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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

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
San Francisco, California 94104
(Address of Principal Executive Offices)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

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

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

As of November 5, 2013, there were 1,962,960 shares of the Registrant's common stock outstanding.

COLLABRX, INC. AND SUBSIDIARIES

Formerly TEGAL CORPORATION

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PART I — FINANCIAL INFORMATION

Item 1. ***Condensed Consolidated Financial Statements (Unaudited)***

COLLABRX, INC. AND SUBSIDIARIES
Formerly TEGAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share data)

	September 30, 2013	March 31, 2013*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,791	$ 4,039
Accounts receivable	250	250
Prepaid expenses and other current assets	110	102
Other assets of discontinued operations	365	11
Total current assets	3,516	4,402
Property and equipment, net	138	142
Intangible assets, net	1,385	1,490
Goodwill	603	603
Investment in convertible promissory note	362	345
Total assets	$ 6,004	$ 6,982
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	$ 195	$ 167
Common stock warrant liability	-	10
Liabilities of discontinued operations	89	16
Total current liabilities	284	193
Deferred tax liability	540	581
Promissory note	507	504
Other long term liabilities	12	--
Total liabilities	$ 1,343	$ 1,278
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; 1,952,960 shares issued and outstanding at September 30, 2013 and March 31, 2013, respectively	19	19
Additional paid-in capital	130,777	130,602
Accumulated other comprehensive loss	--	(142)
Accumulated deficit	(126,135)	(124,775)
Total stockholders' equity	4,661	5,704
Total liabilities and stockholders' equity	$ 6,004	$ 6,982

* Derived from the Company's audited consolidated financial statements.
See accompanying notes to condensed consolidated financial statements.

COLLABRX, INC. AND SUBSIDIARIES
Formerly TEGAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Revenue	$ 251	$ 50	$ 521	$ 50
Revenue - related party	--	25	--	50
Total revenue	251	75	521	100
Cost of revenue	18	20	36	20
Gross profit	233	55	485	80
Operating expenses:				
Engineering	457	328	671	328
Research and development	27	--	157	--
Sales and marketing	63	49	122	49
General and administrative	558	970	1,117	1,682
Total operating expenses	1,105	1,347	2,067	2,059
Operating loss	(872)	(1,292)	(1,582)	(1,979)
Other income, net	16	11	26	20
Loss before income tax benefit	(856)	(1,281)	(1,556)	(1,959)
Income tax benefit	(20)	-	(41)	-
Loss from continuing operations	(836)	(1,281)	(1,515)	(1,959)
Gain on sale of discontinued operations, net of taxes	267	-	267	-
Income (loss) from discontinued operations, net of taxes	6	(3)	(112)	(4)
Net income (loss) from discontinued operations, net of taxes	273	(3)	155	(4)
Net loss	(563)	(1,284)	(1,360)	(1,963)
Foreign currency translation	--	--	--	--
Comprehensive loss	$ (563)	$ (1,284)	$ (1,360)	$ (1,963)
Net loss per share from continuing operations:				
Basic and diluted	$ (0.43)	$ (0.68)	$ (0.78)	$ (1.13)
Net income (loss) per share from discontinued operations:				
Basic and diluted	$ 0.14	$ -	$ 0.08	$ -
Net loss per share:				
Basic and diluted	$ (0.29)	$ (0.68)	$ (0.70)	$ (1.13)
Weighted-average shares used in per share computation:				
Basic and diluted	1,953	1,884	1,953	1,738

See accompanying notes to condensed consolidated financial statements.

