carlsbad, California) and The Jackson Laboratory for Genomic Medicine (Bar Harbor, Maine);
- Completing an agreement with Affymetrix, an industry leader in genomics analysis, to optimize the use of our GVA Service in connection with Affymetrix's platforms and other industry platforms for analysis of gene copy number variation (CNV) to inform cancer treatment planning. This significant extension of the GVA database opens up new commercial and clinical research customers for the Company;
- Launching CancerRx, an innovative mobile app that combines the Company's groundbreaking and popular Therapy Finder™ decision support tools in oncology with MedPage Today's oncology-related news feed. During the week following the launch at the American Society of Clinical Oncology (ASCO) meeting in Chicago at the end of May, more than10,000 cancer healthcare professionals downloaded the app to learn about the latest developments in molecular oncology to help inform the care of their patients;
- Presenting at the ASCO meeting an abstract of a research project done in collaboration with clinical researchers at the University of Chicago Medical Center and University of Wisconsin. The project reinterpreted the findings of several dozen FoundationONE™ reports using the CollabRx GVA to identify new therapeutic options not found in the original reports for a cohort of esophageal cancer patients. This demonstrated the superior database and reporting capability of the GVA when used in planning the treatment of patients with advanced cancer. (FoundationONE™ is a trademark of Foundation Medicine, Inc.); and
- Appointing Paul Billings MD, PhD, FACP, FACMG to its Board of Directors. Dr. Billings is a nationally recognized expert on genomic and precision medicine. He is a board-certified internist and clinical geneticist whose career has been devoted to improving patient care by expanding the use of medically relevant genomic technologies in clinical settings, most recently as Chief Medical Officer of Life Technologies, Inc. (acquired by Thermo Fisher Scientific, Inc. Scientific, Inc. in March 2014). Currently, Dr. Billings serves in multiple roles in industry and government, including as Executive Chairman, Melanoma Diagnostics and a director of Trovagene, DecisionQ, and PAX Neuroscience. Dr. Billings currently serves on the Scientific Advisory Board of the FDA, the Genomic Medicine Advisory Committee at the Department of Veterans Affairs, and the National Academy of Sciences Institute of Medicine's Roundtable on Genomics.

On December 6, 2014, we entered into a non-binding letter of intent to acquire Medytox Solutions, Inc. ("Medytox") in a reverse merger transaction. 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.

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. Changes in the level of regulation, including an increase in regulatory requirements, could subject us to regulatory approvals and delays in launching 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.

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 effected.

The consolidated financial statements have been prepared using the going concern basis, which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. The consolidated financial statements are prepared in conformity with GAAP.

**Background Information on Certain Significant Transactions**

**The Medytox Merger**

On December 6, 2014, we entered into a non-binding letter of intent to acquire Medytox Solutions, Inc. ("Medytox") in a reverse merger transaction. 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.

Prior to the completion of the Company's public offerings on February 25, 2015 and March 3, 2015, and pursuant to the Letter of Intent, Medytox agreed to advance certain funding to CollabRx in contemplation of the business combination. On January 16, 2015, CollabRx entered into a Loan and Security Agreement (the "Loan Agreement") with Medytox, pursuant to which it was contemplated that Medytox will loan up to $2,396 to the Company.

The Company used the proceeds from the Loan Agreement for working capital and general corporate purposes. In total, CollabRx borrowed $678 under the Loan Agreement. No additional advances to the Company under the Loan Agreement were made on the part of Medytox. Originally, the loan amounts borrowed under the Loan Agreement were to mature on December 31, 2015. However, upon completion of the Company's public offerings on February 25, 2015 and March 3, 2015, the Company repaid in full all amounts borrowed on March 5, 2015.

**The CollabRx Merger**

On July 12, 2012, we completed the acquisition of CollabRx (the "Merger"), pursuant to an Agreement and Plan of Merger dated as of June 29, 2012 (the "Merger Agreement"). As a result of the Merger, CollabRx became a wholly-owned subsidiary of the Company. In consideration for 100% of the stock of CollabRx, we agreed to issue an aggregate of 236,433 shares of common stock, representing approximately 14% of the Company's total shares outstanding prior to the closing, to former CollabRx stockholders. As of July 12, 2012, these shares had a fair value of $932. We also assumed $500 of existing CollabRx indebtedness through the issuance of promissory notes. The principal amount of the promissory notes is payable in equal installments on the third, fourth and fifth anniversaries of the closing date of the Merger, along with the accrued but unpaid interest as of such dates. Prior to the closing of the merger, we provided $300 of bridge financing to CollabRx. After the completion of the Merger, this loan was reclassified to be included as part of the purchase price, and the loan was thereby extinguished. In addition, in connection with the Merger, we granted a total of 368,417 RSUs and options as "inducement grants" to newly hired management and employees, all subject to four-year vesting and other restrictions. In December 2012, an aggregate of 215,475 RSUs were forfeited in connection with the resignation of James Karis as our Co-Chief Executive Officer.

On July 12, 2012, in connection with the acquisition of CollabRx, pursuant to the Merger Agreement, dated June 29, 2012, we entered into an Agreement Not to Compete with Jay M. Tenenbaum (the "Noncompete"), pursuant to which Mr. Tenenbaum agreed to refrain from competing with the Company on the terms set forth therein for a period of three years commencing on July 12, 2012.

Also on July 12, 2012, we entered into a Stockholders Agreement (the "Stockholders Agreement") with the former stockholders of CollabRx. Pursuant to the Stockholders Agreement, (i) the Company agreed to provide certain registration rights to the stockholders and (ii) the stockholders agreed to certain transfer restrictions and voting provisions for a period of two years.

In connection with the Merger Agreement and the Employment Agreement dated as of June 29, 2012 by and among the Company and James Karis, on July 12, 2012, Mr. Karis, the former Chief Executive Officer of CollabRx, was appointed the Co-Chief Executive Officer and a director of the Company. In addition, pursuant to the Indemnity Agreement dated as of July 12, 2012 by and between the Company and James Karis (the "Indemnity Agreement"), Mr. Karis was granted customary indemnification rights in connection with his position as an officer and director of the Company. On December 7, 2012, CollabRx and James M. Karis entered into an Amendment No. 1 (the "Employment Agreement Amendment") to the Employment Agreement dated June 29, 2012 between the Company and Mr. Karis (the "Employment Agreement"). Pursuant to the Employment Agreement Amendment, Mr. Karis resigned as Co-Chief Executive Officer of the Company effective December 31, 2012 (the "Termination Date") but will continue to serve as a director of the Company and provide consulting services to the Company from time to time after the Termination Date. In addition, the Company waived its entitlement to recoup from Mr. Karis his signing bonus and Mr. Karis agreed to amend his Restricted Stock Unit ("RSU") Agreement to terminate vesting as of the Termination Date. We and Mr. Karis also agreed to a mutual release of claims.

The purchase price for the CollabRx acquisition was allocated as follows:

**PURCHASE PRICE ALLOCATION FOR ACQUISITION OF COLLABRX**

| | | |
|---|---|---|
| Assets acquired: | | |
| Developed Technology | $ | 720 |
| Customer Relationships | | 433 |
| Trade Name | | 346 |
| Non Compete Agreement | | 151 |
| Cash | | 476 |
| AP and accrueds | | (333) |
| Deferred tax liability | | (664) |
| Goodwill | | 603 |
| Total Acquired Assets | $ | 1,732 |
| | | |
| Purchase Price summary: | | |
| Common Stock Consideration | $ | 932 |
| Promissory Note Assumed | | 500 |
| Loan/Note Payable Assumed | | 300 |
| | $ | 1,732 |

We recognized $304 and $81 in income tax benefit(s) in each fiscal year ending March 31, 2015 and 2014, respectively, regarding the deferred tax liability related to this acquisition.

The Company's condensed consolidated financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. We incurred net losses of $5,164 and $3,314 for the twelve months ended March 31, 2015 and 2014, respectively. We used $3,565 and $2,431 of cash in operating activities for the twelve months ended March 31, 2015, and 2014, respectively. 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.

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 offering 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.

On June 25, 2014, the Company closed an underwritten public offering of 913,500 shares of its common stock, offered at a public offering price of $2.00 per share. Gross proceeds to CollabRx from this offering were $1,827 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. CollabRx used the net proceeds from this offering for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. In addition to the offering of 913,500 shares of common stock, 27,405 warrants to purchase shares of common stock were issued to Aegis Capital Corporation. These warrants have an exercise price of $2.50 per share and are not exercisable until June 24, 2015 and expire June 24, 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 were $478.

Until the Company can generate sufficient levels of cash from its operations, we may need to sell equity or debt securities to raise additional funds in the future. The Company expects to continue to finance future cash needs primarily through a business combination and collaborative agreements with strategic partners in order to be able to sustain its operations until the Company can achieve profitability and positive cash flows.

**Discontinued Operations**

Until recently, we 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. Previously, 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.

In a series of meetings in late May and early June 2009, our Board of Directors reviewed several basic strategic options presented by management, including investigating opportunities for the sale of the Company or its assets. In December 2009, having received no bona fide offers for the Company as a going concern, the Board and management agreed to continue operations and to offer selected asset groups to potential buyers.

On March 19, 2010, we completed the sale of the legacy Etch and PVD assets to OEM Group, Inc. We discontinued our development efforts in nano-layer deposition (“NLD”) at the end of fiscal 2010, and began offering these assets for sale to third-parties. At the same time, we began the process of closing and/or liquidating all of our other wholly-owned subsidiary companies, including SFI and Tegal GmbH, along with branches in Taiwan, Korea and Italy. The subsidiaries were then included in discontinued operations.

On February 9, 2011, the Company and SPP Process Technology Systems Limited, (“SPTS”) entered into an Asset Purchase Agreement. That agreement included the sale of all of the shares of Tegal France, SAS, the Company’s wholly-owned subsidiary and product lines and certain equipment, intellectual property and other assets relating to the Deep Reactive Ion Etch (“DRIE”) systems and certain related technology. In accordance with generally accepted accounting principles, the DRIE business operations related to the designing, manufacturing, marketing and servicing of systems and parts within the semiconductor industry was presented in discontinued operations in our consolidated financial statements. Amounts for the prior periods were reclassified to conform to this presentation. The exit from the DRIE operation was essentially completed by the end of the fourth quarter of our 2011 fiscal year.

The assets and liabilities of discontinued operations are presented separately under the captions "Assets of discontinued operations" and "Liabilities of discontinued operations," respectively, in the accompanying consolidated balance sheets at March 31, 2015 and 2014, respectively, and consist of the following:

| | March 31, 2015 | March 31, 2014 |
|---|---|---|
| **Assets of Discontinued Operations:** | | |
| Accounts and other receivables, net of allowances for sales returns and doubtful accounts of $0 | $ - | $ - |
| Prepaid expenses and other current assets | - | -- |
| Total assets of discontinued operations | $ - | $ - |
| | | |
| **Liabilities of Discontinued Operations:** | | |
| Accrued expenses and other current liabilities | $ - | $ 5 |
| Total liabilities of discontinued operations | $ - | $ 5 |

Discontinued operations consists of interest income from accounts related to discontinued operations, other income, gains and losses on the disposal of fixed assets of discontinued operations, gains and losses on foreign exchange, as well as the reclassification of net expenses associated with our exit from our historical core operations.

As of March 31, 2014, discontinued assets were eliminated with the final closure of the Company's foreign subsidiary. Discontinued liabilities are related to outstanding commission due. This commission is to be paid when the final documentation of the sale of the last two lots of patents is fulfilled.

During fiscal 2014, we recognized $365 from the sale of the last of our NLD patents. As these assets were internally developed, there was a corresponding zero book value. The NLD revenue was offset by related expenses of $98, resulting in a net gain, net of taxes, of $267. With this sale, the Company has no other intellectual property related to discontinued operations. Discontinued operations also included expenses related to the final closing of former foreign subsidiaries. In the three months ended June 30, 2013, the Company recognized a reclassification out of accumulated other comprehensive loss and into Loss from Discontinued Operations, net of taxes. The reclassification is related to the recognition of a non-cash loss of $142 from the of foreign exchange differences from its former Tegal foreign subsidiaries, primarily as a result of the final closing of the former Tegal German subsidiary. The Company received permission to close the German subsidiary in June 2013. No further audits or reviews are anticipated by foreign taxing authorities. The Company also recognized a cash gain of $20 in discontinued operations as a result of final closing of bank accounts in its Italian subsidiary and a federal tax refund regarding discontinued operations, and a net $4 non cash gain related to the write off of discontinued assets and liabilities in its foreign subsidiaries. An $8 tax refund from Sonoma county related to an unsecured property tax refund for 2010/2011 was also recognized in discontinued operations.

Total revenue from discontinued operations for fiscal years 2015 and 2014 was $0. The total net income from discontinued operations, including income tax expense (benefit), was $0 and $155, for the same years, respectively.

**Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America.

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, bad debts, intangible and long lived assets, restructure expenses, deferred taxes and freight charged to customers. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We prepare the consolidated financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") which requires management to make certain estimates, judgments and assumptions that affect the reported amounts in the accompanying consolidated 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 long-lived 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 consolidated financial statements, and potentially result in materially different results under different conditions and assumptions. We 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.

We believe the following critical accounting policies are the most significant to the presentation of our consolidated financial statements:

**Revenue Recognition**

Each contract sale of our interpretive data is evaluated individually in regard to revenue recognition. We had integrated in our evaluation the related guidance included in Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition". We recognized revenue when persuasive evidence of an arrangement exists, the seller's price is fixed or determinable and collectability is reasonably assured.

For arrangements that include multiple deliverables, we identify 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 selling price 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 we recognize estimated contract revenue and resulting income based on costs incurred to date as a percentage of the total estimated costs as we consider 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.

**Accounts Receivable – Allowance for Doubtful Accounts**

For fiscal years 2015 and 2014, the Company had zero reserves for potential credit losses as such risk was determined to be immaterial. 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 fiscal years 2015 and 2014. The Company reviews the estimated risk of current customers' inability to make payments on a quarterly basis to determine if any amount is uncollectible.

As of March 31, 2015, the balance in trade accounts receivable was $88. As of March 31, 2014, the balance in trade accounts receivable was $148.

As of March 31, 2015, three customers accounted for 95% of our trade accounts receivable balance. As of March 31, 2014, four customers accounted for 100% of our trade accounts receivable balance.

**Fair Value Measurements**

We define 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, we consider the principal or most advantageous market in which we would transact and we consider 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, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in its assessment of fair value.

Our financial instruments consist primarily of money market funds. At March 31, 2015, all of our current assets in financial instruments investments were classified as cash equivalents in the consolidated balance sheet. The investment portfolio at March 31, 2014 was comprised of money market funds. Our cash equivalents total $7,521. The carrying amounts of our cash equivalents are valued using Level 1 inputs. In addition, the Company values its investment in NanoVibronix at cost.

**Intangible Assets**

Intangibles include acquired technology, customer relationships, non-compete agreements, patents and trademarks that are amortized on a straight-line basis over periods ranging from 3 years to 10 years. We perform an ongoing review of our 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, we assess 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.

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 for impairment at least annually. The amortization expense included in cost of revenue is related to the acquired developed technology software and is amortized on a straight line basis over the expected life of the asset, which the Company believes to be ten years.

Prior to the acquisition of CollabRx, all of the Company's historical intangible assets, other than those related to NLD and Compact, were included in the asset sale of the DRIE product line to SPTS. The last of the intangible assets related to NLD and Compact were sold in the second quarter in fiscal year 2014.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the useful life is shorter than originally estimated or that the carrying amount may not be recoverable as well as at fiscal year end. 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 fair value of the assets.

During the quarter ended March 31, 2015, we reviewed our long-lived assets for indicators of impairment in accordance with ASC 360 "Property, Plant and Equipment" and ASC 350 "Intangibles - Goodwill and Other ." Based on reduced estimates of future revenues related to certain acquired assets, we identified a potential indicator of impairment. At the end of the fourth quarter of fiscal year 2015, the Company determined that a large portion of the remaining net book value of the developed technology software product, and customer relationship assets acquired in the original CollabRx, Inc. merger should be impaired. Since the CollabRx acquisition in June 2012, the basis for the Company's future growth and profitability has changed materially and is no longer as based on as much of the acquired assets. The Company therefore recognized a total of $571 in impairment charges, which included $415 for developed technology, and $156 for customer relationships. We also determined that the useful lives of the intangible assets developed technology and customer relationships are shorter than originally estimated. Please see Change in Accounting Estimates.

No impairment charges for intangible assets were recorded for the fiscal year ended 2014. Prior to the acquisition of CollabRx, all of the Company's historical intangible assets, other than those related to NLD and Compact, were included in the asset sale of the DRIE product line to SPTS. As the Company's NLD patents and intellectual property were all internally developed (except for those acquired in connection with the Simplus acquisition, which were subsequently written-off) the value of the Company's NLD technology had no recorded value prior to sale.

Long-lived assets also consist of property, plant and equipment. The Company recorded disposal losses of $0 for fixed assets for each the fiscal years ended March 31, 2015 and 2014, respectively.

**Deferred Taxes**

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. Based on the uncertainty of future taxable income, we have fully reserved our deferred tax assets as of March 31, 2015 and 2014. In the event we were to determine that we would be able to realize our deferred tax assets in the future, an adjustment to the deferred tax asset would increase income in the period such determination was made.

**Accounting for Stock-Based Compensation**

We have 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. We also have an Employee Stock Purchase Plan ("ESPP") that allows qualified employees to purchase shares of common stock at 85% of the fair market value on specified dates. The estimates and judgments used in calculating stock-based compensation include the use of expected volatility, forfeiture and interest risk free rates, the expected term of options and the use of the Black-Scholes pricing model. The Company does not pay dividends.

**Change in Accounting Estimate**

Upon the original acquisition of 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.

**Results of Operations**

The following table sets forth certain financial items for the years indicated:

| | Year Ended March 31, 2015 | 2014 |
|---|---|---|
| Revenue | $ 498 | $ 658 |
| Cost of revenue | 72 | 158 |
| Gross profit | 426 | 500 |
| Operating expenses: | | |
| Engineering | 2,087 | 1,714 |
| Research and development | 85 | 284 |
| Sales and marketing | 293 | 271 |
| General and administrative | 2,828 | 1,819 |
| Intangible asset impairment | 571 | - |
| Total operating expenses | 5,864 | 4,088 |
| Operating loss | (5,438) | (3,588) |
| Other income (expense), net | (27) | 40 |
| Loss before income tax benefit | (5,465) | (3,548) |
| Income tax benefit | (301) | (79) |
| Loss from continuing operations | (5,164) | (3,469) |
| Gain on sale of discontinued operations, net of taxes | -- | 267 |
| (Loss) income from discontinued operations, net of taxes | -- | (112) |
| Net income from discontinued operations, net of taxes | - | 155 |
| Net loss | $ (5,164) | $ (3,314) |
| | | |
| Net loss per share from continuing operations: | | |
| Basic and diluted | $ (1.52) | $ (1.77) |
| Net income per share from discontinued operations: | | |
| Basic and diluted | $ - | $ 0.08 |
| Net loss per share: | | |
| Basic and diluted | $ (1.52) | $ (1.69) |
| | | |
| Weighted-average shares used in per share computation: | | |
| Basic and diluted | 3,387 | 1,965 |

**Years Ended March 31, 2015 and 2014**

***Revenue***

Revenue for fiscal year 2015 decreased by $160 compared to fiscal year 2014. The decrease relates to performance of a one-time milestone agreement with Life Technologies in fiscal year 2014. While the Company did not have such a contract in fiscal year 2015, comparison of our same type only sales increased by approximately $190 in fiscal year 2015. Revenue for fiscal year 2014 increased by $258 compared to fiscal year 2013. The increase relates to our acquisition of CollabRx and the generation of revenue in connection with commercial agreements.