COLLABRX, INC. AND SUBSIDIARIES
Formerly TEGAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended September 30,	
	2013	2012
Cash flows from operating activities:		
Net loss	$ (1,360)	$ (1,963)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock compensation expense	175	312
Fair value adjustment of common stock warrants	(10)	(3)
Depreciation	15	1
Loss on disposal of property and equipment	--	17
Amortization of intangible assets	105	20
Accrued interest note receivable	(17)	(17)
Accrued interest promissory note	3	--
Deferred tax liability	--	(336)
Tax benefit related to intangibles	(41)	--
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(8)	(57)
Accounts payable, accrued expenses and other liabilities	40	2
Current assets and liabilities from discontinued operations, net	(139)	316
Net cash used in operating activities	(1,237)	(1,708)
Cash flows from investing activities:		
Acquisition of property and equipment	(11)	(71)
Cash received from acquisition	--	476
Issuance of note receivable	--	(300)
Net cash provided by (used in) investing activities	(11)	105
Net decrease in cash and cash equivalents	(1,248)	(1,603)
Cash and cash equivalents at beginning of period	4,039	7,820
Cash and cash equivalents at end of period	$ 2,791	$ 6,217
Supplemental disclosure of non-cash activities:		
Shares issued in CollabRx acquisition	$ --	$ 932
Note Receivable used as consideration for CollabRx acquisition	$ --	$ 300
Promissory Note issued in CollabRx acquisition	$ --	$ 500
Fair value of assets acquired in CollabRx acquisition	$ --	$ 2,253
Liabilities assumed in CollabRx acquisition	$ --	$ 997

See accompanying notes to condensed consolidated financial statements.

COLLABRX, INC. AND SUBSIDIARIES
Formerly TEGAL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All amounts in thousands, except share and per share data, unless otherwise noted)

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

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

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

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 $1,360 and $1,963 for the six months ended September 30, 2013 and 2012, respectively. We used $1,237 and $1,708 of cash in operating activities for the six months ended September 30, 2013 and 2012, respectively. We believe that our existing cash and cash equivalents will be adequate to fund operations through fiscal year 2014.

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 approximately 75 clinical and scientific advisors at leading academic institutions and a suite of tools and processes that combine artificial intelligence-based analytics with proprietary interpretive content, the Company is well positioned to participate in the value-added "big data" opportunity in the US health care. We use the term "cloud" to mean a product or service that can be delivered via the Internet, usually on a pay-for-use or subscription basis, versus the purchase and installation of enterprise-based software, which typically requires investments in both software and hardware, often also requiring large-scale customization efforts. 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 search publicly available databases as source documents for our knowledge base. Such databases include those that are available, either free or on a commercial basis, in the areas of clinical trials, drugs, investigational compounds, biomarkers, bioinformatics, cancer ontology and literature. 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, histopathology data, prior treatments and biomarkers. The result of this software- and expert-assisted process is proprietary content incorporated into our knowledge base which includes decision rules, succinct statements of therapeutic strategy and a comprehensive listing of appropriate drugs and clinical trials, all related to specific aberrations which might be observed in connection with genomic testing.

Although the process and results are proprietary, 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 knowledge base, which is updated regularly with the assistance of a large network of independent advisors, and which forms the basis for all our products and services. Our knowledge base contains no individual patient data, nor do our processes for providing related content include the review by our network of independent experts of any individual test data.

Our knowledge base informs two distinctly different products and services.

Genetic Variant Application. The "Genetic Variant Application" or "GVA" is a service offered to diagnostic testing laboratories, including academic medical centers and commercial laboratories. Our lab customers provide us with a test result, usually in the form of an electronic file that represents the results of a genomic test, typically from a "Next Generation Sequencing" ("NGS") or similar testing platform. The test results provided to us contain no patient-identifiable information. We analyze the test results for the purpose of identifying those aberrations which we have annotated in advance as being "actionable" (i.e., related to a therapeutic strategy). We provide the testing lab with a report, incorporating information regarding identified biomarkers and associated therapeutic strategies for each, along with relevant drugs and clinical trials, to a level and in a format that 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.

Therapy Finder Products. Our Therapy Finder™ products are a series of cancer-specific, web-based apps which are accessed by physicians and patients, usually in the physician's office. After indicating a number of pre-set options related to stage of cancer, histopathology, prior treatments and presence of biomarkers on an input page, the physician is presented with a results page which explains the role of the biomarker, identifies a possible therapeutic strategy for that particular set of inputs, along with tabs associated with searchable lists of relevant drugs and clinical trials. Therapy Finders are an interactive, informational and educational resource for both physicians and patients, and can be used for decision-support. They neither contain nor store any patient identifiable information. The advisors associated with the development and updating of each app are prominently featured. The development and distribution of Therapy Finders is partially supported by sponsorships and advertising revenue. They are available free of charge through both a commercial channel (in association with MedPage Today, a property of on-line media company, Everyday Health, Inc.) and on our company website. 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.