As a percentage of total revenue for both the fiscal years 2015 and 2014, international sales were 0%. We expect our international sales will account for a significant portion of future revenue once our commercialization activities become more widely accepted.

***Gross Profit***

Gross profit for the year ended March 31, 2015 decreased $74 from our gross profit of $500 for the year ended March 31, 2014. The decrease in our gross profit for the year ended March 31, 2015 primarily related to the one-time milestone agreement with Life Technologies in fiscal year 2014, which was offset by the continuing initial commercialization activities of CollabRx represented new and renewing customers. Gross profit for the year ended March 31, 2014 increased $156 from our gross profit for the year ended March 31, 2013. The increase in our gross profit for the year ended March 31, 2014 was primarily generated by the agreements with Life Technologies, Inc. and Everyday Health, Inc.

Our gross profit percentage for the year ended March 31, 2015 was 86% and primarily reflects the impairment of our product specific software, which was acquired through the CollabRx merger. Our gross profit percentage for the year ended March 31, 2014 was 76% and reflects specific customer related expenses and the amortization of our product specific software, which was included in the CollabRx merger.

At the present time our core operations consist of the development and commercial application of the CollabRx technology and content. We offer cloud-based expert systems that provide clinically relevant interpretive knowledge to institutions, physicians, researchers and patients for genomics-based medicine in cancer.

***Engineering***

Engineering expenses consist primarily of salaries. Our engineering expenses increased to $2,087 in fiscal year 2015 from $1,714 in fiscal 2014, and primarily resulted from employee related expenses. A portion of certain employee related engineering expenses are re-categorized from engineering to research and development. (See "Research and Development" below.) The increase in Engineering expenses in fiscal year 2015 compared to fiscal year 2014 was due primarily to salary and stock compensation expense, which were offset by lower recruiting expenses.

The increase of $1,047 in Engineering expenses in fiscal year 2014 compared to fiscal year 2013 was due primarily to salary and stock compensation expense as the Company had only three quarters of Engineering expenses in fiscal year 2013 compared to four quarters of Engineering expenses in fiscal year 2014. In addition the change reflects increases in recruiting, rent and subscription expenses.

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 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 the total R&D expenses for fiscal years 2015 and 2014, respectively.

The decrease in R&D expenses of $199 in fiscal year 2015 compared to fiscal year 2014 and $252 in fiscal year 2014 compared to fiscal year 2013 is related to the efforts of Engineering being directed to supporting new customer offerings.

For the fiscal years ended March 31, 2014, the Company's discontinued R&D expenses related to the NLD product line, the assets of which were held for sale and subsequently sold to third parties, were included in discontinued operations.

For the fiscal year ended March 31, 2015, we had no employees dedicated to R&D.

***Sales and Marketing***

Our sales and marketing expenses increased to $293 in fiscal 2015 from $271 in fiscal 2014. The increase was due primarily to salary and stock compensation expense in the current fiscal year.

Our sales and marketing expenses increased to $271 in fiscal 2014 from $257 in fiscal 2013. The increase was due primarily to salary and stock compensation expense as the Company had only three quarters of sales and marketing expenses in Sales and Marketing in fiscal year 2013 compared to four quarters in fiscal year 2014. The increase in salary and stock compensation expense was offset by a decrease in outside services.

***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. General and administrative expenses increased to $2,828 in fiscal year 2015 compared to $1,819 for fiscal year 2014. The increase was due primarily to increased consulting, stock-based compensation and merger related expenses in the current fiscal year.

General and administrative expenses decreased by $1,160 in fiscal year 2014 compared to fiscal year 2013. The decrease was due primarily to the acquisition costs and cash bonuses for key employees paid in the prior year. Acquisition costs related to CollabRx included expenses for legal, accounting and consulting services.

***Intangible Asset Impairment***

During the quarter ended March 31, 2015,the Company determined that a large portion of the remaining net book value of the developed technology software product and customer relationship acquired in the original CollabRx, Inc. merger should be impaired. The Company therefore 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 change in fair value of the common stock warrant liability, the interest earned on our NanoVibronix investment, and the interest accrued on our note payable. The increase in other expense in fiscal year 2015 is primarily related to municipal payroll taxes .

The change in Other income (expense) in fiscal year 2014 to fiscal year 2013 was flat.

***Discontinued Operations***

Discontinued operations consists of interest income from accounts related to discontinued operations, gains and losses on the disposal of fixed assets of discontinued operations, and gains and losses on foreign exchange, as well as the reclassification of net expenses

associated with our exit from our historical core operations.

As of fiscal year 2015, the Company has no assets or liabilities related to discontinued operations, nor does it have any provisions or obligations related to the discontinued operations of the Company's legacy operations.

During fiscal 2014, we recognized $365 from the sale of the last of our NLD patents. As these assets were internally developed, there was a corresponding zero book value. The NLD revenue was offset by related expenses of $98, resulting in a net gain, net of taxes, of $267. With this sale, the Company has no other intellectual property related to discontinued operations. Discontinued operations also included expenses related to the final closing of former foreign subsidiaries. During the quarter ended June 30, 2013, the Company recognized a reclassification out of accumulated other comprehensive loss and into Loss from Discontinued Operations, net of taxes. The reclassification is related to the recognition of a non-cash loss of $142 from the foreign exchange differences from its former Tegal foreign subsidiaries, primarily as a result of the final closing of the former Tegal German subsidiary.

Total revenue from discontinued operations for fiscal years 2015 and 2014 was $0. The total income from discontinued operations, including income tax expense (benefit), was $0 and $155, for the same years, respectively.

The Company did not record any severance charges for either fiscal year 2015 or fiscal year 2014. We had no outstanding severance liability as of March 31, 2015.

***Income Taxes***

As a result of the stock purchase of CollabRx during the fiscal year ended March 31, 2013, we had no tax basis in the intangible assets acquired. During the years ended March 31, 2015 and 2014, respectively, we recognized $301 and $79 in tax benefit as a result of this difference.

During the year ended March 31, 2015, there was no income tax expense or benefit for federal and state income taxes reflected in our consolidated statements of operations due to our net loss and a valuation allowance on the resulting deferred tax asset.

During the years ended March 31, 2015 and 2014, respectively, we recognized $27 and $2 in payroll tax expense related to being located in the City of San Francisco.

In fiscal 2015, our effective tax rate was (2%). In fiscal 2014 our effective tax rate was (2%). All deferred tax assets have been fully reserved.

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.

***Liquidity and Capital Resources***

For the year ended March 31, 2015, we financed our operations from the net proceeds raised from separate underwritten public offerings which closed in the first and fourth quarters of our fiscal year 2015 and existing cash on hand. Net cash used in operating activities during fiscal year 2015 was $3,565. The primary changes in our cash flow statement for fiscal year 2015 were due to our net loss of $5,164 partially offset by stock compensation expense, amortization and impairment expense, and the changes in deferred financing costs and accrued expenses.

For the year ended March 31, 2014, we financed our operations from existing cash on hand and the net proceeds from the sale of discontinued assets. Net cash used in operating activities during fiscal year 2014 was $2,431. The primary changes in our cash flow statement for fiscal year 2014 were due to our net loss of $3,314, partially offset by stock compensation expense, amortization expense, and the recognition of a non-cash loss of foreign exchange differences in the amount $142 from former subsidiaries related to discontinued operations.

The Company's net loss increased in fiscal 2015 compared to fiscal 2014 primarily due to increased consulting and merger related expenses and increased employee related expenses, primarily related to new hires in Engineering and the non-cash impairment charge taken against intangible assets.

During the two years presented, we were transitioning from the operations of a newly acquired business to supporting a more fully formed organization prepared to position itself in its new marketplace. The major difference between the two fiscal years was an increased need for cash for Engineering as well as the need for cash for G&A, following the merger decision with Medytox Solutions. Fiscal year 2014 included net cash generated from the sale of the last two patents related to discontinued operations.

Net cash used in investing activities totaled ($17) and ($22), in fiscal years 2015 and 2014, respectively. Cash used in fiscal 2015 was related to the acquisition of computer equipment and furniture. Cash used in fiscal 2014 was related to the acquisition of property and equipment, primarily computer equipment.

Net cash provided by financing activities totaled $9,446 and $6, in fiscal years 2015 and 2014, respectively.

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 successful 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 the reporting date, 160,000 warrants have been exercised and are included in the number of shares outstanding.

On June 25, 2014, the Company closed an underwritten public offering of 913,500 shares of its common stock, offered at a public offering price of $2.00 per share. Gross proceeds to CollabRx from this offering were $1,827 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. CollabRx anticipates using the net proceeds from the offering for general corporate purposes, including development of their products and services, general and administrative expenses and working capital. Aegis Capital Corp. acted as the sole book-running manager for the offering. In addition to the offering of 913,500 shares of common stock, 27,405 warrants to purchase shares of common stock were issued in connection with this offering. These warrants have an exercise price of $2.50 per share and are not exercisable until June 24, 2015 and expire June 24, 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 were $478.

Through the June offering, the Company netted $1,641 of the gross proceeds of $1,827 before additional financing expenses.

Cash provided in fiscal 2014 was related to the sale of stock from an at market distribution plan (At Market Distribution Plan 2014) as a result of the Company's filing of an S-3 in its third quarter for the prior fiscal year.

CollabRx anticipates using the net proceeds from the fiscal year 2015 offerings for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. The 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. 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. 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. The Company expects the Loan Agreement with Medytox and the proposed business combination will provide financing that will sustain the Company's operations until the Company can achieve profitability and positive cash flows.

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.

The following summarizes our contractual obligations at March 31, 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 | After 5 Years |
|---|---|---|---|---|---|
| Promissory note payable | $ 500 | $ 167 | $ 333 | $ - | $ - |
| Interest due on convertible promissory note payable | 71 | 41 | 30 | - | - |
| Non-cancelable operating lease obligations | 309 | 126 | 183 | - | - |
| Total contractual cash obligations | $ 880 | $ 334 | $ 546 | $ - | $ - |

Prior to the sale of our legacy Etch and PVD assets to OEM Group and the sale of our DRIE assets to SPTS, certain of our 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. We have accrued no amounts in relation to these provisions as no such claims have been made and we believe we have valid, enforceable rights to the intellectual property embedded in its products.

***Off Balance Sheet Arrangements***

We do not currently have, nor have we 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, we do not engage in trading activities involving non-exchange traded contracts.

***Recent Accounting Pronouncements***

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU No. 2014-08, "*Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*" "ASU 2014-08", which changes the requirements for reporting discontinued operations in Subtopic 205-20 "Presentation of Financial Statements - Discontinued Operations." The ASU changes the definition of discontinued operations by limiting discontinued operations reporting to disposals that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. Under current US GAAP, many disposals, some of which may be routine in nature and not representative of a substantive change in an entity's strategy, are reported in discontinued operations. ASU 2014-08 requires expanded disclosures for discontinued operations designed to provide users of financial statements with more information about the assets, liabilities, revenues, expenses and cash flows related to discontinued operations. ASU 2014-08 also requires an entity to disclose the pretax profit or loss (or change in net assets for a not-for-profit entity) of an individually significant component of an entity that does not qualify for discontinued operations reporting. The amendments in ASU 2014-08 are effective prospectively for fiscal years, and interim periods, beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Company does not expect the new guidance to have a material impact on our consolidated financial statements. See Note 5, Discontinued Operations.

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 US 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, 2016, 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) – 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 AUC 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 going concern from 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 2014-15 affects all companies and non-profits and early application is allowed. The Company is currently evaluating the impact of adopting this new guidance on our condensed consolidated financial statements.

**Item 7A.** ***Quantitative and Qualitative Disclosure about Market Risk***

**Market Risk Disclosure**

*Foreign Currency Exchange Risk*

As of March 31, 2015 and 2014, the assets in our investment portfolio were classified as cash equivalents in the consolidated balance sheets. Our investment portfolio at fiscal 2015 and fiscal 2014 was comprised of money market funds. With the sale of the DRIE related assets and the closure of the Tegal France subsidiary, our exposure to foreign currency fluctuations has been mostly eliminated. For the fiscal years ended March 31, 2015, and 2014, fluctuations of the US dollar in relation to the Euro were immaterial to our financial statements.

Changes in the exchange rate between the Euro and the US dollar are currently immaterial to our operating results. Exposure to foreign currency exchange rate risk may increase over time as our business evolves. We expect that sales in international markets may account for a significant portion of any future revenue, as the Company plans to market to customers located outside the United States.

Periodically, the Company would enter into foreign exchange contracts to sell Euros, which are used to hedge a sales transaction in which costs were denominated in US dollars and the related revenue was generated in Euros. As of March 31, 2015, there were no outstanding foreign exchange contracts.

*Interest Rate Risk*

We are only marginally exposed to interest rate risk through interest earned on money market accounts. Interest rates that may affect these items in the future will depend on market conditions and may differ from the rates we have experienced in the past. We do not hold or issue derivatives, commodity instruments or other financial instruments for trading purposes.

**Item 8.** ***Financial Statements and Supplementary Data***

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and
Stockholders of CollabRx, Inc.

We have audited the accompanying consolidated balance sheets of CollabRx, Inc and its subsidiaries ("the Company") as of March 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended March 31, 2015. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CollabRx, Inc. and its subsidiaries as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the two years in the period ended March 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

/s/ Burr Pilger Mayer, Inc.
San Francisco, California
June 26, 2015

**COLLABRX, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

**(in thousands, except share and per share data)**

| | March 31, 2015 | March 31, 2014 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 7,521 | $ 1,430 |
| Accounts receivable | 88 | 148 |
| Prepaid expenses and other current assets | 91 | 183 |
| Deferred financing costs | -- | 162 |
| Investments | -- | 378 |
| Total current assets | 7,700 | 2,301 |
| Property and equipment, net | 106 | 130 |
| Intangible assets, net | 501 | 1,281 |
| Goodwill | 603 | 603 |
| Investments | 399 | -- |
| Total assets | $ 9,309 | $ 4,315 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 529 | $ 255 |
| Promissory notes payable, current | 208 | -- |
| Deferred revenue | 104 | 108 |
| Liabilities of discontinued operations | - | 5 |
| Total current liabilities | 841 | 368 |
| Deferred tax liability | 195 | 500 |
| Promissory notes payable | 325 | 509 |
| Other long-term liabilities | 12 | 13 |
| Total liabilities | 1,373 | 1,390 |
| | | |
| Commitments and contingencies (Note 8) | | |
| 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; 10,469,120 and 2,005,187 shares issued and outstanding as of March 31, 2015 and March 31, 2014, respectively | 105 | 20 |
| Additional paid-in capital | 141,084 | 130,994 |
| Accumulated deficit | (133,253) | (128,089) |
| Total stockholders' equity | 7,936 | 2,925 |
| Total liabilities and stockholders' equity | $ 9,309 | $ 4,315 |

See accompanying notes to consolidated financial statements.

**COLLABRX, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(in thousands, except per share data)**

| | Year Ended March 31, 2015 | 2014 |
|---|---|---|
| Revenue | $ 498 | $ 658 |
| Cost of revenue | 72 | 158 |
| Gross profit | 426 | 500 |
| Operating expenses: | | |
| Engineering | 2,087 | 1,714 |
| Research and development | 85 | 284 |
| Sales and marketing | 293 | 271 |
| General and administrative | 2,828 | 1,819 |
| Intangible asset impairment | 571 | - |
| Total operating expenses | 5,864 | 4,088 |
| Operating loss | (5,438) | (3,588) |
| Other income (expense), net | (27) | 40 |
| Loss before income tax benefit | (5,465) | (3,548) |
| Income tax benefit | (301) | (79) |
| Loss from continuing operations | (5,164) | (3,469) |
| Gain on sale of discontinued operations, net of taxes | -- | 267 |
| (Loss) income from discontinued operations, net of taxes | -- | (112) |
| Net income from discontinued operations, net of taxes | - | 155 |
| Net loss | $ (5,164) | $ (3,314) |
| | | |
| Net loss per share from continuing operations: | | |
| Basic and diluted | $ (1.52) | $ (1.77) |
| Net income per share from discontinued operations: | | |
| Basic and diluted | $ - | $ 0.08 |
| Net loss per share: | | |
| Basic and diluted | $ (1.52) | $ (1.69) |
| | | |
| Weighted-average shares used in per share computation: | | |
| Basic and diluted | 3,387 | 1,965 |

See accompanying notes to consolidated financial statements.

**COLLABRX, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(In thousands, except share data)**

| | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Income (loss) | Accum-ulated Deficit | Total Stock-holder's Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balances as of March 31, 2013** | 1,952,980 | $ 19 | $ 130,602 | $ (142) | $ (124,775) | $ 5,704 |
| Proceeds from at-the-market facility | 1,810 | - | 6 | - | - | 6 |
| Stock options exercised | 10,000 | - | 35 | - | - | 35 |
| Stock compensation expense and released restricted stock units | 40,397 | 1 | 351 | - | - | 352 |
| Cumulative translation adjustment | - | - | - | 142 | | 142 |
| Net loss | - | - | - | - | (3,314) | (3,314) |
| **Balances as of March 31, 2014** | 2,005,187 | 20 | 130,994 | - | (128,089) | 2,925 |
| Proceeds from at-the-market facility | 7,101 | - | 23 | - | - | 23 |
| Common stock issued | 8,046,035 | 80 | 9,204 | - | - | 9,284 |
| Proceeds from exercised warrants | 160,000 | 2 | 202 | - | - | 204 |
| Stock compensation expense and released RSU shares | 250,797 | 3 | 661 | - | - | 664 |
| Net loss | - | - | - | - | (5,164) | (5,164) |
| **Balances as of March 31, 2015** | 10,469,120 | $ 105 | $ 141,084 | $ - | $ (133,253) | $ 7,936 |

See accompanying notes to consolidated financial statements.

**COLLABRX, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(in thousands)**

| | Year Ended March 31, 2015 | 2014 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (5,164) | $ (3,314) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock compensation expense | 664 | 352 |
| Fair value adjustment of common stock warrants | -- | (10) |
| Depreciation | 41 | 34 |
| Reclassified loss of foreign exchange translation | -- | 142 |
| Intangible asset impairment | 571 | -- |
| Amortization of intangible assets | 209 | 209 |
| Accrued interest on convertible note receivable | (21) | (33) |
| Deferred tax liability | (305) | (81) |
| Accrued interest promissory note payable | 24 | 5 |
| | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 60 | 102 |
| Prepaid expenses and other current assets | 92 | (46) |
| Accounts payable, accrued expenses and other liabilities | 268 | 101 |
| Deferred revenue | (4) | 108 |
| Net cash used in operating activities | (3,565) | (2,431) |
| Cash flows from investing activities: | | |
| Acquisition of property and equipment | (17) | (22) |
| Net cash used in investing activities | (17) | (22) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of note payable | 678 | -- |
| Payments on note payable | (678) | -- |
| Proceeds from warrants exercised | 204 | -- |
| Proceeds from sale of common stock | 10,795 | -- |
| Financing costs | (1,349) | (162) |
| Proceeds from at-the-market facility | 23 | 6 |
| Net cash provided by financing activities | 9,673 | (156) |
| Net increase/(decrease) in cash and cash equivalents | 6,091 | (2,609) |
| Cash and cash equivalents as of beginning of year | 1,430 | 4,039 |
| Cash and cash equivalents as of end of year | $ 7,521 | $ 1,430 |
| | | |
| Supplemental disclosure of non-cash activities: | | |
| Amount receivable from stock option exercise | $ -- | $ 35 |
| Applied deferred financing costs | $ 162 | $ -- |

See accompanying notes to Consolidated Financial Statements.

**COLLABRX, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(All amounts in thousands, except share and per share data, unless otherwise noted)**

**Note 1.** ***Description of Business and Summary of Significant Accounting Policies***

**The Company**

CollabRx, Inc., a Delaware corporation ("CollabRx," the "Company" or "we," "us," or "our"), is the formerly named Tegal Corporation, a Delaware 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.

Originally, Tegal designed, manufactured, marketed and serviced specialized plasma etch systems used primarily in the production of micro-electrical mechanical systems ("MEMS") devices, such as sensors, accelerometers and power devices. Tegal also sold systems for the etching and deposition of materials found in other devices, such as integrated circuits ("ICs") and optoelectronic devices found in products such as smart phones, networking gear, solid-state lighting, and digital imaging.

As the Company transitioned away from its legacy lines of business in manufacturing and devices, it explored opportunities in various emerging technology sectors, including the photovoltaic solar and medical device industries. These efforts led to Tegal's investments in Sequel Power and NanoVibronix, as well as the Company's acquisition of CollabRx, a company that develops information technology products based systems and methods for aggregating and contextualizing the world's knowledge on genomics-based medicine, with specific applications in advanced cancer.

On July 12, 2012, we completed the transition of our business model with the closing of our acquisition of CollabRx. We intend that our acquisition of CollabRx will form the core of our operations going forward. The Company sought and received stockholder approval at the annual meeting held on September 2012 for an amendment to Tegal's Certificate of Incorporation, changing the corporate name to CollabRx, Inc.

The accompanying consolidated financial statements have been prepared assuming we will continue as a going concern.

*The CollabRx Merger*

On July 12, 2012, we completed the acquisition of CollabRx (the "Merger"), pursuant to an Agreement and Plan of Merger dated as of June 29, 2012, (the "Merger Agreement"). As a result of the Merger, CollabRx became a wholly-owned subsidiary of the Company. In consideration for 100% of the stock of CollabRx, we agreed to issue an aggregate of 236,433 shares of common stock, representing 14% of the Company's total shares outstanding prior to the closing, to former CollabRx stockholders. As of July 12, 2012, these shares had a fair value of $932. We also assumed $500 of existing CollabRx indebtedness through the issuance of promissory notes. The principal amount 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. Also the note receivable balance recognized in the period prior to the acquisition date consisted of an outstanding loan related to the Company's investment in CollabRx in the first quarter of fiscal year 2013. The Company's initial investment in CollabRx was in the form of a promissory note that accrued interest at a rate of 0.28% per year compounded annually and matured on or about November 7, 2012. After the completion of the acquisition of CollabRx, the loan was reclassified to be included as part of the purchase price, thereby extinguishing the $300 bridge loan previously extended to CollabRx. The Company did not pay any cash consideration in connection with the acquisition.

In addition, Tegal granted a total of 368,417 restricted stock units ("RSUs") and options as "inducement grants" to newly hired management and employees, all subject to four-year vesting and other restrictions. In December 2012, an aggregate of 215,475 RSUs were forfeited in connection with the resignation of James Karis as the Company's Co-Chief Executive Officer.

On July 12, 2012, in connection with the acquisition of CollabRx, pursuant to the Merger Agreement, dated June 29, 2012, we entered into an Agreement Not to Compete with Jay M. Tenenbaum (the "Noncompete"), pursuant to which Mr. Tenenbaum agreed to refrain from competing with the Company on the terms set forth therein for a period of three years commencing on July 12, 2012.

Also on July 12, 2012, we entered into a Stockholders Agreement (the "Stockholders Agreement") with the former stockholders of CollabRx. Pursuant to the Stockholders Agreement, (i) the Company has agreed to provide certain registration rights to the stockholders, and (ii) the stockholders have agreed to certain transfer restrictions and voting provisions for a period of two years.

In connection with the Merger Agreement and the Employment Agreement dated as of June 29, 2012 by and among the Company and James Karis, on July 12, 2012, Mr. Karis, the former Chief Executive Officer of CollabRx, was appointed the Co-Chief Executive Officer and a director of the Company. In December 2012, Mr. Karis resigned from his position as Co-Chief Executive Officer but remained on the Company's Board of Directors.

In addition, pursuant to the Indemnity Agreement dated as of July 12, 2012 by and between the Company and James Karis (the "Indemnity Agreement"), Mr. Karis has been granted customary indemnification rights in connection with his position as an officer and director of the Company.

Additional information is set forth, including the description of the Merger provided above, and is qualified in its entirety by reference to the full text of the transaction documents, copies of which are filed as exhibits to the Form 8-K reports filed July 5, 2012 and July 18, 2012.

**Principles of Consolidation and Foreign Currency Transactions**

The consolidated financial statements include the accounts of the Company and all of its subsidiaries and have been prepared in conformity with accounting principles generally accepted in the United States. Intercompany transactions and balances are eliminated in consolidation. Accounts denominated in foreign currencies are translated using the foreign currencies as the functional currencies. Assets and liabilities of foreign operations are translated to US dollars at current rates of exchange and revenues and expenses are translated using weighted-average rates. The effects of translating the financial statements of foreign subsidiaries into US dollars are reported as accumulated other comprehensive income (loss), a separate component of stockholders' equity. Gains and losses from foreign currency transactions are included in the statements of operations as a component of other income (expense), net, and were not material in all periods presented.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("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.

**Cash and Cash Equivalents**

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

As of March 31, 2015 and 2014, all of the Company's current investments are classified as cash equivalents in the consolidated balance sheets. The investment portfolio as of March 31, 2015 and 2014 is comprised of money market funds.

**Financial Instruments**

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable, notes receivable, accounts payable, accrued expenses and other liabilities approximates fair value due to their relatively short maturity. Based on the borrowing rates currently available to the Company, the note payable carrying value approximates fair value. With our exit from our historical operations, our exposure to foreign currency fluctuations has been mostly eliminated. The Company does not hold derivative financial instruments for speculative purposes. Previously, the Company would periodically enter into foreign exchange contracts to sell Euros, which are used to hedge a sales transaction in which costs were denominated in US dollars and the related revenue was generated in Euros. On March 31, 2015 and 2014, 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 US 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, we consider the principal or most advantageous market in which we would transact and we consider 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 money market funds. As of March 31, 2015, all of the Company's current assets in financial instruments investments were classified as cash equivalents in the consolidated balance sheet. Our cash equivalents totaled $7,521. The investment portfolio at March 31, 2015 was comprised of money market funds. The carrying amounts of the Company's cash equivalents are valued using Level 1 inputs. In addition, the Company values its investment in NanoVibronix at cost.

As of September 30, 2013, the Company's warrant liability has been extinguished, and the Company has no other financial instruments subject to using Level 3 inputs.

**Investments**

During the fourth quarter of fiscal year 2015, the Convertible Promissory Note was reclassified as an equity instrument at the carrying value of the note upon maturity, as NanoVibronix did not yet have an effective market price. The Company's carrying amount of its equity investment approximates fair value. 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.

Prior to conversion, the Company's investment in the Convertible Promissory Note consisted solely of the investment in NanoVibronix. That note bore interest at a rate of 10% per year compounded annually and matured on November 15, 2014. Interest was accrued and recognized quarterly. As of March 31, 2015 and 2014, the Convertible Promissory Note balance was $399 and $378, respectively, consisting of the original $300 investment and $99 and $78, respectively, in accrued interest. The entire outstanding principal balance and any outstanding fees or interest became due and payable in full on the maturity date. However, the Company agreed to convert the Promissory Note into equity. 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 were 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.

As of March 31, 2015, the NanoVibronix registration statement was not yet effective with the SEC nor was the NanoVibronix stock trading as it has not yet cleared the Depository Trust & Clearing Corporation ("DTC").The Company believes the maturity date value of the Convertible Promissory Note approximates the fair value of the investment as of March 31, 2015, as NanoVibronix did not yet have an effective market price.

Once the NanoVibronix, Inc. offering is complete, we expect the Company's Chief Executive Officer will become a member of the NanoVibronix, Inc. Board of Directors.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash investments and accounts receivable. Substantially all of the Company's liquid investments are invested in money market funds. The Company's accounts receivable are derived primarily from sales to customers located in the United States. Prior to our exit from our historical core operations, the Company performed ongoing credit evaluations of its customers and generally required no collateral. For fiscal years 2015 and 2014, the Company had zero reserves for potential credit losses as such risk was determined to be immaterial. 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 fiscal years 2015 and 2014. The Company reviews the estimated risk of current customers' inability to make payments on a quarterly basis to determine if any amount is uncollectible.

As of March 31, 2015, three customers accounted for 95% of our trade accounts receivable balance. As of March 31, 2014, four customers accounted for 100% of the trade accounts receivable balance. As of March 31, 2015, the balance in trade accounts receivable was $88. As of March 31, 2014, the balance in trade accounts receivable was $148.

Life Technologies, Inc. has been a major contributor to our revenues and gross profits in the past, however we have funded the Company's operating expenses primarily with cash on hand and the net proceeds from the sale of discontinued assets, as disclosed in prior and current filings. We are actively engaged in negotiations with several other companies who are interested in purchasing our content on similar terms or under annual subscriptions or software-as-a-service arrangements.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of the estimated useful life of the improvements or the lease term. Significant additions and improvements are capitalized, while repairs and maintenance are charged to expense as incurred. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are included in the results of operations. The Company generally depreciates its assets over the following periods:

| | **Years** |
|---|---|
| Furniture and machinery and equipment | 7 |
| Computer and software | 3 – 5 |
| Leasehold improvements | 5 or remaining lease life |

**Intangible Assets**

Intangibles include acquired technology, customer relationships, non-compete agreements, patents and trademarks that are amortized on a straight-line basis over periods ranging from 3 years to 10 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.

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 for impairment at least annually. The amortization expense included in cost of revenue is related to the acquired developed technology software and is amortized on a straight line basis over the expected life of the asset, which the Company believes to be ten years.

Prior to the acquisition of CollabRx, all of the Company's historical intangible assets, other than those related to NLD and Compact, were included in the asset sale of the DRIE product line to SPTS. The last of the intangible assets related to NLD and Compact were sold in the second quarter in fiscal year 2014.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the useful life is shorter than originally estimated or the carrying amount may not be recoverable as well as at fiscal year end. 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 fair value of the assets.

During the quarter ended March 31, 2015, we reviewed our long-lived assets for indicators of impairment in accordance with ASC 360 "Property, Plant and Equipment" and ASC 350 "Intangibles - Goodwill and Other." Based on reduced estimates of future revenues related to certain acquired assets, we identified a potential indicator of impairment. At the end of the fourth quarter of fiscal year 2015, the Company determined that a large portion of the remaining net book value of the developed technology software product and customer relationship assets acquired in the original CollabRx, Inc. merger should be impaired. Since the CollabRx acquisition in June 2012, the basis for the Company's future growth and profitability has changed materially and is no longer as based on as much of the acquired assets. The Company therefore recognized a total $571 in impairment charges, which included $415 for developed technology, and $156 for customer relationships. The impairment charge is included separately on the consolidated statement of operations. We also determined that the useful lives of the intangible assets developed technology and customer relationships are shorter than originally estimated. No impairment charges for intangible assets were recorded for the fiscal year ended 2014.

All of the Company's historical intangible assets, other than those related to NLD and Compact, were included in the asset sale of the DRIE product line to SPTS. As the Company's NLD patents and intellectual property were all internally developed (except for those acquired in connection with the Simplus acquisition, which were subsequently written-off) the value of the Company's NLD technology had no recorded value prior to sale.

Long-lived assets also consist of property, plant and equipment. The Company recorded disposal losses of $0 for fixed assets for each the fiscal years ended March 31, 2015 and 2014, respectively.

**Change of Accounting Estimate**

Upon the original acquisition of 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.

**Deferred Financing Costs**

Deferred financing costs represent expenses incurred to raise equity capital related to financing transactions which have not yet been completed as of the consolidated balance sheet dates.

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

For fiscal years 2015 and 2014, the Company had zero reserves for potential credit losses as such risk was determined to be immaterial. 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 fiscal years 2015 and 2014. The Company reviews the estimated risk of current customers' inability to make payments on a quarterly basis to determine if any amount is uncollectible.

As of March 31, 2015, the balance in trade accounts receivable was $88. As of March 31, 2014, the balance in trade accounts receivable was $148.

As of March 31, 2015, three customers accounted for 95% of our trade accounts receivable balance. As of March 31, 2014, four customers accounted for 100% of the trade accounts receivable balance.

**Revenue Recognition**

Each contract sale of our interpretive data is evaluated individually in regard to revenue recognition. We had integrated in our evaluation the related guidance included in Accounting Standards Codification ("ASC") Topic 605 – "Revenue Recognition". We recognized revenue when persuasive evidence of an arrangement exists, the seller's price is fixed or determinable and collectability is reasonably assured.

For arrangements that include multiple deliverables, we identify 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 selling price 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 we recognize estimated contract revenue and resulting income based on costs incurred to date as a percentage of the total estimated costs as we consider 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.

**Income Taxes**

We account for income taxes in accordance with ASC Topic 740, "Income Taxes", 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. We evaluate annually the realizability of 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, we have 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 we are able to generate income we may reduce or eliminate the valuation allowance.

**Earnings Per Share**

Basic earnings per share ("EPS") is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed using the weighted-average number of common shares outstanding plus any potentially dilutive securities, except when the effect of including such changes is antidilutive. The weighted-average number of shares and the (loss) income per share reflect a 1-for-5 reverse stock split effected by the Company on June 15, 2011.

**Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with ASC Topic 718 – "Compensation-Stock Compensation" ("ASC 718") which establishes accounting for stock-based awards exchanged for employee services. Accordingly, stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the employee's service period.

We have 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. Restricted stock awards do not expire. Certain restricted stock awards may vest on the achievement of specific performance targets. We also have an Employee Stock Purchase Plan ("ESPP") that allows qualified employees to purchase shares of common stock at 85% of the fair market value on specified dates. The ESPP plan expired on July 22, 2014.

**Comprehensive Loss**

Comprehensive loss is defined as the change in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. For the years ended March 31, 2015 and 2014, the Company had no items of other comprehensive loss. Therefore, the net loss equals comprehensive loss for the years then ended.

**Recent Accounting Pronouncements**

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") ASU No. 2014-08, "*Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*" "ASU 2014-08", which changes the requirements for reporting discontinued operations in Subtopic 205-20 "Presentation of Financial Statements - Discontinued Operations." The ASU changes the definition of discontinued operations by limiting discontinued operations reporting to disposals that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. Under current US GAAP, many disposals, some of which may be routine in nature and not representative of a substantive change in an entity's strategy, are reported in discontinued operations. ASU 2014-08 requires expanded disclosures for discontinued operations designed to provide users of financial statements with more information about the assets, liabilities, revenues, expenses and cash flows related to discontinued operations. ASU 2014-08 also requires an entity to disclose the pretax profit or loss (or change in net assets for a not-for-profit entity) of an individually significant component of an entity that does not qualify for discontinued operations reporting. The amendments in ASU 2014-08 are effective prospectively for fiscal years, and interim periods, beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Company does not expect the new guidance to have a material impact on our consolidated financial statements. See Note 5, Discontinued Operations.

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 US 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, 2016, 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) – 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 AUC 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 going concern from 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 2014-15 affects all companies and non-profits and early application is allowed. The Company is currently evaluating the impact of adopting this new guidance on our condensed consolidated financial statements.

**Note 2.** ***Balance Sheet and Statement of Operations Detail***

Property and equipment, net, consisted of:

| | March 31, 2015 | 2014 |
|---|---|---|
| Furniture | $ 144 | $ 133 |
| Office Equipment | 78 | 72 |
| Leasehold Improvements | 5 | 5 |
| Total | 227 | 210 |
| Accumulated Depreciation | (121) | (80) |
| Disposals | - | - |
| Total Property and Equipment | 106 | 130 |

Depreciation expense for years ended March 31, 2015 and 2014 was $41 and $34, respectively.

**Note 3.** ***Intangible Assets***

With the acquisition of CollabRx, and the impairment of the related acquired software in the current fiscal year, as of March 31, 2015, the Company's intangible assets net value was $501. The Company does not amortize the trade name as it has an indefinite life subject to annual impairment tests. The net book value of Goodwill was $603.

Amortization expense was $209 for each fiscal year 2015 and 2014, respectively. In fiscal year 2015, the Company impaired the value of its Developed Technology by $415, and Customer Relationships by $156.

As of March 31, 2015, intangible assets, net, not including goodwill, consisted of the following:

| | Gross | Accumulated Amortization | Impairment | Net |
|---|---|---|---|---|
| Developed Technology | $ 719 | $ (200) | $ (415) | $ 104 |
| Customer Relationships | 433 | (239) | (156) | 38 |
| Trade Name | 346 | - | - | 346 |
| Non Compete Agreement | 151 | (138) | - | 13 |
| Total | $ 1,649 | $ (577) | $ (571) | $ 501 |

As of March 31, 2014, intangible assets, net, not including goodwill, consisted of the following:

| | Gross | Accumulated Amortization | Impairment | Net |
|---|---|---|---|---|
| Developed Technology | $ 719 | $ (128) | $ - | $ 591 |
| Customer Relationships | 433 | (152) | - | 281 |
| Trade Name | 346 | - | - | 346 |
| Non Compete Agreement | 151 | (88) | - | 63 |
| Total | $ 1,649 | $ (368) | $ - | $ 1,281 |

Future estimated amortization expense is as follows:

| Year Ending March 31, | Estimated Amortization Expense |
|---|---|
| 2016 | $ 155 |
| 2017 | - |
| 2018 | - |
| 2019 | - |
| 2020 | - |
| Thereafter | - |
| | $ 155 |

The Company sold all remaining intangibles, except the NLD related patents, to SPTS on February 9, 2011. The Company retained the internally developed NLD patents and has sold all of these patents as of March 31, 2014.