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.

Discontinued Operations

Since 2009, the Company has engaged in a process of transitioning away from its legacy lines of business in semiconductor capital equipment. As a result of the sale of the Company's Deep Reactive Ion Etch ("DRIE") assets in the fiscal year 2011, and in accordance with generally accepted accounting principles ("GAAP"), the DRIE business operations related to the designing, manufacturing, marketing and servicing of systems and parts within the semiconductor industry has been presented in discontinued operations in our condensed consolidated financial statements. The exit from the DRIE operation was essentially completed by the end of the fourth quarter of our 2011 fiscal year. However, the Company retained its intellectual property portfolio for Nanolayer Deposition Technology ("NLD"). During fiscal year 2012, the Company, as part of its proposed sale of its NLD portfolio, completed the sale transactions of two of four patent lots for approximately $3,750. The Company sold the last two patent lots for approximately $365 in the second quarter of the current fiscal year. Net revenue related to this sale was $267. With this sale, the Company has no other intellectual property related to discontinued operations.

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 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.

Basis of Presentation

In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared on the same basis as the March 31, 2013 audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the information set forth herein. The financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission ("SEC"), but omit certain information and footnote disclosures necessary to present the financial statements in accordance with GAAP. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013. The results of operations for the three and six months ended September 30, 2013 are not necessarily indicative of results to be expected for the entire year.

Use of Estimates

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

Concentration of Credit Risk

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

For the three and six months ended September 30, 2012, Sequel Power, LLC ("Sequel Power") accounted for 33.3% and 50.0% of the Company's revenue. Everyday Health accounted for 67.7% and 50.0% of the Company's revenue for the same period. For the three and six months ended September 30, 2013, Life Technologies accounted for 99.6% and 96.0%, respectively, of the Company's revenue. For the three and six months ended September 30, 2013, Everyday Health accounted for 0.0% and 3.8%, respectively, of the Company's revenue.

Life Technologies, Inc. has been a major contributor to our revenue and gross profit for the past two quarters, 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 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.

For the period ended September 30, 2013, Life Technologies accounted for 100% of the balance in accounts receivable. The Company sold the last two patent lots of our NLD portfolio for approximately $365 in the second quarter of the current fiscal year. The related accounts receivable are recorded in other assets of discontinued operations.

Cash and Cash Equivalents

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

At September 30, 2013 and March 31, 2013, all of the Company's current investments are classified as cash equivalents in the condensed consolidated balance sheets. At September 30, 2013 and March 31, 2013, the fair value of the Company's investments approximated cost.

Promissory Notes

On July 12, 2012, Tegal completed the acquisition of CollabRx. As part of the purchase price, Tegal issued promissory notes in the amount of $500 in exchange for the existing CollabRx indebtedness. 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. See Note 8, CollabRx Acquisition.

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 is in the form of a convertible promissory note that bears interest at a rate of 10% per year compounded annually and matures on November 15, 2014.

At September 30, 2013 and March 31, 2013, the Convertible Promissory Note balance was $362 and $345, respectively, consisting of the original $300 investment and $62 and $45, respectively, in accrued interest.

Accounts Receivable – Allowance for Sales Returns and Doubtful Accounts

For the six months ended September 30, 2013 and 2012, the Company had zero reserves for potential credit losses as such risk was determined to be insignificant. The Company had zero write-offs during the periods presented. The Company historically maintained an allowance for doubtful accounts receivable for estimated losses resulting from the inability of the Company's customers to make required payments for system sales.

Revenue Recognition

Each contract sale of our interpretive data is evaluated individually in regard to revenue recognition. We have integrated in our evaluation the related guidance included in Accounting Standards Codification ("ASC") Topic 605 – "Revenue Recognition". We recognize revenue when persuasive evidence of an arrangement exists, the seller's price is fixed or determinable and collectibility 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. If at any time during the contract period, we determine that a loss will occur, we recognize the loss in that period. Furthermore, if in previous periods a profit was recognized under the percentage-of completion method, the profit would be reversed during the period we determined a loss on the contract exists.