Amortization expense was $209 for the fiscal years ended March 31, 2015 and 2014, respectively.

**Note 4.** ***Earnings Per Share (EPS)***

Basic EPS is computed by dividing 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. All amounts in the following table are in thousands except per share data. The weighted-average number of shares and the (loss) income per share reflect a 1-for-5 reverse stock split effected by the Company on June 15, 2011.

Basic net income (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 income (loss) per common share (in thousands, except per share data):

| | Year Ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Loss from continuing operations | $ (5,164) | $ (3,469) |
| Net income from discontinued operations, net of taxes | - | 155 |
| Net loss applicable to common stockholders | $ (5,164) | $ (3,314) |
| Basic and diluted: | | |
| Weighted-average common shares outstanding | 3,387 | 1,965 |
| Weighted-average common shares used in per share computation | 3,387 | 1,965 |
| Net loss per share from continuing operations: | | |
| Basic and diluted | $ (1.52) | $ (1.77) |
| Net income per share from discontinued operations: | | |
| Basic and diluted | $ - | $ 0.08 |
| Net loss per share: | | |
| Basic and diluted | $ (1.52) | $ (1.69) |

The following shares of common stock equivalents and warrants were excluded from the computation of diluted earnings per share for the years March 31, 2015 and 2014 because including them would have been anti-dilutive.

| | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Outstanding Options | 665,058 | 371,759 |
| Outstanding RSUs | 23,921 | 129,050 |
| | 688,979 | 500,809 |
| Warrants - Sequel | - | 92,888 |
| Warrants S-3 (June 2014) | 27,405 | - |
| Warrants - S-1 | 4,256,000 | - |
| Warrants - underwriters | 186,066 | - |
| Shares Excluded from EPS calculation | 5,158,450 | 593,697 |

The weighted-average exercise price per share of the excluded outstanding options and outstanding and deferred RSUs of 688,979 and 500,809 was $8.39 and $10.17, as of March 31, 2015 and 2014, respectively.

The warrants to purchase 92,888 shares of common stock had an exercise price of $3.15 per share, and represented the balance of Sequel Power's grant, which expired unexercised on January 14, 2015. In addition, the outstanding balance excludes 27,405 warrants to purchase shares of common stock, which were issued in connection with the recent public offering, which closed on June 25, 2104. These warrants have an exercise price of $2.50 per share and are not exercisable until June 24, 2015 and expire June 24, 2020. The S-1 warrants expire February 25, 2020 and have an exercise price of $1.18. Such securities could potentially dilute earnings per share in future periods.

**Note 5.** ***Discontinued Operations***

Until 2011, we 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. Previously, 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.

In a series of meetings in late May and early June 2009, our Board of Directors reviewed several basic strategic options presented by management, including investigating opportunities for the sale of the Company or its assets. In December 2009, having received no bona fide offers for the Company as a going concern, the Board and management agreed to continue operations and to offer selected asset groups to potential buyers.

On March 19, 2010, we completed the sale of the legacy Etch and PVD assets to OEM Group, Inc. We discontinued our development efforts in NLD at the end of fiscal 2010, and began offering these assets for sale to third-parties. At the same time, we began the process of closing and/or liquidating all of our other wholly-owned subsidiary companies, including SFI and Tegal GmbH, along with branches in Taiwan, Korea and Italy. The subsidiaries were then included in discontinued operations.

On February 9, 2011, the Company and SPTS entered into an Asset Purchase Agreement. That agreement included the sale of all of the shares of Tegal France, SAS, the Company's wholly-owned subsidiary and product lines and certain equipment, intellectual property and other assets relating to the DRIE systems and certain related technology. In accordance with generally accepted accounting principles, the DRIE business operations related to the designing, manufacturing, marketing and servicing of systems and parts within the semiconductor industry was presented in discontinued operations in our consolidated financial statements. Amounts for the prior periods were reclassified to conform to this presentation. The exit from the DRIE operation was essentially completed by the end of the fourth quarter of our 2011 fiscal year.

The assets and liabilities of discontinued operations are presented separately under the captions "Assets of discontinued operations" and "Liabilities of discontinued operations," respectively, in the accompanying consolidated balance sheets as of March 31, 2015 and 2014, respectively, and consist of the following:

| | March 31, 2015 | March 31, 2014 |
|---|---|---|
| **Assets of Discontinued Operations:** | | |
| Accounts and other receivables, net of allowances for sales returns and doubtful accounts of $0 | $ - | $ - |
| Prepaid expenses and other current assets | - | -- |
| Total assets of discontinued operations | $ - | $ - |
| | | |
| **Liabilities of Discontinued Operations:** | | |
| Accrued expenses and other current liabilities | $ - | $ 5 |
| Total liabilities of discontinued operations | $ - | $ 5 |

As of March 31, 2014, discontinued assets were eliminated with the final closure of the Company's foreign subsidiary. Discontinued liabilities are related to outstanding commission due. This commission is to be paid when the final documentation of the sale of the last two lots of patents is fulfilled. As of March 31, 2013 discontinued assets and liabilities are solely related to a foreign subsidiary.

Discontinued operations consists of interest income from accounts related to discontinued operations, other income, gains and losses on the disposal of fixed assets of discontinued operations, gains and losses on foreign exchange, as well as the reclassification of net expenses associated with our exit from our historical core operations.

During fiscal 2014, we recognized $365 from the sale of the last of our NLD patents. As these assets were internally developed, there was a corresponding zero book value. The NLD revenue was offset by related expenses of $98, resulting in a net gain, net of taxes, of $267. With this sale, the Company has no other intellectual property related to discontinued operations. Discontinued operations also included expenses related to the final closing of former foreign subsidiaries. In the three months ended June 30, 2013, the Company recognized a reclassification out of accumulated other comprehensive loss and into Loss from Discontinued Operations, net of taxes. The reclassification is related to the recognition of a non-cash loss of $142 from foreign exchange differences from its former Tegal foreign subsidiaries, primarily as a result of the final closing of the former Tegal German subsidiary. The Company received permission to close the German subsidiary in June 2013. No further audits or reviews are anticipated by foreign taxing authorities. The Company also recognized a cash gain of $20 in discontinued operations as a result of final closing of bank accounts in its Italian subsidiary and a federal tax refund regarding discontinued operations.

Total revenue from discontinued operations for fiscal years 2015 and 2014 was $0. The total income from discontinued operations, including income tax expense (benefit), was $0 and $155, for the same years, respectively.

**Note 6.** ***Income Taxes***

The deferred tax asset valuation allowance as of March 31, 2015 and 2014 is attributed to US federal, and state deferred tax assets, which result primarily from future deductible accruals, net operating loss carryforwards, and tax credit carryforwards. We believe that, based on a number of factors, the available objective evidence creates sufficient uncertainty regarding our ability to realize the deferred tax assets such that a full valuation allowance has been recorded. These factors include our history of losses, and the lack of carryback capacity to realize deferred tax assets.

In accordance with Section 382 of the Internal Revenue Code, the amounts of and benefits from net operating loss and tax credit carryforwards may be impaired or limited in certain circumstances. Events which cause limitations in the amount of net operating losses or credits that we may utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50% as defined, over a three year period.

We recognize interest and penalties related to uncertain tax positions in income tax expense. Income tax expense for the year ended March 31, 2015 includes no interest. As of March 31, 2015, we have no accrued interest and penalties related to uncertain tax positions.

As a result of the acquisition of CollabRx by stock purchase, the Company had no tax basis in the intangible assets acquired. During the year ended March 31, 2015, the Company recognized $305 in tax benefit as a result of this difference. The Company also recognized $81 for the year ended March 31, 2014 in tax benefit as a result of this difference.

Components of loss from continuing operations before income taxes is attributed to the following geographic locations for the years ended March 31, 2015 and 2014 (in thousands):

| **Year ended March 31,** | **2015** | **2014** |
|---|---|---|
| Domestic | $ (5,465) | $ (3,548) |
| Foreign | - | - |
| Income (loss) from continuing operations before income tax expense (benefit) | $ (5,465) | $ (3,548) |

Components of income tax expense (benefit) for the years ended March 31, 2015 and 2014 consisted of the following (in thousands):

| **Year ended March 31,** | **2015** | **2014** |
|---|---|---|
| Current: | | |
| U.S. Federal | $ - | $ - |
| State and Local | 4 | 2 |
| Foreign (credit) | - | - |
| Total current tax expense | 4 | 2 |
| Deferred | | |
| U.S. Federal | (305) | (81) |
| State and Local | - | - |
| Foreign (credit) | - | - |
| Total deferred tax (benefit) | (305) | (81) |
| | | |
| Total income tax expense (benefit) | $ (301) | $ (79) |

The income tax expense (benefit) for the years ended March 31, 2015 and 2014 differed from the amounts computed by applying the statutory US federal income tax rate as follows (in thousands):

| **Year ended March 31,** | **2015** | **2014** |
|---|---|---|
| Federal tax expense (benefit) at U.S. Statutory Rate | $ (1,754) | $ (1,126) |
| State tax expense (benefit) net of federal tax effect | (301) | (193) |
| Change in valuation allowance | (1,444) | 1,196 |
| Tax effect of acquired net operating loss carryforwards | 3,382 | - |
| Foreign SubF Germany | - | 251 |
| Amortization of deferred tax liability | (305) | (81) |
| Other items | 121 | (126) |
| Total income tax (benefit) | $ (301) | $ (79) |

Components of deferred taxes are as follows (in thousands):

| Year ended March 31, | 2015 | 2014 |
|---|---|---|
| Deferred tax liability: | | |
| Intangible assets | $ (195) | $ (500) |
| Deferred tax assets: | | |
| Deferred revenue | - | 48 |
| Accruals, reserves and other | 2,612 | 1,932 |
| Net operating loss carryforwards | 43,158 | 45,142 |
| Credit carryforward | 2,000 | 2,397 |
| Capitalized research and development costs | 299 | 299 |
| Other | 5 | 5 |
| Gross deferred tax assets | 47,879 | 49,323 |
| Valuation allowance | (47,879) | (49,323) |
| Net deferred tax asset | $ - | $ - |

The Company adopted FASB Interpretation No. 48, "*Accounting for Uncertainty in Taxes"*, (ASC Topic 740), on January 1, 2007. As a result of the implementation of ASC Topic 740, the Company did not recognize any adjustment to the liability for uncertain tax positions and therefore did not record any adjustment to the beginning balance of accumulated deficit on the consolidated balance sheet. As of the date of adoption, the Company recorded a $1.4 million reduction to deferred tax assets for unrecognized tax benefits, all of which is currently offset by a full valuation allowance and therefore did not record any adjustment to the beginning balance of accumulated deficit on the balance sheet at that time.

**Tabular Reconciliation of Unrecognized Tax Benefits**

| | |
|---|---|
| Ending Balance as of March 31, 2013 | 822 |
| Increase/(Decrease) of unrecognized tax benefits taken in prior years | - |
| Increase/(Decrease) of unrecognized tax benefits related to current year | 77 |
| Increase/(Decrease) of unrecognized tax benefits related to settlements | - |
| Reductions to unrecognized tax benefits related to lapsing statute of limitations | - |
| Ending Balance as of March 31, 2014 | $ 899 |
| Increase/(Decrease) of unrecognized tax benefits taken in prior years | - |
| Increase/(Decrease) of unrecognized tax benefits related to current year | (72) |
| Increase/(Decrease) of unrecognized tax benefits related to settlements | - |
| Reductions to unrecognized tax benefits related to lapsing statute of limitations | - |
| Ending Balance as of March 31, 2015 | $ 827 |

There are no positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date.

Because the statute of limitations does not expire until after the net operating loss and credit carryforwards are actually used, the statues are still open on fiscal years ended March 31, 1998 forward for federal purposes, and for fiscal years ended March 31, 2003 forward for state purposes. For the years prior to March 31, 2011 for federal purposes and prior to March 31, 2010 for state purposes, any adjustments would be limited to reduction in the net operating loss and credit carryforwards.

Total interest and penalties included in the statement of operations for the year ended March 31, 2015 is zero. It is the Company's policy to include interest and penalties related to uncertain tax positions in tax expense.

We have recorded no net deferred tax assets for the years ended March 31, 2015 and 2014, respectively. The Company has provided a valuation allowance of $47.9 million and $49.3 million as of March 31, 2015 and 2014, respectively. The valuation allowance fully reserves all net operating loss carryforwards, credits and non-deductible accruals and reserves, for which realization of future benefit is uncertain. The realization of net operating losses may be limited due to change of ownership rules. The valuation allowance decreased by $1.4 million in fiscal 2015 and increased by $1.2 million during fiscal 2014.

As of March 31, 2015, the Company has net operating loss carryforwards of approximately $118.2 million and $50.4 million for federal and state tax purposes, respectively. The federal and state of California net operating loss carryforward started to expire in the year ended March 31, 2013.

As of March 31, 2015, the Company also has research and experimentation credit carryforwards of $0.9 million and $0.9 million for federal and state income tax purposes, respectively. The federal credit began to expire in the year ended March 31, 2012 and the state of California will never expire under current law.

The Tax Reform Act of 1986 limits the use of net operating loss and tax credit carryforwards in certain situations where changes occur in the stock ownership of a corporation during a certain time period. In the event the Company had incurred a change in ownership, utilization of the carryforwards could be significantly restricted

**Note 7.** ***CollabRx Acquisition***

On July 12, 2012, we completed the acquisition of CollabRx, pursuant to the previously announced Merger Agreement, dated as of June 29, 2012. As a result of the merger, CollabRx became a wholly-owned subsidiary of the Company. In consideration for 100% of the stock of CollabRx, we agreed to issue an aggregate of 236,433 shares of common stock, representing 14% of the Company's total shares outstanding prior to the closing, to former CollabRx stockholders. As of July 12, 2012, these shares had a fair value of $932. We also assumed $500 of existing CollabRx indebtedness through the issuance of 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. Also the prior period note receivable balance consisted of an outstanding loan related to the Company's investment in CollabRx in the first quarter of the current fiscal year. The Company's initial investment in CollabRx was in the form of a promissory note that accrued interest at a rate of 0.28% per year compounded annually and matured on or about November 7, 2012. After the completion of the acquisition of CollabRx, the loan was reclassified to be included as part of the purchase price, thereby extinguishing the $300 bridge loan previously extended to CollabRx. The Company did not pay any cash consideration in connection with the acquisition.

In addition, Tegal granted a total of 368,417 RSUs and options as "inducement grants" to newly hired management and employees, all subject to four-year vesting and other restrictions. In December 2012, an aggregate of 215,475 RSUs were forfeited in connection with the resignation of James Karis as the Company's Co-Chief Executive Officer.

On July 12, 2012, in connection with the acquisition of CollabRx, pursuant to the Merger Agreement, dated June 29, 2012, we entered into an Agreement Not to Compete with Jay M. Tenenbaum (the "Noncompete"), pursuant to which Mr. Tenenbaum agreed to refrain from competing with the Company on the terms set forth therein for a period of three years commencing on July 12, 2012.

Also on July 12, 2012, we entered into a Stockholders Agreement (the "Stockholders Agreement") with the former stockholders of CollabRx. Pursuant to the Stockholders Agreement, (i) the Company has agreed to provide certain registration rights to the stockholders, and (ii) the stockholders have agreed to certain transfer restrictions and voting provisions for a period of two years.

In connection with the Merger Agreement and the Employment Agreement dated as of June 29, 2012 by and among the Company and James Karis, on July 12, 2012, Mr. Karis, the former Chief Executive Officer of CollabRx, was appointed the Co-Chief Executive Officer and a director of the Company. In December 2012, Mr. Karis resigned from his position as Co-Chief Executive Officer but remained on the Company's Board of Directors.

In addition, pursuant to the Indemnity Agreement dated as of July 12, 2012 by and between the Company and James Karis (the "Indemnity Agreement"), Mr. Karis has been granted customary indemnification rights in connection with his position as an officer and director of the Company.

Additional information is set forth in the Company's 8-K report filed on July 18, 2012, and is incorporated herein in its entirety by reference.

The purchase price for the CollabRx acquisition was allocated as follows:

**PURCHASE PRICE ALLOCATION FOR ACQUISITION OF COLLABRX**

| | | |
|---|---|---|
| Assets acquired: | | |
| Developed Technology | $ | 720 |
| Customer Relationships | | 433 |
| Trade Name | | 346 |
| Non Compete Agreement | | 151 |
| Cash | | 476 |
| AP and accrueds | | (333) |
| Deferred tax liability | | (664) |
| Goodwill | | 603 |
| Total Intangible Assets | | 1,732 |
| | | |
| Purchase Price summary: | | |
| Common Stock Consideration | $ | 932 |
| Promissory Note Assumed | | 500 |
| Loan/Note Payable Assumed | | 300 |
| | $ | 1,732 |

CollabRx offers cloud-based expert systems that provide clinically relevant interpretive knowledge to institutions, physicians, researchers and patients for genomics-based medicine in cancer and other diseases to inform health care decision making. With access to over 50 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, CollabRx is well positioned to participate in the $300 billion value-added "big data" opportunity in the US health care market (as reported by McKinsey Global Institute), over half of which specifically targets areas in cancer and cancer genomics. The Company recognized $83 in tax benefit in the year ended March 31, 2014 regarding the deferred tax liability related to this acquisition.

CollabRx provides this market data information so investors may understand the relevance of our estimates. We believe that overall size of the market for cancer diagnostics and therapeutics is a good indicator of the increasing importance of this market to a wide spectrum of health care providers, researchers and value-chain participants. The number of people affected by cancer, the information generated in connection with cancer research, the amount of money spent in the United States on cancer diagnostics and therapeutics are all relevant to the opportunity that we have identified. Further, we know that within these large markets, certain areas, including those that are directly addressed by CollabRx, are growing disproportionately because of advances in technology. Because the markets are emergent, and because our customers (particularly those within the diagnostic laboratory segment) are still developing their own diagnostic tests in oncology, we currently do not have reliable, publicly-available estimates to accurately determine the size of that particular market. It is with the recent emergence of multi-biomarker testing and multi-gene panels, to date largely performed by a single private company, that the requirement for complex integration of interpretive data has become a recognizable need. As the providers of testing platforms enable such testing at the individual laboratory level through increasingly more cost-effective technologies, and as more diagnostic labs develop their own tests based on these technologies, we believe that the market for independent interpretive analysis will expand rapidly. With regard to the market for our Therapy Finders and related products, we expect to garner some portion of the advertising budgets related to the marketing of cancer diagnostics and therapies, but we are not aware of any reliable, publicly-available estimates of market sizes for web-based tools of the type that we have developed.

With regard to our GVA, while genomic testing for cancer has been performed for a number of years by academic medical centers, such testing was largely focused on single biomarkers, for which the interpretation is relatively straightforward. It is with the recent emergence of multi-biomarker testing and multi-gene panels, to date largely performed by a single private company, that the requirement for complex integration of interpretive data has become a recognizable need. As the providers of testing platforms enable such testing at the individual laboratory level through increasingly more cost-effective technologies, and as more diagnostic labs develop their own tests based on these technologies, we believe that the market for independent interpretive analysis will expand rapidly.

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,

On December 7, 2012, CollabRx and James M. Karis entered into an Amendment No. 1 (the "Employment Agreement Amendment") to the Employment Agreement dated June 29, 2012 between the Company and Mr. Karis (the "Employment Agreement"). Pursuant to the Employment Agreement Amendment, Mr. Karis resigned as Co-Chief Executive Officer of the Company effective December 31, 2012 (the "Termination Date") but will continue to serve as a director of the Company and provide consulting services to the Company from time to time after the Termination Date. In addition, the Company waived its entitlement to recoup from Mr. Karis his signing bonus and Mr. Karis agreed to amend his RSU Agreement to terminate vesting as of the Termination Date. The Company and Mr. Karis also agreed to a mutual release of claims.

The full text of the Employment Agreement Amendment and the RSU Agreement amendment was filed as Exhibit 10.1 and 10.2 to the form 8-K filed on December 7, 2012, and is incorporated herein by reference in its entirety.

**Note 8.** ***Commitments and Contingencies***

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

| Year Ending March 31, | Operating Leases |
|---|---|
| 2016 | $ 126 |
| 2017 | 129 |
| 2018 | 54 |
| Thereafter | - |
| Total minimum lease payments | $ 309 |

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 $122 and $131, during the years ended March 31, 2015 and 2014, respectively.

As of September 1, 2012, we maintain our headquarters, encompassing our executive office and storage areas in San Francisco, California. We have a primary lease for office space, consisting of 2,614 square feet, which expires August 31, 2017. We also rent storage/workspace areas on a monthly basis. We own all of the equipment used in our facilities. Such equipment consists primarily of computer related assets and furniture.

**Note 9.** ***Sale of Common Stock and Warrants***

During fiscal years 2015 and 2014, the Company entered into a contract with certain consultants of the Company pursuant to which the Company granted stock options in lieu of some cash payments, dependent upon the continuation of the contract and the achievement of certain performance goals.

During the fiscal year 2011, the Company issued 185,777 warrants valued at $1,645 using the Black-Scholes option pricing model with an exercise price at the market value on the day of the grant (the date the Formation and Contribution Agreement was signed) and an average interest rate of 1.62% and a four year life. The Company booked $0 of expense for warrants previously issued. Currently, there are 92,888 warrants outstanding from the original grant. The balance of the original grant was irrevocably assigned and transferred unto the Company for cancelation by Sequel Power. In exchange, the Company agreed to waive receivables related to certain fees earned under its Services Agreement with Sequel Partners and its 25% ownership interest in Sequel Power.

As of March 31, 2014, there were no warrants outstanding. The last of these warrants expired in September 2013, and had an average exercise price of $30.

As of March 31, 2014, there were 1,810 shares issued from the At Market Distribution Plan 2014, which was set up as a result of the Company's S-3 filing in the third quarter of fiscal year 2014.

As of March 31, 2015, there were 4,469,471warrants outstanding, with a weighted-average exercise price of $1.20.

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 offering 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.

On June 25, 2014, the Company closed an underwritten public offering of 913,500 shares of its common stock, offered at a public offering price of $2.00 per share. Gross proceeds to CollabRx from this offering were $1,827 before deducting the underwriting discount and other estimated offering expenses payable by CollabRx. CollabRx used the net proceeds from this offering for general corporate purposes, including development of its products and services, general and administrative expenses and working capital. In addition to the offering of 913,500 shares of common stock, 27,405 warrants to purchase shares of common stock were issued to Aegis Capital Corporation. These warrants have an exercise price of $2.50 per share and are not exercisable until June 24, 2015 and expire June 24, 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 were $478.

As of March 31, 2015, there were 4,416,000 shares issued as a result of the Company's S-1 filing on February 25 and 2,716,535 shares issued as a result of the Company's S-3 filing on March 3, 2015.

**At Market Distribution Plan 2014**

Pursuant to the terms of the Company's At Market Distribution Plan ("2014 ATM Plan"), which was authorized and formalized as the result of the Company's S-3 filing, an aggregate of 709,046 shares of common stock are available for grant pursuant to the terms of the plan. The 2014 ATM Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights, performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, other stock-based awards, and performance-based awards. The option exercise price of all stock options granted pursuant to the 2014 ATM Plan will not be less than 100% of the fair market value of the common stock on the date of grant. Stock options may be exercised as determined by the Board, but in no event after the tenth anniversary date of grant, provided that a vested nonqualified stock option may be exercised up to 12 months after the optionee's death. Awards granted under the 2014 ATM Plan are generally subject to vesting at the discretion of the Committee. As of March 31, 2014, 707,236 shares were available for issuance under the 2014 ATM Plan.

**Note 10.*Employee Benefit Plans***

**Eighth Amended and Restated 1998 Equity Participation Plan (Eighth Amended and Restated)**

Pursuant to the terms of the Company's Eighth Amended and Restated 1998 Equity Participation Plan ("1998 Equity Plan"), aggregate of 333,333 shares of common stock were reserved for issuance pursuant to granted stock options and stock appreciation rights or upon the vesting of granted restricted stock awards. The exercise price of options generally was the fair value of the Company's common stock on the date of grant. Options are generally subject to vesting at the discretion of the Compensation Committee of the Board of Directors (the "Committee"). At the discretion of the Committee, vesting may be accelerated when the fair market value of the Company's stock equals a certain price established by the Committee on the date of grant. Incentive stock options will be exercisable for up to ten years from the grant date of the option. Non-qualified stock options will be exercisable for a maximum term to be set by the Committee upon grant. Upon the adoption of the 2007 Equity Plan, no further awards were issued under the 1998 Equity Plan.

**2007 Incentive Award Plan**

Pursuant to the terms of the Company's 2007 Equity Participation Plan ("2007 Equity Plan"), which was authorized as a successor plan to the Company's 1998 Equity Incentive Plan and Director Option Plan, an aggregate of 200,000 shares of common stock is available for grant pursuant to the 2007 Equity Plan, plus the number of shares of common stock which are or become available for issuance under the 1998 Equity Plan and the Director Option Plan and which are not thereafter issued under such plans. The 2007 Equity Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights, performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, other stock-based awards, and performance-based awards. The option exercise price of all stock options granted pursuant to the 2007 Equity Plan will not be less than 100% of the fair market value of the common stock on the date of grant. Stock options may be exercised as determined by the Board, but in no event after the tenth anniversary date of grant, provided that a vested nonqualified stock option may be exercised up to 12 months after the optionee's death. Awards granted under the 2007 Equity Plan are generally subject to vesting at the discretion of the Committee. As of March 31, 2015, 21,295 shares were available for issuance under the 2007 Equity Plan.

**Directors Stock Option Plan**

Pursuant to the terms of the Fifth Amended and Restated Stock Option Plan for Outside Directors, as amended, ("Director Option Plan"), an aggregate of 66,667 shares of common stock were reserved for issuance pursuant to stock options granted to outside directors. Each outside director who was elected or appointed to the Board on or after September 15, 1998 was eligible to be granted an option to purchase 1,667 shares of common stock and on each second anniversary after the applicable election or appointment shall receive an additional option to purchase 833 shares, provided that such outside director continued to serve as an outside director on that date. For each outside director, $1/12^{th}$ of the total number of shares will vest on the first day of each calendar month following the date of Option grant, contingent upon continued service as a director. Following the adoption of the 2007 Equity Plan, no further awards were issued under the Director Option Plan.

**Employee Qualified Stock Purchase Plan**

The Company has offered an employee qualified stock purchase plan ("Employee Plan") under which rights are granted to purchase shares of common stock at 85% of the lower of the market value of such shares at the beginning of a six month offering period or at the end of that six month period. Under the Employee Plan, the Company is authorized to issue up to 16,667 shares of common stock. There were no common stock shares purchased in fiscal years 2015 or 2014. Shares available for future purchase under the Employee Plan were 3,705 as of March 31, 2014. The plan expired July 22, 2014, and no further awards were issued under the Employee Plan.

**Savings and Investment Plan**

The Company has established a defined contribution plan that covers substantially all US employees. Employee contributions of up to 4% of each US employee's compensation will be matched by the Company based upon a percentage to be determined annually by the Board. Employees may contribute up to 15% of their compensation, not to exceed a prescribed maximum amount. The Company made contributions to the plan of $57 and $42, in the years ended March 31, 2015 and 2014, respectively.

**Note 11.*Stock Based Compensation***

A summary of stock option activity during the year ended March 31, 2015 is as follows:

| | Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Beginning outstanding, March 31, 2014 | 371,759 | $ 7.89 | 7.59 | $ 775.00 |
| Granted | 352,747 | 1.29 | | |
| Forfeited | (32,848) | 2.87 | | |
| Expired | (26,600) | 4.01 | | |
| | | | | |
| Ending outstanding, March 31, 2015 | 665,058 | $ 4.79 | 7.80 | $ 67,951.00 |
| Ending vested and expected to vest | 664,783 | $ 4.79 | 7.80 | $ 67,920.00 |
| Ending exercisable | 289,379 | $ 8.65 | 6.01 | $ 200.00 |

The aggregate intrinsic value of options and warrants outstanding as of March 31, 2015 is calculated as the difference between the exercise price of the underlying options and the market price of our common stock as of March 31, 2015.

The weighted-average estimated grant date fair value, as defined by ASC 718, for stock options granted during fiscal 2015 and 2014, was $0.87 and $3.06, per option, respectively.

The following table summarizes information with respect to stock options outstanding as of March 31, 2015:

| Range of Exercise Prices | | Number Outstanding As of March 31, 2015 | Weighted-Average Remaining Contractual Term (in years) | Weighted-Average Exercise Price | Number Exercisable As of March 31, 2015 | Weighted-Average Exercise Price As of March 31, 2015 |
|---|---|---|---|---|---|---|
| $ 0.75 | $ 1.50 | 218,679 | 9.67 | $ 0.80 | 15,000 | $ 1.35 |
| 1.99 | 3.22 | 190,567 | 9.10 | 2.55 | 77,817 | 2.46 |
| 3.35 | 6.00 | 158,997 | 6.83 | 3.90 | 99,747 | 3.89 |
| 11.70 | 17.80 | 47,024 | 3.54 | 12.13 | 47,024 | 12.13 |
| 21.00 | 34.20 | 38,960 | 2.13 | 22.67 | 38,960 | 22.67 |
| 41.40 | 41.45 | 10,831 | 0.43 | 41.40 | 10,831 | 41.40 |
| | | 665,058 | | | 289,379 | |

No shares were granted under the Employee Stock Purchase Plan during fiscal years 2015 and 2014.

The Company used the following valuation assumptions to estimate the fair value of options granted for the years ended March 31, 2015 and 2014, respectively:

| | Twelve Months Ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Expected life (years) | 6.0 | 6.0 |
| Volatility | 141.73% - 151.70% | 151.81% - 152.95% |
| Risk-free interest rate | 1.63% - 1.75% | 1.30% - 1.72% |
| Dividend yield | 0% | 0% |

***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. We estimate the fair value using a single option approach and amortize the fair value on a straight-line basis for options expected to vest. All options are amortized 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. We estimate 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 the implied yield in effect at the time of option grant on US Treasury 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 we do not anticipate paying any cash dividends in the foreseeable future.

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

The Company does not use multiple share-based payment arrangements.

**Restricted Stock Units**

The following table summarizes the Company's restricted stock award activity for the period ended March 31, 2015:

| | Number of Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Balance March 31, 2014 | 129,070 | $ 2.77 |
| Granted | 150,000 | 1.54 |
| Forfeited | (10,000) | 3.75 |
| Vested | (269,070) | 2.05 |
| Balance, March 31, 2015 | - | $ - |

The weighted-average estimated grant date fair value, as defined by ASC Topic 718 for restricted stock awards granted during fiscal 2015 and 2014 was $1.54 and $3.22, per award, respectively.

As of March 31, 2015 all restricted stock compensation costs were fully recognized, which included approximately $180 in additional expense related to the accelerated vesting of outstanding RSUs. There is no unrecognized compensation cost related to restricted stock remaining as of March 31, 2015.

As of March 31, 2015 there was $411 of total unrecognized compensation cost related to stock options which is expected to be recognized over a weighted-average period of 1.65 years.

Total stock-based compensation expense related to stock options and RSUs for the years ended March 31, 2015 and 2014 was $664 and $352, respectively.

**Note 12.** ***Geographical and Segment Information***

As of March 31, 2015, the Company's sole source of revenue was related to its genomics based information technology with respect to its acquisition of CollabRx. 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. For all periods presented, net sales by geographic region were all in the United States.

For all periods presented, total revenue was derived from our genomics based technology information activities. The Company only operates in this segment.

Revenues for each period presented are all part of continuing operations. No revenues for the fiscal years 2015 and 2014 have been reclassified to discontinued operations. All revenues of continuing operations are attributed to the United States.

The composition of our top five customers changed from year to year. In fiscal year 2015, six customers accounted 78% of our revenues. In fiscal year 2014, five customers accounted 96% of our revenues.

Long-lived assets consist of property and equipment and are attributed to the geographic location in which they are located.

All long-lived assets are located in the United States and are included in continuing operations. There are no long-lived assets in discontinued operations.

**Note 13.** ***Investment in Unconsolidated Affiliate***

As of the filing date of this Form 10-K report, the Company has had no investment in any unconsolidated affiliate since March 31, 2013.

**Note 14.** ***Promissory Notes Payable- Current Amounts Due***

On July 12, 2012, Tegal completed the acquisition of CollabRx, pursuant to the previously announced Agreement and Plan of Merger, dated as of June 29, 2012. As part of the purchase price, Tegal 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. The first installment due date is July 12, 2015. At that time, the Company must make its first payment of principal ($167) and unpaid accrued interest ($41). Principal payments of ($167) and ($166) will be made on July 12, 2016 and 2017, respectively.

**Note 15.** ***Subsequent Events***

Therapy Finder Exclusive Agreement Termination

In June 2015, CollabRx and Everyday Health, Inc. expect to terminate the exclusive agreement to distribute two Therapy Finders and the CancerRx mobile app through MedPage Today.

The Medytox Solutions, Inc. Merger

On December 6, 2014, CollabRx, Inc. ("CollabRx" or the "Company") and Medytox Solutions, Inc. ("Medytox") entered into a non-binding letter of intent for a potential business combination between the companies (the "Letter of Intent"). The Company pursued the business combination and engaged in, among other things, due diligence, the execution of a definitive agreement, obtaining necessary board of director and stockholder approvals and other customary conditions. On April 15, 2015, the Company and Medytox entered into a definitive agreement. Both parties are pursuing the consummation of the contemplated business combination.

**Item 9.** ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A.** ***Controls and Procedures***

***Evaluation of disclosure controls and procedures.*** As of March 31, 2015, 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 Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the report we file or submit 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 March 31, 2015 such disclosure controls and procedures were effective.

***Management's Annual Report on Internal Control Over Financial Reporting.*** Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

Our internal control over financial reporting includes those policies and procedures that:

• pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets;

• provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

• provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has conducted, with the participation of our Chief Executive Officer and our Acting Chief Financial Officer, an assessment, including testing of the effectiveness of our internal control over financial reporting as of March 31, 2015. Management's assessment of internal control over financial reporting was based on the framework in *Internal Control over Financial Reporting – Guidance for Smaller Public Companies* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, Management concluded that our system of internal control over financial reporting was effective as of March 31, 2015.

***Changes in Internal Control Over Financial Reporting.*** There were no changes in our internal control over financial reporting during the fourth quarter ended March 31, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of March 31, 2015 has not been audited by Burr Pilger Mayer, Inc., an independent registered public accounting firm, as stated in their report appearing above. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

**Item 9B.** ***Other Information***

None.

## PART III

**Item 10.** ***Directors, Executive Officers and Corporate Governance***

### DIRECTORS

The following table sets forth information regarding our directors as of March 31, 2015:

| Name | Age | Director Since |
|---|---|---|
| Paul Billings, M.D., Ph.D., Director | 62 | 2014 |
| James Karis, Director | 67 | 2012 |
| Jeffrey M. Krauss, Director | 58 | 1992 |
| Thomas R. Mika, President & CEO, Acting Chief Financial Officer, Secretary and Treasurer, Chairman of the Board of Directors | 63 | 2002 |
| Carl Muscari, Director | 63 | 2007 |

Paul R. Billings joined our Board of Directors on April 7, 2014. Paul Billings, MD, PhD, FACP, FACMG, is a nationally recognized expert on genomic and precision medicine and a board certified internist and clinical geneticist whose career has been devoted to improving patient care by expanding the use of medically relevant genomic technologies in clinical settings, most recently as Chief Medical Officer of Life Technologies, Inc. (acquired by Thermo Fisher Scientific, Inc. in March, 2014). Currently, Dr. Billings serves in multiple roles in industry and government, including as Executive Chairman, Melanoma Diagnostics, Inc., and director of Trovagene, Inc., DecisionQ, Inc. and PAX Neuroscience, Inc. He was Co-Founder and first Medical Director of the Cordblood Registry, Inc., past Senior Physician and SVP of Laboratory Corporation of America, Inc. (LabCorp), Co-Founder and Past Director of Omicia, Inc., Founder and EVP of GeneSage, Inc., and past Director of Ancestry.com, Inc. Dr. Billings currently serves on the Scientific Advisory Board of the FDA, the Genomic Medicine Advisory Committee at the Dept. of Veterans Affairs, and the National Academy of Sciences Institute of Medicine's Roundtable on Genomics. Dr. Billings was the former Director and Chief Science Officer of the Genomic Medicine Institute at El Camino Hospital. He was also a member of the United States Dept. of Health and Human Services Secretary's Advisory Committee on Genetics, Health and Society. Dr. Billings has held academic appointments at prestigious universities including Harvard University, UCSF, Stanford University and U. C. Berkeley, and has served as a physician at numerous medical centers. He is the author of nearly 200 publications and books on experimental and clinical medicine. His work on genetic discrimination was instrumental in the creation and passage of the federal Genetic Information Non-Discrimination Act of 2008. Dr. Billings holds an MD from Harvard Medical School and a PhD in immunology from Harvard University.

The Board of Directors has determined that Dr. Billings' substantial industry experience and his education give him the appropriate set of skills to serve as a member of our Board of Directors.