Derivative Instruments

In June 2008, the Financial Accounting Standards Board ("FASB") ratified the Emerging Issues Task Force ("EITF") consensus on EITF Issue No. 07-05, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock* ("EITF Issue 07-05") (Topic 815) which applies to the determination of whether any freestanding financial instruments or embedded features that have the characteristics of a derivative, as defined by Statement of Financial Accounting Standards ("SFAS") No. 133 (Topic 815), *Accounting for Derivative Instruments and Hedging Activities*, and to any freestanding financial instruments are potentially indexed to an entity's own common stock. EITF Issue No. 07-05 (Topic 815) became effective for fiscal years beginning after December 15, 2008. The Company adopted Topic 815 as of April 1, 2009. As a result, warrants to purchase 285,454 shares of our common stock previously treated as equity pursuant to the derivative treatment exemption were no longer afforded equity treatment. The warrants had exercise prices ranging from $30.00-$495.00 and expired or will expire between February 2010 and September 2013. As such, effective April 1, 2009, the Company reclassified the fair value of these warrants, which had exercise price reset features, from equity to liability status as if these warrants were treated as a derivative liability since their date of issue between February 2000 and January 2006. On April 1, 2009, the Company reclassified $346 from additional paid-in capital, as a cumulative effect adjustment, to beginning accumulated deficit, and $502 to common stock warrant liability to recognize the fair value of such warrants on such date. At September 30, 2013, the fair value of the warrants was $0, as these outstanding warrants expired on September 9, 2013. Previous determinations of the fair value of the warrants were calculated using the Black-Scholes pricing model. For the six months ended September 30, 2013 and 2012, respectively, the Company recorded non-cash gains of $10 and $3 related to these warrants. As of the reporting date, the Company has no other derivative instruments.

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 2013 and 2012, 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.

Investment in Unconsolidated Affiliate

Sequel Power

On January 14, 2011, we entered into a Formation and Contribution Agreement with se2quel Partners and Sequel Power. We contributed $2 million in cash to Sequel Power and issued warrants to purchase shares of our common stock in exchange for an approximate 25% ownership interest in Sequel Power. Sequel Power was focused on the promotion of solar power plant development projects worldwide. The management services provided to Sequel Power represented the Company's sole source of revenue for fiscal 2012. We impaired the entire book value of our investment in Sequel Power on March 31, 2012. On March 21, 2013, Sequel Power and se2quel Partners irrevocably assigned and transferred to the Company for cancelation the balance of Sequel Power's warrants representing the right to purchase 44,578 shares of the Company's common stock, leaving a balance of 92,888 warrants still outstanding. In exchange, we agreed to terminate our Management Services Agreement and to waive receivables related to accrued fees thereunder. We do not anticipate making any additional investments in Sequel Power or any other solar-related businesses.

Management evaluates our joint venture arrangements to determine whether they should be recorded on a consolidated basis. The percentage of ownership interest in the joint venture, an evaluation of control and whether a variable interest entity ("VIE") exists are all considered in the consolidation assessment.

We account for our investment in joint ventures where we own a non-controlling interest or where we are not the primary beneficiary of a VIE using the equity method of accounting. Under the equity method, our cost of investment is adjusted for our share of equity in the earnings of the unconsolidated affiliate and reduced by distributions received.

Any differences between the cost of our investment in an unconsolidated affiliate and our underlying equity as reflected in the unconsolidated affiliate's financial statements generally result from a different basis in assets contributed to the joint venture. The net difference between our investment in unconsolidated affiliates and the underlying equity of unconsolidated affiliates is generally amortized over a period of ten years, which was determined to be the estimated useful life of the underlying intangibles which created the difference in carrying amount.

On a periodic basis, we assess whether there are any indicators that the fair value of our investments in unconsolidated affiliates 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. Our estimates of fair value for each investment are based on a number of assumptions such as future revenue projections, operating forecasts, discount rates and capitalization rates, among others. These assumptions are subject to economic and market uncertainties. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the fair values estimated in the impairment analyses may not be realized.

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. At September 30, 2013, all of our investments were classified as cash equivalents in the condensed consolidated balance sheets. The carrying amounts of our cash equivalents are valued using Level 1 inputs. Our cash equivalents total $2,791. The value of our warrant liability is determined using Level 3 inputs. The Company uses the Black-Scholes option pricing model as its method of valuation for warrants that are subject warrant liability accounting. The determination of the fair value as of the reporting date is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables which could provide differing variables. These variables include, but are not limited to, expected stock price volatility over the term of the security and risk free interest rate. In addition, the Black-Scholes option pricing model requires the input of an expected life for the securities for which we have estimated based upon the stage of the Company's development. The fair value of the warrant liability is revalued each balance sheet date utilizing the Black-Scholes option pricing model computations with the decrease or increase in the fair value being reported in the Consolidated Statement of Operations and Comprehensive Loss as other income, net. A significant increase (decrease) of any of the subjective variables independent of other changes would result in a correlated increase (decrease) in the liability and an inverse effect on net income.

At 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.

The change in the fair value of warrants is as follows:

	Six Months Ended September 30,	
	2013	2012
Balance at the beginning of the period	$ 10	$ 19
Change in fair value recorded in earnings	(10)	(3)
Balance at the end of the period	$ -	$ 16

Intangible Assets

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

During fiscal year 2012, the Company, as part of its proposed sale of its intellectual property portfolio for Nanolayer Deposition Technology ("NLD"), completed the sale of two of the four lots for the received purchase price of approximately $3,750. During the quarter ended September 30, 2013, the Company sold the last two patent lots for approximately $365. The related commission expense of $89 was accrued. An additional $9 of related expenses was recognized. With this sale, the Company has no other intellectual property related to discontinued operations. NLD is a process technology that bridges the gap between high throughput, non-conformal chemical vapor deposition ("CVD") and highly conformal, low throughput atomic layer deposition ("ALD"). The entire portfolio included over 35 US and international patents in the areas of pulsed-CVD, plasma-enhanced ALD, and NLD.

With the acquisition of CollabRx, the Company acquired software, trade names, customer relationships, non-compete agreements and goodwill. The lives of the acquired intangible assets range from three to ten years. Intangible assets, except for trade names, are amortized on a straight-line basis. Intangible assets related to trade names are not amortized. The Company tests for impairment at least annually. The fair values of these assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. If undiscounted expected future cash flows are less than the carrying value of the assets, an impairment loss will be recognized based on the excess of the carrying amount over the fair value of the assets. The amortization expense for the six months ended September 30, 2013 and 2012 was $105 and $20, respectively. The amortization expense included in cost of revenue is related to the acquired software and is amortized on a straight-line basis over the expected life of the asset, which the Company believes to be ten years.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, 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.

The Company recorded zero disposal losses for fixed assets for the six months ended September 30, 2013 and 2012, respectively.

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 Company shares at 85% of the fair market value on specified dates.

Total stock-based compensation expense related to stock options and restricted stock units ("RSUs") for the six months ended September 30, 2013 and 2012 was $175 and $312, respectively. The total compensation expense related to non-vested stock options and RSUs not yet recognized at September 30, 2013 is $551, and will be recognized over an estimated weighted average period of 3.0 and 1.74 years, respectively.

The Company utilized the following valuation assumptions to estimate the fair value of options that were granted for the three month periods ended September 30, 2013 and 2012, respectively.

STOCK OPTIONS:	2013	2012
Expected life (years)	6.0	6.0
Volatility	152.4%	157.5%
Risk-free interest rate	1.55%	0.62%
Dividend yield	0%	0%

ESPP awards are valued using the Black-Scholes option pricing model with expected volatility calculated using a six-month historical volatility. No ESPP awards were made in the three month period ended September 30, 2013.

Valuation and Other Assumptions for Stock Options

Valuation and Amortization Method. We estimate 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. We estimate 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. We base 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 U.S. Treasury zero-coupon issues with remaining terms equivalent to the expected term of our option grants.

Dividends. We have never paid any cash dividends on common stock and we do not anticipate paying any cash dividends in the foreseeable future.

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

During the three months ended September 30, 2013, the Company granted 29,499 options.