James M. Karis joined our Board of Directors in July 2012 with our acquisition of CollabRx where he served as its Chief Executive Officer from September 2011. Mr. Karis served as Co-Chief Executive Officer of our company from July 2012 until December 2012, after which he was appointed as CEO of Mapi Group, a service provider to the global healthcare industry. Prior to CollabRx, Mr. Karis was an independent consultant from May 2009 to September 2011. From January 2000 until May 2009, he served as President and Chief Executive Officer of Entelos, Inc., a US based life sciences technology company. Prior to Entelos, he held senior positions in the contract research industry, serving as Chief Operating Officer and President of PAREXEL International Corporation, and earlier, as Chief Operating Officer of Pharmaco International. He was the Vice President of International Operations for Baxter International and a founder of KMR Group, a leading pharmaceutical R&D benchmarking consulting firm. Mr. Karis serves on the Board of Directors of Datatrak, Inc. and also for one private company. Mr. Karis has a B.S. degree in Management and Economics from Purdue University and a Masters in Applied Economics from The American University.

The Board of Directors has determined that Mr. Karis' substantial work experience in companies in the management and healthcare industry and his education give him the appropriate set of skills to serve as a member of our Board of Directors.

Jeffrey M. Krauss has served as a director of our company since June 1992. Since February 2012, Mr. Krauss has been a managing member of PPC Enterprises, LLC a private equity firm, where he heads the firm's healthcare practice. From April 2000 until February 2012 Mr. Krauss was a Managing Member of Psilos Group Managers, LLC, a New York based venture capital firm, and a Managing Member of the general partner of Psilos Group Partners I, LP, Psilos Group Partners II, LP, Psilos Group Partners II-S, LP and Psilos III, each a venture capital partnership. From 1990 until April 2000, Mr. Krauss was a general partner of the general partner of Nazem & Company III, L.P. and Nazem & Company IV, L.P., both venture capital funds. He was also a general partner of The Transatlantic Fund, a joint venture capital fund between Nazem & Company and Banque Nationale de Paris of France. Prior to joining Nazem & Company, Mr. Krauss was a corporate attorney with the law firm of Simpson Thacher & Bartlett, where he specialized in leveraged buyout transactions. He currently serves as a director of several private companies.

Due to Mr. Krauss' long history with our company and his extensive experience as an investor in various companies, the Board of Directors believes that Mr. Krauss has skills and experience to contribute meaningfully to our Board of Directors and as Chairman of the Audit Committee.

Thomas R. Mika was appointed our President and Chief Executive Officer in March 2005 and appointed Chairman of the Board in October 2006. In addition to his role as CEO, Thomas R. Mika holds the positions of Chairman, President and Acting Chief Financial Officer of CollabRx, Inc. Mika was appointed President and Chief Executive Officer of Tegal in 2005 and Chairman of the Board the following year. His previous service with Tegal was as Executive Vice President and Chief Financial Officer and as member of the Board of Directors from 1992 to 2002, during which he managed activities resulting in the company's 1995 Initial Public Offering. Mika began his association with Tegal in 1990, when he served as consultant to Nazem & Company, a venture firm that acquired the company from Motorola in 1990. Previously, Mika founded IMTEC, a boutique investment firm whose areas of focus included health care, pharmaceuticals, media and information technology. Earlier in his career, Mika was a managing consultant with Cresap, McCormick & Paget and a policy analyst for the National Science Foundation, where he was a member of the initial three-person team that developed and published the landmark Science Indicators, the biennial report of the National Science Board to the President of the United States. Thomas R. Mika holds a Bachelor of Science degree in Microbiology from the University of Illinois at Urbana-Champaign and a Master of Business Administration degree from the Harvard Graduate School of Business.

The Board of Directors has concluded that Mr. Mika should serve on CollabRx's Board of Directors based on his deep knowledge of CollabRx gained from his positions as President and Chief Executive Officer, as well as his substantial senior management, finance and consulting experience.

Carl Muscari has served as a director of our company since November 2007. Mr. Muscari is currently the Chief Executive Officer of MSRC Co., a leading independent distributor of computer and electronics components based in Brentwood, New Hampshire. During his tenure at MSRC, Mr. Muscari has been credited with the turn-around and modernization of this privately held company. From 1999 until 2003, Mr. Muscari served as Chairman and CEO of Video Network Communications, Inc., based in Portsmouth, New Hampshire. Prior to VNCI, Mr. Muscari was President of Acuity Imaging, Inc., a machine vision company, and President & CEO of Exos, Inc. a private company with force-feedback controls technology incorporated into home video, arcades and PCs, which was sold to Microsoft in 1996. He was Executive Vice President and Chief Operating Officer of Madison Cable Corp., a high volume manufacturer of electronic cable for the computer industry, and the Vice President and General Manager of the Seals Division of Ferrofluidics Corp., a major supplier to the semiconductor, disk drive and aerospace industries. Mr. Muscari began his career at Westinghouse Corporation, where he was a thermal-hydraulic engineer. Mr. Muscari holds a BS Mechanical Engineering degree from Cornell University, an MS Mechanical Engineering degree from the Massachusetts Institute of Technology and an MBA from the Harvard University Graduate School of Business.

Based on Mr. Muscari's substantial executive experience in technology-based companies and his education, the Board of Directors believes Mr. Muscari has the appropriate set of skills to serve as a member of CollabRx's Board of Directors.

All directors hold office until our next annual meeting of the stockholders and until their successors have been duly elected or qualified. There are no family relationships between any of our directors or executive officers.

## EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers as of March 31, 2015. Dr. Gordon resigned from his position of Vice President Business Development and Strategic Alliances effective April 24, 2015.

| Name | Age | Position |
|---|---|---|
| Thomas R. Mika | 63 | President & CEO, Acting Chief Financial Officer, Secretary and Treasurer |
| Clifford Baron, Ph.D. | 55 | Vice President and Chief Operating Officer |
| Gavin Gordon, Ph.D. | 42 | Vice President of Business Development and Strategic Alliances |
| George Lundberg, M.D. | 82 | Editor in Chief and Chief Medical Officer |

Thomas R. Mika's biography is included in "Directors" above.

Clifford Baron was appointed our Vice President and Chief Operating Officer on March 5, 2014. Prior to that Dr. Baron's most recent position was with Accelrys, Inc., a $160M+ global software provider serving pharmaceutical, biotechnology, chemical, and materials corporations. Dr. Baron has a distinguished track record leading product and go-to-market efforts in prominent life science companies. Most recently, he held the positions of Director of Biology Product Marketing, Director of Business Development and Director of Professional Services at Accelrys, Inc. He founded Lexigraphix, LLC, a strategy consultancy serving biotechnology startups with an innovative web-based system to analyze intellectual property assets. Prior to that entrepreneurial endeavor, Dr. Baron was Senior Director of Global Solutions for Applied Biosystems, Inc. (now part of Life Technologies/Thermo Fisher) where he led software product management and coordinated Applied Biosystems' collaboration with Celera, now part of Quest Diagnostics, Inc. He was Director of Product Management at Pangea Systems / Doubletwist, a pioneering bioinformatics company, and Vice President of Product Development, Product Director and Manager of Technical Products and Information Services for Abacus Concepts, a statistical software company acquired by SAS Corp. Dr. Baron holds a BS in Biology from the University of Washington, and a Ph.D. in Biology from the University of California, Berkeley.

Gavin Gordon was appointed our Vice President of Business Development and Strategic Alliances on June 1, 2013. Prior to that Dr. Gordon served as our Head of Business Development from May 2010. Prior to joining CollabRx, Dr. Gordon was a professor at Harvard Medical School and the Co-Director of the Thoracic Surgery Oncology Laboratory at Brigham and Women's Hospital in Boston, Massachusetts. Dr. Gordon also held an academic appointment in the Dana-Farber/Harvard Cancer Center. Dr. Gordon's area of expertise is cancer-related therapies, medical devices and molecular diagnostics, and he has conducted technological and commercial due diligence, valuation, and financial modeling for leading healthcare, biotech, pharmaceutical, and medical devices companies. Dr. Gordon holds a B.A. degree in Chemistry from the University of North Carolina, a Ph.D. degree in Molecular and Cellular Pathology from the University of North Carolina School of Medicine, and a M.B.A. from the Franklin W. Olin Graduate School of Business at Babson College.

George Lundberg, M.D. was appointed our Chief Medical Officer on September 4, 2013. Dr. Lundberg has continued in his position as Editor-in-Chief and Chair of the Editorial Advisory Board of CollabRx. Dr. Lundberg has more than 30 years combined experience as Editor-in-Chief of JAMA (The Journal of the American Medical Association), the 10 American Medical Association specialty journals, American Medical News, Medscape, The Medscape Journal, e-Medicine from Web MD, and MedPage Today from Everyday Health. A frequent lecturer, radio and television guest, and a member of the Institute of Medicine of the National Academy of Sciences, the Industry Standard dubbed Dr. Lundberg "Online Healthcare's Medicine Man" in 2000. Prior to joining CollabRx in 2010, Dr. Lundberg served as the President of the American Society for Clinical Pathology, Professor of Pathology and Associate Director of Laboratories at the Los Angeles County/USC Medical Center for 10 years, and for 5 years was the Professor and Chair of Pathology at the University of California, Davis. He served in the US Army during the Vietnam War, leaving as a lieutenant colonel after 11 years. Prior to his military service, Dr. Lundberg completed a clinical internship in Hawaii and a pathology residency in San Antonio. Called the medical Internet "pioneer" in 1995, Dr. Lundberg holds earned and honorary degrees from North Park College, Baylor University, the University of Alabama (Birmingham and Tuscaloosa), the State University of New York, Syracuse, Thomas Jefferson University and the Medical College of Ohio. Dr. Lundberg has worked in tropical medicine in Central America and Forensic Medicine in New York, Sweden, and England. His major professional interests are toxicology, violence, communication, physician behavior, patient safety, and health system reform. In addition to serving as Chief Medical Officer and Editor-In-Chief for CollabRx, Dr. Lundberg is presently President and Chair of the Board of Directors of The Lundberg Institute, a Consulting Professor at Stanford University, and Editor at Large for Medscape from WebMD.

There are no family relationships between any of our directors or executive officers.

## BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

In fiscal 2015, the Board of Directors held nine paid meetings and two unpaid meetings. All directors attended at least 75% of the total number of board meetings and meetings of board committees on which the directors served during the time they served on the board or committees.

The Board of Directors has determined each of the following current directors is an "independent director" as such term is defined in Marketplace Rule 5605(a)(2) of the Nasdaq Stock Market: Paul R. Billings, Jeffrey M. Krauss and Carl Muscari.

The Board of Directors has established a standing Audit Committee, a standing Compensation Committee and a standing Nominating/Corporate Governance Committee. Each of our Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee is composed entirely of independent directors in accordance with current Nasdaq listing standards. Furthermore, each member of our Audit Committee meets the additional independence and financial requirements standards required by the Nasdaq Stock Market and the Securities and Exchange Commission, or SEC. The Board of Directors has further determined that Jeffrey M. Krauss, Chairman of the Audit Committee, is an "audit committee financial expert," as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC, by virtue of his relevant experience listed in his biographical summary provided above.

### Audit Committee

In fiscal year 2015, the Audit Committee consisted of Messrs. Krauss (Chairman), Billings and Muscari. The Audit Committee reviews the adequacy of internal controls and the results and scope of the audit and other services provided by the Company's independent auditors. The Audit Committee meets periodically with management and the independent auditors. The Audit Committee held four meetings in fiscal 2015. The Board of Directors has adopted an Audit Committee Charter, a copy of which is posted on our website at www.collabrx.com.

**Compensation Committee**

In fiscal year 2015, the Compensation Committee consisted of Messrs. Muscari (Chairman), Billings and Krauss. The Compensation Committee held two meetings in fiscal 2015. The functions of the Compensation Committee include establishing salaries, incentives and other forms of compensation for our officers and other employees and administering our incentive compensation and benefit plans. The Board of Directors has adopted a compensation committee charter, a copy of which is posted on our website at www.collabrx.com.

**Compensation Committee Interlocks and Insider Participation**

There are no interlocking relationships between the Board of Directors or the Compensation Committee and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past.

**Nominating/Corporate Governance Committee**

In fiscal year 2015, the Nominating/Corporate Governance Committee was comprised of Messrs. Muscari (Chairman), Krauss and Billings. The Nominating/Corporate Governance Committee did not hold any meetings in fiscal 2015. The Committee met informally on several occasions to discuss particular candidates and matters related to corporate governance. The functions of the Nominating/Corporate Governance Committee are to identify qualified candidates for election to the Board of Directors and establish procedures for the director candidate nomination and evaluation. The Nominating/Corporate Governance Committee is also responsible for developing and recommending to our Board of Directors corporate governance guidelines, as well as overseeing the evaluation of our Board of Directors. The Board of Directors has adopted a Nominating/Corporate Governance Committee charter, a copy of which is posted on our website at www.collabrx.com.

The Nominating/Corporate Governance Committee considers candidates for director nominees proposed by directors, the Chief Executive Officer and stockholders. The Nominating/Corporate Governance Committee may retain recruiting professionals to identify and evaluate candidates for director nominees. No recruiting professionals were retained for this purpose during fiscal 2015.

The Nominating/Corporate Governance Committee strives for a mix of skills and diverse perspectives that are essential for the Board of Directors. In selecting the nominees, the Nominating/Corporate Governance Committee assesses the independence, business judgment, management, accounting and finance, industry and technology knowledge, understanding of manufacturing, leadership, strategic vision, knowledge of international markets and marketing. Further criteria include a candidate's personal and professional ethics, integrity and values, as well as the willingness to devote sufficient time to attend meetings and participate effectively on the Board of Directors. Although the Nominating/Corporate Governance Committee may consider whether nominees assist in achieving a mix of Board members that represents a diversity of background and experience, which is not only limited to race, gender or national origin, we have no formal policy regarding board diversity.

Stockholders may recommend potential candidates for director. Recommended candidates are screened according to the criteria outlined above and some recommended candidates may be interviewed by the Nominating/Corporate Governance Committee. The same identifying and evaluating procedures apply to all candidates for direct nomination, including candidates nominated by stockholders.

No candidates were recommended by stockholders during fiscal 2015.

## CODE OF BUSINESS CONDUCT AND ETHICS

Our Code of Business Conduct and Ethics is available to stockholders, upon written request, and is posted on the Company's website at www.collabrx.com. If you would like a copy of our Code of Business Conduct and Ethics, please send your request to: Thomas R. Mika, Secretary, CollabRx, Inc., 44 Montgomery Street, Suite 800, San Francisco, California 94104.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act, requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the SEC. Officers, directors and greater-than-ten-percent holders are required to furnish us with copies of all such forms which they file.

To our knowledge, based solely on our review of such reports or written representations from certain reporting persons, we believe that all of the filing requirements applicable to our officers, directors, greater than 10% beneficial owners and other persons subject to Section 16 of the Exchange Act were complied with during the fiscal year ended March 31, 2015.

## Item 11. *Executive Compensation*

### Compensation Discussion and Analysis

### Overview of Compensation Programs and Philosophy

Our philosophy is to provide a total compensation package that is competitive with the prevailing practices for our industry and geographic location. We believe that there should be a strong link between pay and performance, both at the company level and the individual level. Although we believe that exceptional individual performance should be rewarded, we believe that such rewards should not be made unless there has been strong company performance as well.

### Components of CollabRx's Compensation Program

There are four major elements that comprise CollabRx's executive officer compensation program:

(i) base salary;
(ii) annual cash bonus upon discretion of board;
(iii) long-term incentives, such as stock options and restricted stock unit awards; and
(iv) retirement benefits provided under a 401(k) plan and health benefits.

CollabRx has selected these elements because each is considered useful and/or necessary to meet one or more of the principal objectives of our compensation policy.

Base salary and bonus target percentages are set with the goal of attracting and retaining employees, adequately compensating them on a day-to-day basis for the time spent and the services they perform and rewarding them for achievement of specified levels of financial and individual performance. Our equity awards are intended to provide an incentive and reward for the achievement of long-term business objectives, including achievement of our financial goals and growth of our company. We believe that these elements of compensation, when combined, are effective, and will continue to be effective, in achieving the objectives of our compensation programs.

Our compensation program is intended to assure that our compensation and benefits policies attract, motivate and retain the key employees necessary to support our growth and success, both operationally and strategically. We intend to design and implement compensation and benefit programs for our officers and other executives in order to meet these guiding principles. To meet these objectives, we have adopted the following overriding policies:

- Use total cash compensation (salary plus annual cash bonus) to recognize appropriately each individual officer's scope of responsibility, role in the organization, experience and contributions; and

- Reward performance by:

    - Providing short-term bonus compensation by establishing a bonus plan to reward corporate and individual achievement; and

    - Providing long-term incentives in the form of stock options and restricted stock unit awards in order to retain those individuals with the leadership abilities necessary for increasing long-term stockholder value while aligning the interests of our officers with those of our stockholders.

The above policies were established by the Compensation Committee (the "Committee") of our Board of Directors in setting executive officer compensation, including the assessment of the appropriate allocation among salaries and short- and long-term incentives. Other considerations include CollabRx's business objectives, competitive practices and trends and regulatory requirements.

### Oversight of Executive Compensation

Our executive compensation program is overseen and administered by the Committee, which is comprised entirely of independent directors as determined in accordance with various Nasdaq Stock Market, Securities and Exchange Commission and Internal Revenue Code rules.

The Committee meets regularly with CollabRx's President and Chief Executive Officer, Mr. Mika, to obtain recommendations with respect to our compensation programs, practices and packages for executives, other employees and directors. Mr. Mika makes recommendations to the Committee on the base salary, bonus targets and equity compensation for the executive team and other employees. The Committee considers, but is not bound to and does not always accept, Mr. Mika's recommendations with respect to executive compensation. The Committee seriously considers proposals made by Mr. Mika, and executive compensation levels established for fiscal year 2014 were generally based upon recommendations made by Mr. Mika.

Mr. Mika attends some of the Committee's meetings, but the Committee also regularly holds executive sessions not attended by any members of management or non-independent directors. The Committee discusses Mr. Mika's compensation package with him, but makes decisions with respect to Mr. Mika's compensation without him present. The Committee has the ultimate authority to make decisions with respect to the compensation of our named executive officers. All grants of stock options to newly-hired employees and to existing employees are made by the Committee or the Board of Directors at regularly scheduled quarterly meetings. The Committee also has authorized Mr. Mika to make salary adjustments and bonus decisions for all employees other than executive officers.

The Committee reviews the compensation program on an as-needed basis. In setting compensation levels for a particular executive, the Committee takes into consideration the proposed compensation package as a whole and each element individually, as well as the executive's past and expected future contributions to our business.

In determining the particular elements of compensation that will be used to implement CollabRx's overall compensation policies, the Committee reviews our financial performance, the continued improvement expected in the coming fiscal year in operating budgets, achievement of targeted revenue, gross profit and operating expense levels, as well as the competitive environment in which we operate.

**Reliance on Compensation Consultants**

The Committee has the authority to engage its own independent advisors to assist in carrying out its responsibility. In fiscal 2015, the Committee did not retain a compensation consultant.

**Base Salary**

The base salary for each named executive officer is generally established through negotiation at the time the executive is hired, taking into account the executive's qualifications, experience, prior salary and competitive salary information. Each year, the Committee determines whether to approve merit increases to our named executive officers' base salaries based upon their individual performance and the recommendations of Mr. Mika. As a result of such a review, Mr. Mika's salary during fiscal 2015 was increased effective December 1, 2014. Dr. Gordon's salary was set upon his appointment as Vice President of Business Development and Strategic Alliances. Dr. Lundberg's salary was set upon his appointment as Chief Medical Officer. Dr. Baron's salary was set upon hiring as Vice President and Chief Operating Officer.

**Bonus Plan**

In order to motivate executives and managers in the attainment of our annual goals and to enhance our ability to attract and retain key managerial employees through a competitive compensation package, in past years we have adopted an annual discretionary performance bonus plan for certain executives and managers. Under this plan, each named executive officer or manager typically has an annual bonus incentive target expressed as a percentage of that executive's or manager's base salary. In light of the Company's financial performance in 2015, the Compensation Committee awarded a $15,000 bonus to Clifford Baron, Vice President and Chief Operating Officer. The Compensation Committee did not award, and the remaining named executive officers did not earn, any performance-based cash incentive awards in fiscal 2015.

**Long-Term Incentive Compensation**

CollabRx provides long-term incentive compensation through awards of stock options and restricted stock units that generally vest over multiple years. CollabRx's equity compensation program is intended to align the interests of our officers with those of our stockholders by creating an incentive for our officers to maximize stockholder value. The equity compensation program also is designed to encourage our officers to remain employed with CollabRx in a very competitive labor market.

Equity-based incentives are granted to our officers under CollabRx's stockholder-approved equity incentive plan. The Committee has in the past several years only granted equity awards to executive officers at its scheduled meetings. Grants approved during scheduled meetings become effective and are priced as of the date of approval, or a predetermined future date (for example, new hire grants are effective as of the later of the date of approval or the newly hired employee's start date), provided that if a public announcement of material information other than quarterly earnings is anticipated, the grant date may be deferred at the discretion of the Board of Directors or Committee until after release of such information. All grants of stock options or other equity awards to newly-hired employees are made by the Committee or the Board of Directors at regularly scheduled quarterly meetings. The exercise price of all options is at the closing price of our common stock on the grant date, as reported by the Nasdaq Capital Market.

In fiscal 2015, for the award of stock options and restricted stock unit awards for management the Committee took into consideration:

- achievement of specific strategic and operational goals, including the sale of the Company's historical assets
- achievement of operating results

- achievement of certain strategic partnerships
- improvement in the Company's stock price
- transition of the Company to a new business model that has the potential to reverse the Company's recent historic losses and, in particular, achieving long-term gains in the Company's stock price.

The number of options and restricted stock units the Committee grants to each officer and the vesting schedule for each grant is determined based on a variety of factors, including the Committee's goal of increasing the proportion of long-term incentive compensation awarded to executive officers.

**Other Benefits and Perquisites**

Our named executive officers are eligible to participate in our Employee Savings and Retirement Plan (the "401(k) Plan"). Under the 401(k) Plan, all CollabRx employees are eligible to participate and to receive matching contributions from CollabRx that are subject to vesting over time.

CollabRx also offers a number of other benefits to the named executive officers pursuant to benefit programs that it maintains for broad-based employee participation. These benefits programs include medical, dental and vision insurance, long-term and short-term disability insurance, life and accidental death and dismemberment insurance, health and dependent care flexible spending accounts, business travel insurance, educational assistance, employee assistance and certain other benefits.

Accounting and Tax Considerations

In designing its compensation programs, CollabRx takes into consideration the accounting and tax effect that each element will or may have on CollabRx and the executive officers and other employees as a group. CollabRx recognizes a charge to earnings for accounting purposes when either stock options or restricted stock unit awards are granted. In addition, since restricted stock unit awards provide immediate value to employees once vested, while the value of stock options is dependent on future increases in the value of CollabRx stock, CollabRx may be able to realize the same retention value from a smaller number of shares of restricted stock units as compared to stock options.

In addition, CollabRx has not provided any executive officer or director with a gross-up or other reimbursement for tax amounts the executive might pay pursuant to Section 280G or Section 409A of the Internal Revenue Code.

In determining which elements of compensation are to be paid, and how they are weighted, CollabRx also takes into account whether a particular form of compensation will be considered "performance-based" compensation for purposes of Section 162(m) of the Internal Revenue Code. Under Section 162(m), CollabRx generally receives a federal income tax deduction for compensation paid to certain executive officers only if the compensation is less than $1 million during any fiscal year or is "performance-based" under Section 162(m). The Committee currently intends to continue seeking a tax deduction for all of CollabRx's executive compensation, to the extent we determine it is in the best interests of CollabRx. All of the stock options and restricted stock units granted to our executive officers qualify under Section 162(m) as performance-based compensation.

**Compensation Committee Report**

We, the Compensation Committee of the Board of Directors of CollabRx, Inc., have reviewed and discussed the Compensation Discussion and Analysis contained in this Amendment with management. Based on such review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in CollabRx's Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

Submitted on June 19, 2015 by the members of the Compensation Committee of the Board of Directors.

THE COMPENSATION COMMITTEE

Carl Muscari, Chair
Paul Billings
Jeffrey M. Krauss

## EXECUTIVE COMPENSATION

The following table shows, for the fiscal years ended March 31, 2015 and March 31, 2014, the cash compensation paid by us and our subsidiaries as well as certain other compensation paid or accrued for those years for services in all capacities to the person serving as the Chief Executive Officer during fiscal 2015 and our other executive officers whose total annual salary and bonus exceeded $100,000 in fiscal 2015, which executives are referred to as the "named executive officers".

### Summary Compensation Table

| Name and Principal Position | Fiscal Year | Salary ($) | Bonus ($) | Stock Awards ($) (1) | All Other Compensation ($) (2) | Total ($) |
|---|---|---|---|---|---|---|
| Thomas Mika | 2015 | 293,635 | 0 | 230,500 | 10,680 | 534,815 |
| President & Chief Executive Officer, Acting Chief | 2014 | 285,135 | 0 | 0 | 10,200 | 295,335 |
| Financial Officer, Secretary and Treasurer | 2013 | 285,135 | 0 | 132,600 | 10,000 | 427,735 |
| Clifford Baron, Ph.D. | 2015 | 200,000 | 15,000 | 24,950 | 7,369 | 247,319 |
| Vice President and Chief Operating Officer | 2014 | 13,846 | 0 | 144,600 | 0 | 158,446 |
| Gavin Gordon, Ph.D. | 2015 | 185,000 | 0 | 24,950 | 0 | 209,950 |
| Vice President of Business Development and | 2014 | 182,404 | 0 | 28,100 | 0 | 210,504 |
| Strategic Alliances | | | | | | |
| George Lundberg, M.D. | 2015 | 150,000 | 0 | 8,485 | 6,000 | 164,485 |
| Editor in Chief and Chief Medical Officer | 2014 | 139,423 | 0 | 0 | 5,577 | 145,000 |

(1) The amount is calculated by taking the aggregate number of restricted stock units multiplied by the closing sales price of our common stock on the grant date in accordance with FASB ASC 718. The Company estimates the fair value of stock options granted using the Black-Scholes option pricing model.

(2) All other compensation in fiscal year 2015 and 2014 includes for all individuals the value of the Company match under the 401(k) Plan.

(3) Dr. Baron joined CollabRx as Vice President and Chief Operating Officer on March 5, 2014.

## OUTSTANDING EQUITY OPTION AWARDS AT FISCAL YEAR END

The following table sets forth the outstanding stock options held by the named executive officers at March 31, 2015. Some 59,500 shares of plan-based option awards were granted to officers during the fiscal year ended March 31, 2015, and 150,000 restricted stock awards were granted to officers during the fiscal year ended March 31, 2015.

| | Options Awards | | | | Restricted Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) (1) Unexercisable | Option Exercise Price ($) | Option Expiration Date (2) | Number of Securities Underlying Vested | Number of Securities Underlying Unvested | Market Price at Grant Date ($) | RSU Expiration Date (3) |
| Thomas Mika | 3,267 | 0 | 23.00 | 11/15/2016 | | | | |
| | 20,730 | 0 | 21.00 | 12/18/2017 | | | | |
| | 43,692 | 0 | 11.70 | 11/5/2018 | | | | |
| | | | | | | | | |
| Clifford Baron | 3,750 | 11,250 | 1.99 | 7/3/2024 | | | | |
| | 0 | 10,000 | 0.75 | 12/8/2024 | | | | |
| | | | | | | | | |
| Gavin Gordon | 3,750 | 11,250 | 1.99 | 7/3/2024 | | | | |
| | 0 | 10,000 | 0.75 | 12/8/2024 | | | | |
| | | | | | | | | |
| George Lundberg | 1,125 | 3,375 | 1.99 | 7/3/2024 | | | | |
| | 0 | 5,000 | 0.75 | 12/8/2024 | | | | |

(1) The Options granted on July 3, 2014 shall vest with respect to one-eighth or twelve and one-half percent (12.5%) of the total number of Shares subject to the Option on each of the first days of the last month of each fiscal quarter following the Vesting Commencement Date, subject to Participant's continued status as an employee on each applicable vesting date, such that all Shares subject to the Option shall be fully vested by June 1, 2016. The vesting dates are as follows: 09/01/2014, 12/01/2014, 03/01/2015, 06/01/2015, 09/01/2015, 12/01/2015, 03/01/2016, 06/01/2016. The Options granted on December 8, 2014 shall be exercisable beginning at the closing date of the closing the merger with Medytox Solutions.

(2) The expiration date of each option occurs ten year after the date of grant of each option.

(3) The expiration date of each restricted stock unit occurs ten years after the date of grant.

**Employment and Change in Control Agreements**

CollabRx provides for certain severance benefits in the event that an executive's employment is involuntarily or constructively terminated. Such severance benefits are designed to alleviate the financial impact of an involuntary termination through salary (and, with respect to Mr. Mika bonus) with the intent of providing for a stable work environment. We believe that reasonable severance benefits for our executive officers are important because it may be difficult for our executive officers to find comparable employment within a short period of time following certain qualifying terminations. CollabRx also believes these benefits are a means reinforcing and encouraging the continued attention and dedication of key executives of CollabRx to their duties of employment without personal distraction or conflict of interest in circumstances which could arise from the occurrence of a change in control. We believe that the interests of stockholders will be best served if the interests of our senior management are aligned with them, and providing severance and change in control benefits should eliminate, or at least reduce, the reluctance of senior management to pursue potential change in control transactions that may be in the best interests of stockholders.

CollabRx extends severance benefits because they are essential to help CollabRx fulfill its objectives of attracting and retaining key managerial talent. These agreements are intended to be competitive within our industry and company size and to attract highly qualified individuals and encourage them to be retained by CollabRx. While these arrangements form an integral part of the total compensation provided to these individuals, and are considered by the Committee when determining executive officer compensation, the decision to offer these benefits did not influence the Committee's determinations concerning other direct compensation or benefit levels. The Committee has determined that such arrangements offer protection that is competitive within our industry and company size and to attract highly qualified individuals and encourage them to be retained by CollabRx.

*Employment Agreement with Thomas R. Mika*: CollabRx previously entered into an at-will employment agreement with Mr. Mika, which was amended and restated as of February 12, 2013. The employment agreement has an initial term of two years and is subject to annual automatic one-year extensions unless either party provides prior notice of its intention not to renew. Under the agreement, Mr. Mika's annual base salary is initially set at $284,000 per year subject to review and potential increase in accordance with Company policy. The employment agreement also provides for an annual target bonus equal to 50% of Mr. Mika's annual base salary payable upon achievement of targets and other objectives set by the Board and for annual long-term incentive awards with a fair market value on the date of grant equal to 100% of Mr. Mika's annual base salary. Effective December 1, 2014, Mr. Mika's salary was increased to $310,000 annually.

The employment agreement provides that in the event that Mr. Mika's employment is terminated by us other than for "cause", if he resigns for "good reason," dies or becomes disabled, or if we give notice of nonrenewal of the term, he will receive a payment equal to two times his then-prevailing base salary, plus an amount equal to two times the average annual incentive bonus paid to Mr. Mika for the three most recently completed fiscal years in which a cash bonus program covering Mr. Mika was in effect or a cash bonus was actually paid, plus 24 months of COBRA payments, all payable in two equal lump sum payments, the first within 60 days following the date of separation and the second on the first anniversary of the date of separation. In the event that within three months prior or twelve months following a "change of control," he is terminated by us other than for "cause" or if he resigns for "good reason", the severance benefits will be payable in a lump sum and any long-term incentive awards outstanding shall become fully vested, and if applicable, exercisable.

For purposes of the employment agreement, "cause" generally means Mr. Mika's willful engagement in an act or omission which is in bad faith and to the detriment of CollabRx, engagement in misconduct, gross negligence, or willful malfeasance, in each case that causes material harm to CollabRx, breach of the employment agreement in any material respect, habitual neglect of or material failure to perform his duties (other than any failure resulting solely from physical or mental disability or incapacity) after a written demand for performance is delivered to him by CollabRx, commission or conviction of a felony or any crime involving moral turpitude, use of drugs or alcohol in a way that either interferes with the performance of his duties or compromises the integrity or reputation of CollabRx, engagement in any act of dishonestly involving CollabRx, disclosure of confidential information of CollabRx not required by his job duties, engagement of commercial bribery or the perpetration of fraud. Mr. Mika will have 45 days to cure any event which could lead to termination for cause, if such events are curable.

For purposes of the employment agreement, "good reason" generally means the assignment to Mr. Mika of principal duties or responsibilities, or the substantial reduction of his duties and responsibilities, either of which is inconsistent with his position, a material reduction in his annual base salary, except to the extent the salaries of other executives of CollabRx are similarly reduced, a relocation of CollabRx's principal place of business by more than 40 miles from San Francisco, California, or any material breach by CollabRx of the employment agreement that is not cured within 30 calendar days following written notice of the breach to CollabRx.

For purposes of the employment agreement, "change of control" means each of the following:

(i) A transaction or series of transactions (other than an offering of the Company's common stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities outstanding immediately after such acquisition;

(ii) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board of Directors together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause (i) above or clause (iii) below whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof;

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(A) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(B) After which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (B) as beneficially owning fifty percent (50%) or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(iv) The Company's stockholders approve a liquidation or dissolution of the Company.

Executive Severance Plan. In addition, the Board has approved a severance program for executive officers which generally provides for severance in an amount equal to six month's base salary in the event an executive officer's employment is terminated by CollabRx without cause, however, in the event that an executive officer is terminated by CollabRx without cause within 12 months following a change of control, the Company will continue to pay such executive officer's base salary for a period of 12 months.

For purposes of the executive severance program, the terms "cause" and "change of control" generally have the same meanings given to such terms in the employment agreements.

*Employment Agreement with Clifford Baron*: CollabRx entered into an at-will employment agreement with Dr. Barron, on March 5, 2014. The employment agreement has an initial term of two years and is subject to annual automatic one-year extensions unless either party provides prior notice of its intention not to renew. Under the agreement, Dr. Barron's annual base salary is initially set at $200,000 per year subject to review and potential increase in accordance with Company policy. The employment agreement also provides that Dr. Baron will be eligible to receive incentive bonus payments from time to time in accordance with any incentive bonus program adopted by the Company. No such incentive bonus program is currently in effect. The Employment Agreement, dated March 5, 2014, by and among CollabRx, Inc. and Clifford Barron is incorporated herein by reference as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 7, 2014.

*Employment Agreement with Gavin Gordon*: CollabRx entered into an at-will employment agreement with Dr. Gordon, on July 12, 2012. Under the agreement, Dr. Gordon's annual base salary is initially set at $170,000 per year subject to review and potential increase in accordance with Company policy. Dr. Gordon was made an officer of the Company effective June 1, 2013, and as a result received an increase in his annual base salary. His current annual base salary is $185,000. Dr. Gordon resigned from his position with CollabRx in April 2015.

*Employment Agreement with George Lundberg*: CollabRx entered into an at-will employment agreement with Dr. Lundberg, on July 12, 2012. Under the agreement, Dr. Lundberg's annual base salary was initially set at $125,000 per year subject to review and potential increase in accordance with Company policy, taking into account that Dr. Lundberg serves the Company in a capacity which is less than a full-time employee. Dr. Lundberg was made an officer of the Company effective September 2, 2013, and as a result received an increase in his annual base salary. His current annual base salary is $150,000.

## POTENTIAL PAYMENTS UPON TERMINATION

The following table summarizes potential change in control and severance payments to each named executive officer. The three right-hand columns describe the payments that would apply in three different potential scenarios — a termination of employment as a result of death, disability or our non-renewal of a written employment agreement; a termination of employment as a result of the named executive officer's termination of employment by us other than for cause (or, with respect to Mr. Mika and Dr. Barron, either of their resignations for good reason); or a termination of employment as a result of the named executive officer's termination of employment by us other than for cause (or, with respect to Mr. Mika and Dr. Barron, their resignations for good reason), in each case within 3 months prior to or 12 months following a change in control. The table assumes that the termination or change in control occurred on March 31, 2015.

| Recipient and Benefit | Death, Termination as a Result of Disability or Non-Renewal of Employment Agreement | Termination without Cause or Resignation for Good Reason more than 3 Months Prior to a Change in Control or More than 12 Months Following a Change of Control | Termination without Cause or Resignation for Good Reason Within 3 Months prior to or 12 Months Following a Change of Control |
|---|---|---|---|
| Thomas Mika | | | |
| Cash Severance | $ 921,607 (1) | $ 921,607 (1) | $ 921,607 (1) |
| Option Award Acceleration (2) | -- | -- | -- |
| RSU Acceleration (3) | -- | -- | -- |
| Total | $ 921,607 | $ 921,607 | $ 921,607 |
| Clifford Baron | | | |
| Cash Severance | $ 100,000 (4) | $ 100,000 (4) | $ 100,000 (4) |
| Option Award Acceleration (2) | -- | -- | -- |
| RSU Acceleration (3) | -- | -- | -- |
| Total | $ 100,000 | $ 100,000 | $ 100,000 |
| Gavin Gordon | | | |
| Cash Severance | $ 92,500 (4) | $ 92,500 (4) | $ 92,500 (4) |
| Total | $ 92,500 | $ 92,500 | $ 92,500 |
| George Lundberg | | | |
| Cash Severance | $ 75,000 (4) | $ 75,000 (4) | $ 75,000 (4) |
| Total | $ 75,000 | $ 75,000 | $ 75,000 |

(1) Amount represents 24 months of base salary plus two times the average annual incentive bonus paid to Mr. Mika for the previous three fiscal years in which a bonus plan was in place, payable in 24 equal monthly installments, and 24 months of COBRA payment for the health plan in effect as of March 31, 2015.