Stock Options

A summary of the stock option activity during the six months ended September 30, 2013 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Beginning outstanding	263,876	$ 10.23		
Granted	29,499	$ 3.94		
Expired	--	$ -		
Ending outstanding	293,375	$ 9.60	7.34	$ 27,448.00
Ending vested and expected to vest	293,096	$ 9.59	7.34	$ 27,435.00
Ending exercisable	177,057	$ 13.32	6.17	$ 20,648.00

The aggregate intrinsic value of stock options outstanding at September 30, 2013 is calculated as the difference between the exercise price of the underlying options and the market price of our common stock as of September 30, 2013.

The following table summarizes information with respect to stock options outstanding as of September 30, 2013:

Range of Exercise Prices		Number Outstanding As of September 30, 2013	Weighted-Average Remaining Contractual Term (in years)	Weighted-Average Exercise Price	Number Exercisable As of September 30, 2013	Weighted-Average Exercise Price As of September 30, 2013
$ 2.90	$ 6.00	193,828	8.98	$ 3.83	77,579	$ 3.75
6.25	11.70	45,358	5.14	11.50	45,358	11.50
17.80	28.10	39,244	3.97	21.63	39,244	21.63
34.20	61.80	13,998	1.68	43.95	13,998	43.95
89.52	174.00	947	0.93	93.95	878	93.95
$ 2.90	$ 174.00	293,375	7.34	$ 9.60	177,057	$ 13.32

As of September 30, 2013, there was $282 of total unrecognized compensation cost related to outstanding options which the Company expects to recognize over an estimated weighted average period of 3.0 years.

Restricted Stock Units

The following table summarizes the Company's unvested RSU activity for the six months ended September 30, 2013:

	Number of Shares	Weighted-Average Grant Date Fair Value
Balance March 31, 2013	183,904	$ 2.67
Granted	-	$ -
Forfeited	-	$ -
Vested	(34,750)	$ 2.24
Balance, September 30, 2013	149,154	$ 2.77

Unvested Restricted Stock at September 30, 2013

As of September 30, 2013, there was $269 of total unrecognized compensation cost related to outstanding RSUs, which the Company expects to recognize over an estimated weighted average period of 1.74 years.

2. Earnings Per Share (EPS):

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

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

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Loss from continuing operations	$ (836)	$ (1,281)	$ (1,515)	$ (1,959)
Income (loss) from discontinued operations, net of taxes	273	(3)	155	(4)
Net loss applicable to common stockholders	$ (563)	$ (1,284)	$ (1,360)	$ (1,963)
Basic and diluted:				
Weighted-average common shares outstanding	1,953	1,884	1,953	1,738
Weighted-average common shares used in per share computation	1,953	1,884	1,953	1,738
Net loss per share from continuing operations:				
Basic and diluted	$ (0.43)	$ (0.68)	$ (0.78)	$ (1.13)
Net income (loss) per share from discontinued operations:				
Basic and diluted	$ 0.14	$ (0.00)	$ 0.08	$ (0.00)
Net loss per share:				
Basic and diluted	$ (0.29)	$ (0.68)	$ (0.70)	$ (1.13)

Outstanding options, RSUs and ESPP's of 442,529 and 616,896 shares of common stock at a weighted-average exercise price per share of $10.14 and $6.76 on September 30, 2013 and 2012, respectively, were not included in the computation of diluted net loss per common share for the three month periods presented as a result of their anti-dilutive effect. Also, warrants to purchase 92,888 shares of common stock with a weighted average exercise price of $3.15 per share were not included in the computation of diluted net loss per common share. Such securities could potentially dilute earnings per share in future periods.

3. Financial Instruments:

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, notes receivable, accrued expenses and other liabilities approximates fair value due to their relatively short maturity. Prior to February 9, 2010, the Company sold products in various global markets. As a result, the Company was exposed to changes in foreign currency exchange rates. The Company does not hold derivative financial instruments for speculative purposes. Foreign currency transaction gains and (losses) included in other income (expense), was $0 for each three month period ended September 30, 2013 and 2012. On September 30, 2013, the Company had no open foreign exchange contracts to sell Euros or any other foreign currencies. Certain warrants expired on September 9, 2013. At September 30, 2013, the Company had zero liability associated with these warrants, which had an exercise price of $30.00. The Company recorded a non-cash gain of $10 and $3 in the six months ended September 30, 2013 and 2012, respectively, related to these warrants.