(2) Amount represents the fair market value of our common stock on March 31, 2015 less the exercise price of the accelerated stock options, multiplied by the number of shares underlying the options subject to accelerated vesting. If there are no stock options outstanding or if the fair market value of our common stock on March 31, 2015 is less than the exercise price of the accelerated stock, the amount is shown as zero.

(3) Amount represents the fair market value of the grant as of the grant date, multiplied by the number of shares underlying the awards subject to accelerated vesting. If there are no restricted stock shares outstanding on March 31, 2015, the amount is shown as zero.

(4) Amount represents 6 months of base salary.

**Director Compensation for fiscal year ended March 31, 2015**

Our outside directors currently receive an annual $15,000 retainer for service on the Board of Directors, meeting fees of $1,500 per Board meeting and $1,000 for the first six audit committee meetings and $750 for the first six nominating and compensation committee meetings not held in conjunction with a full Board of Directors meeting. Furthermore, directors may be reimbursed for certain expenses in connection with attendance at Board of Directors and committee meetings. Additionally, each committee chair receives an annual chair retainer as follows: $7,500 for the Audit Committee chair, $5,000 for the Compensation Committee chair and $4,000 for the Nominating/Corporate Governance Committee chair. In addition, as of April 7, 2014, non-employee directors receive options to purchase 5,000 shares of common stock upon initial election or appointment to the Board of Directors and each director automatically receives options to purchase 2,500 shares of common stock annually thereafter. (The previous number of options to purchase granted to non-employee directors was 1,667 shares of common stock upon initial election or appointment to the Board of Directors and 833 shares of common stock annually thereafter.)

The following table shows non-employee director compensation during fiscal year 2015.

**Fiscal Year Ended March 31, 2015**

| Name | Fees Earned or Paid in Cash ($) | Option Awards ($) (1) | Total ($) |
|---|---|---|---|
| Gilbert Bellini | 16,250 | 7,550 | 23,800 |
| James Karis | 28,500 | 23,221 | 51,721 |
| Jeffrey M. Krauss | 41,500 | 34,191 | 75,691 |
| Carl Muscari | 39,000 | 31,797 | 70,797 |
| Paul Billings | 38,000 | 49,745 | 87,745 |

(1) The value of the stock awards has been computed in accordance with FASB ASC 718, excluding the effect of estimated forfeitures.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of March 31, 2015 for all of our equity compensation plans, including our Eighth Amended and Restated 1998 Equity Participation Plan, our 2007 Incentive Award Plan, and our Fifth Amended and Restated Stock Option Plan for Outside Directors, and inducement grants made to new employees which were not subject to approval by security holders.

| Plan Category | Number of securities to be issued upon exercise of outstanding options and restricted stock awards | Weighted-average exercise price of outstanding options | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a) |
|---|---|---|---|
| | (a) (1)(2) | (b) | (c) (3) |
| Equity compensation Plans: | | | |
| 1998 Equity Participation Plan | 11,599 | $ 36.22 | - |
| 2007 Equity Participation Plan | 522,396 | $ 3.71 | 21,295 |
| Directors Stock Option Plan | 117,000 | $ 3.69 | - |
| Inducement Shares | 14,063 | $ 27.67 | - |
| Total | 665,058 | | 21,295 |

(1) Excludes 23,921 Restricted Stock Unit awards whose distribution has been deferred.
(2) reserves in column C
(3) Excludes 3,705 shares balance under our expired Employee Qualified Stock Purchase Plan.

**Item 12.*Security Ownership of Certain Beneficial Owners and Management***

The following table sets forth information with respect to the beneficial ownership of shares of our common stock by our directors, the individuals named in the Summary Compensation Table, all directors and executive officers as a group and beneficial owners of more than 5% of our common stock as of May 30, 2015. For purposes of this proxy, beneficial ownership of securities is defined in accordance with the rules of the SEC and means generally the power to vote or dispose of securities, regardless of any economic interest therein. An asterisk denotes beneficial ownership of less than 1%. The address of each director and officer is c/o CollabRx, Inc., 44 Montgomery Street, Suite 800, San Francisco, CA 94104.

| | Beneficially Owned | Percentage |
|---|---|---|
| Thomas R. Mika | 345,027 | 3.30% |
| Clifford Baron | 23,750 | * |
| Gavin Gordon | 31,250 | * |
| George Lundberg | 18,625 | * |
| Jeffrey M. Krauss | 30,298 | * |
| Paul Billings | 21,667 | * |
| James Karis | 14,567 | * |
| Carl Muscari | 23,705 | * |
| Directors and Executive Officers as a group (8 individuals) | 508,889 | 4.86% |
| **5% Stockholders** | | |
| Alpha Capital Anstalt | 650,000 | 6.21% |
| Sabby Volatility Warrant Master Fund | 650,000 | 6.21% |
| Empery Asset Management | 640,000 | 6.11% |

(1) Applicable percentage of ownership is based on 10,469,120 shares of common stock outstanding as of March 31, 2015. The number of shares of common stock beneficially owned and calculation of percent ownership of each person or group of persons named above, in each case, takes into account those shares underlying stock options that are currently exercisable within 60 days of March 31, 2015, but which may or may not be subject to our repurchase rights, and shares of common stock that such person or group of person has the right to acquire within 60 days of March 31, 2015 pursuant to the vesting or distribution of restricted stock units.
(2) Includes options to purchase shares of common stock that are exercisable within 60 days of March 31, 2015 and shares underlying RSUs that may be acquired within 60 days of March 31, 2015.

* Less than 1%.

**Item 13.** ***Certain Relationships and Related Transactions, and Director Independence***

During the fiscal year ended March 31, 2015, we entered into no transactions with related persons of the Company, which includes directors, executive officers, holders of more than 5% of the Company's voting securities, or any member of the immediate family of any of the foregoing persons. The Nominating/Corporate Governance Committee is responsible for review, approval or ratification of any such transactions. The Nominating/Corporate Governance Committee has developed a Code of Business Conduct and Ethics that establishes policies and procedures to facilitate the review, approval or ratification of such transactions.

Our Code of Business Conduct and Ethics is available to stockholders, upon written request, and is posted on the Company's website at www.collabrx.com. If you would like a copy of our Code of Business Conduct and Ethics, please send your request to: Thomas Mika, Acting Secretary, CollabRx, Inc., 44 Montgomery Street, Suite 800, San Francisco, California 94104.

**Item 14.** ***Principal Accountant Fees and Services***

**Audit Fees**

The aggregate fees billed for professional services rendered by Burr, Pilger Mayer, Inc. for the audit of our annual financial statements for the fiscal year ended March 31, 2015, the reviews of the financial statements included in our quarterly reports on Form 10-Q for the fiscal year ending March 31, 2015, and services that are normally provided by Burr Pilger Mayer, Inc. in connection with statutory and regulatory filings and engagements for that fiscal year were approximately $220,000.

The aggregate fees billed for professional services rendered by Burr, Pilger Mayer, Inc. for the audit of our annual financial statements for the fiscal year ended March 31, 2014, the reviews of the financial statements included in our quarterly reports on Form 10-Q for the fiscal year ending March 31, 2014, and services that are normally provided by Burr, Pilger Mayer, Inc. in connection with statutory and regulatory filings and engagements for that fiscal year were approximately $220,000.

**Audit-Related Fees**

The Company has a co-employer relationship with a PEO. The PEO audits the related 401(k) plan. The audit is performed annually as required by the size of the PEO organization employee base. The cost of the 401(k) audit is incorporated into the PEO service fees.

**Tax Fees**

The aggregate fees billed by Burr, Pilger Mayer, Inc. for professional services rendered for tax compliance, tax advice, and tax planning will be approximately $50,000 for the fiscal year ended March 31, 2015 and were approximately $50,000 for the fiscal year ended March 31, 2014.

**Audit Committee Pre-Approval Policies**

The Audit Committee has adopted a policy that requires the Audit Committee to approve all audit and permissible non-audit services to be provided by the independent auditors. The Audit Committee has established a general pre-approval policy for certain audit and non-audit services, up to a specified amount for each identified service that may be provided by the independent auditors. The Chairman of the Audit Committee may specifically approve any service within the pre-approved audit and non-audit service category if the fees for such service exceed the maximum set forth in the policy, as long as the excess fees are not reasonably expected to exceed $50,000. Any such approval by the Chairman must be reported to the Audit Committee at its next scheduled meeting. The general pre-approval fee levels for all services to be provided by the independent auditors are reviewed annually by the Audit Committee. The annual tax return services provided by Burr, Pilger Mayer, Inc. were 23% of the total audit fees for the fiscal year ended March 31, 2015 and 23% of the total audit fees for the fiscal year ended March 31, 2014.

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, the following Audit Committee Report shall not be incorporated by reference into any such filings and shall not otherwise be deemed to be filed under such Acts.

The Audit Committee of our Board of Directors is comprised of independent directors as required by the listing standards of the Nasdaq Stock Market. The Audit Committee operates pursuant to a written charter adopted by our Board of Directors, a copy of which has been filed with the SEC.

The role of the Audit Committee is to oversee our financial reporting process on behalf of the Board of Directors. Our management has the primary responsibility for our financial statements as well as our financial reporting process, principles and internal controls. The Independent Registered Public Accounting Firm is responsible for performing an audit of our financial statements and expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles.

In this context, the Audit Committee has reviewed and discussed our audited financial statements as of and for the year ended March 31, 2015 with management and the Independent Registered Public Accounting Firm. The Audit Committee has discussed with the Independent Registered Public Accounting Firm the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as currently in effect. In addition, the Audit Committee has received the written disclosures and the letter from the Independent Registered Public Accounting Firm required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as currently in effect, and it has discussed with the Independent Registered Public Accounting Firm their independence from us. The Audit Committee has also considered whether the Independent Registered Public Accounting Firm's provision of information technology services and other non-audit services to us is compatible with maintaining the Independent Registered Public Accounting Firm's independence.

Based on the reports and discussions described above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended March 31, 2015, for filing with the Securities and Exchange Commission.

Submitted on June 19, 2015 by the members of the Audit Committee of the Board of Directors.

Jeffrey M. Krauss
Carl Muscari
Paul Billings

## PART IV

**Item 15.** ***Exhibits, Financial Statement Schedule***

(a) The following documents are filed as part of this Form 10-K:

(1) Financial Statements

The Company's Financial Statements and notes thereto appear in this Form 10-K according to the following Index of Consolidated Financial Statements:



Schedules other than those listed above have been omitted since they are either not required, not applicable, or the required information is shown in the consolidated financial statements or related notes.

(b) Exhibits

We have filed, or incorporated by reference, the exhibits listed on the accompanying Index to Exhibits immediately following the signature page of this Form 10-K.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ thomas r. mika
Thomas R. Mika
*President, Chief Executive Officer and Chairman of the Board*

Dated: June 26, 2015

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas R. Mika, his attorney-in-fact and agent, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ THOMAS R. MIKA<br>Thomas R. Mika | President, CEO, and Chairman of the Board (Principal Executive Officer) | June 26, 2015 |
| /s/ THOMAS R. MIKA<br>Thomas R. Mika | Acting Chief Financial Officer (Principal Acting Financial and Accounting Officer) | June 26, 2015 |
| /s/ JEFFREY M. KRAUSS<br>Jeffrey M. Krauss | Director | June 26, 2015 |
| /s/ CARL MUSCARI<br>Carl Muscari | Director | June 26, 2015 |
| /s/ PAUL BILLING<br>Paul Billing | Director | June 26, 2015 |
| /s/ JAMES KARIS<br>James Karis | Director | June 26, 2015 |

## INDEX TO EXHIBITS

| Exhibit Number | Description |
|---|---|
| 2.1 | Agreement and Plan of Merger, dated June 29, 2012, by and among Tegal Corporation, CLBR Acquisition Corp., CollabRx, Inc. and CommerceOne, as Stockholders' Representative (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 5, 2012). |
| 3.1 | Certificate of Incorporation of the Registrant, as amended (incorporated by reference to Exhibit 3.1 to Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 29, 2007; Appendix A to Registrant's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on July 30, 2007; Exhibit 3.1 to Registrant's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 14, 2011; Exhibit 3.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 21, 2011; and Exhibit 3.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2012). |
| 3.2 | Restated By-laws of Registrant (incorporated by reference to Exhibit 3.2 included in Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 3, 2006). |
| 4.1 | Stockholders Agreement, dated July 12, 2012, by and among Tegal Corporation and the stockholders identified therein (incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2012). |
| **10.1 | Fifth Amended and Restated Stock Option Plan for Outside Directors (incorporated by reference to the Registrant's Quarterly Report on 10-Q, for the quarter ended June 30, 2006, filed with the Securities and Exchange Commission on August 14, 2006.) |
| **10.2 | Eighth Amended and Restated 1998 Equity Participation Plan of Tegal Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 filed with the Securities and Exchange Commission on August 14, 2006.) |
| **10.3 | 2007 Incentive Award Plan (incorporated by reference to Appendix A to the Registrant's definitive proxy statement on Schedule 14A, filed with the Securities and Exchange Commission on July 29, 2007). |
| **10.4 | Second Amended and Restated Employee Qualified Stock Purchase Plan (incorporated by reference to Appendix C to the Registrant's revised definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on July 29, 2004). |
| 10.5 | Form of Stock Option Agreement for Employees from the 2007 Incentive Award Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 21, 2007. |
| **10.6 | Form of Non-Qualified Stock Option Agreement for Employees from the Eighth Amended and Restated 1998 Equity Participation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2004). |
| **10.7 | Form of Restricted Stock Unit Award Agreement from the Eighth Amended and Restated 1998 Equity Participation (incorporated by reference to Exhibit 10.5.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 11, 2005). |
| **10.8 | Restricted Stock Unit Award Agreement between Tegal Corporation and Tom Mika, dated July 5, 2005, (incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 11, 2005). |
| **10.9 | Restricted Stock Unit Awards between Tegal Corporation and each of Thomas Mika and Christine Hergenrother, each dated October 7, 2010, (incorporated by reference on Form 8-K filed with the Securities and Exchange Commission on October 8, 2010). |
| 10.10 | Warrant issued to se2quel Partners LLC dated January 14, 2011 (incorporated by reference to Exhibit 99.3 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 21, 2011). |
| 10.11 | Warrant issued to se2quel Management GmbH dated January 14, 2011 (incorporated by reference to Exhibit 99.4 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 21, 2011). |
| 10.12 | Warrant Transfer Agreement and replacement Warrants issued dated March 31, 2012 (incorporated by reference to Exhibit 99.5 to Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 14, 2012). |
| 10.13 | Warrant Transfer Agreement issued dated March 31, 2013 (incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 26, 2013). |
| **10.14 | Employment Agreement, dated June 29, 2012, by and between Tegal Corporation and James Karis (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 5, 2012). |
| 10.15 | Agreement Not to Compete, dated July 12, 2012, by and between Tegal Corporation and Jay M. Tenenbaum (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2012). |
| 10.16 | Promissory Note issued by Tegal Corporation on July 12, 2012 to Jay M. Tenenbaum (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2012). |

| | |
|---|---|
| 10.17 | Promissory Note issued by Tegal Corporation on July 12, 2012 to CommerceNet (incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2012). |
| **10.18 | Restricted Stock Unit Award Agreement, dated July 12, 2012, by and between Tegal Corporation and James Karis (incorporated by reference to Exhibit 10.7 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2012). |
| 10.19 | Indemnity Agreement, dated July 12, 2012, by and between Tegal Corporation and James Karis (incorporated by reference to Exhibit 10.8 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2012). |
| **10.20 | Amendment No. 1 to Employment Agreement, dated as of December 7, 2012, by and between CollabRx, Inc. and James M. Karis (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 7, 2012). |
| **10.21 | Amendment No. 1 to Restricted Stock Unit Award Agreement, dated as of December 7, 2012, by and between CollabRx, Inc. and James M. Karis (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 7, 2012). |
| **10.22 | Employment Agreement, dated February 12, 2013, by and among CollabRx, Inc. and Thomas R. Mika (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 12, 2013). |
| **10.23 | Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Smruti Vidwans (included in Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 27, 2013). |
| **10.24 | Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Michelle Turski (included in Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 27, 2013). |
| **10.25 | Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Lisandra West (included in Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 27, 2013). |
| **10.26 | Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Gavin Gordon (included in Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 27, 2013). |
| **10.27 | Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and John Randy Gobbel (included in Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 27, 2013). |
| **10.28 | Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and George Lundberg (included in Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 27, 2013). |
| **10.29 | Stock Option Grant Notice and Stock Option Agreement, dated July 12, 2012, by and between Tegal Corporation and Jeff Shrager (included in Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 27, 2013). |
| 21.1 | List of Subsidiaries of the Registrant. |
| 23.1 | Consent of Independent Registered Public Accounting Firm – Burr Pilger Mayer, Inc. |
| 24.1 | Power of Attorney (included on signature page hereto). |
| 31.1 | Section 302 Certification of the Chief Executive Officer. |
| 31.2 | Section 302 Certification of the Acting Chief Financial Officer. |
| 32.1 | Section 906 Certification of the Chief Executive Officer and Acting Chief Financial Officer. |

** Management contract for compensatory plan or arrangement.

**Exhibit 21.1**

**LIST OF SUBSIDIARIES OF COLLABRX, INC.**

**None.**

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-128953, 333-12473, 333-66781, 333-88373, 333-51294, 333-110650, 333-119272, 333-175388, 333-169673, 333-147587 and 333-128953), Form S-2 (No. 333-83840) and Form S-3 (Nos. 333-127494, 333-128943, 333-38086, 333-94093, 333-52265, 333-107422, 333-108921, 333-113045, 333-116980, 333-118641 and 333-193019) of CollabRx Inc. of our report dated June 26, 2015 relating to the consolidated financial statements as of and for the years ended March 31, 2015 and 2014 which appears in this Form 10-K.

/s/ Burr PilgerMayer, Inc.

San Francisco, California
June 26, 2015

**EXHIBIT 31.1**

**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 annual report on Form 10-K 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 its 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: June 26, 2015

/s/ Thomas R. Mika
Chief Executive Officer and President

**EXHIBIT 31.2**

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

I, Thomas Mika, certify that:

1. I have reviewed this annual report on Form 10-K 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 its 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: June 26, 2015

/s/ Thomas Mika
Acting Chief Financial Officer

**EXHIBIT 32.1**

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

In connection with the Annual Report of CollabRx, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended March 31, 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
Chief Executive Officer and President
June 26, 2015

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

In connection with the Annual Report of CollabRx, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended March 31, 2015 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas 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 Mika
Acting Chief Financial Officer
June 26, 2015