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

The balance in note receivable at September 30, 2013 was $0. In the first quarter of the current fiscal year, the note receivable balance consisted of a loan related to the Company's investment in CollabRx. After the completion of the acquisition of CollabRx, the note receivable was reclassified to be included as part of the purchase price, thereby extinguishing the $300 bridge loan previously extended to CollabRx. Also as part of the purchase price, the Company 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. See Note 8 CollabRx Acquisition.

On November 22, 2011, the Company completed a $300 strategic investment in NanoVibronix, Inc., a private company that develops medical devices and products that implement its proprietary therapeutic ultrasound technology. The Company's investment in NanoVibronix is in the form of a convertible promissory note that bears interest at a rate of 10% per year compounded annually and matures on November 15, 2014. Principal and accrued interest under the note automatically convert into shares of Series B-1 Participating Convertible Preferred Stock of NanoVibronix upon the earlier to occur of (i) a $3,000 (or larger) equity financing by NanoVibronix or (ii) a sale of NanoVibronix. In addition, the Company may convert principal and accrued interest under the note into shares of NanoVibronix Series B-1 Participating Convertible Preferred Stock at its election at any time. In either case, the conversion price is $0.284 per share.

4. Discontinued Operations:

Due to a sharp decline in revenues in its legacy Etch and PVD products as a result of the overall collapse of the semiconductor capital equipment market and global financial crisis in fiscal year 2009, the Company sold its legacy Etch and PVD assets in March 2010. The Company retained the DRIE products which it had acquired from AMMS, along with the Compact™ cluster platform and the NLD technology that it had developed over the past several years. As the semiconductor markets recovered, the Company was not in a position to make the needed investments to improve its competitive position. As a result, the Company also sold its DRIE and Compact related assets on February 9, 2011, but retained its NLD intellectual property.

As a result of the sale of the Company's DRIE assets, and in accordance with GAAP, the DRIE business operations related to the designing, manufacturing, marketing and servicing of systems and parts within the semiconductor industry are presented as discontinued operations in our condensed consolidated balance sheets, condensed consolidated statements of operations and comprehensive loss and our condensed consolidated statements of cash flows. The exit from the DRIE operation was essentially completed by the end of the fourth quarter of our 2011 fiscal year.

On May 7, 2012, the Company received a VAT refund related to discontinued operations in its former French subsidiary in the amount of 312 Euros. This amount was recognized in other assets of discontinued operations. The settlement of this outstanding amount due was classified as a reduction of assets of discontinued operations. The related foreign exchange gain or loss was classified as a gain or loss on the sale of discontinued operations in the first quarter of the prior fiscal year.

In the three months ended June 30, 2013, the Company 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. The Company also 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 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.

In the three months ended September 30, 2013, the Company recognized a net cash gain of $267 in discontinued operations as a result of the sale of the last two patent lots for approximately $365. With this sale, the Company has no remaining intellectual property related to discontinued operations. The Company also recognized $6 of income from discontinued operations.

	September 30, 2013	March 31, 2013*
Assets of Discontinued Operations:		
Accounts and other receivables, net of allowances for sales returns and doubtful accounts of $0	$ 365	$ 4
Prepaid expenses and other current assets	-	7
Total assets of discontinued operations	$ 365	$ 11
Liabilities of Discontinued Operations:		
Accrued expenses and other current liabilities	$ 89	$ 16
Total liabilities of discontinued operations	$ 89	$ 16

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

5. Geographical and Segment Information:

As of September 30, 2013, the Company's source of revenue was related to genomics based technology information services. For the prior period, the Company's source of revenue was the project activities of Sequel Power. The Company's chief operating decision-maker has been identified as the President and Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company.

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

Revenues for the three and six months ended September 30, 2013 and 2012, respectively, are all part of continuing operations.

	Revenue for the Three Months Ended September 30,		Revenue for the Six Months Ended September 30,	
	2013	2012	2013	2012
Segment Revenue:				
Genomics based technology information	$ 251	$ 50	$ 521	$ 50
Solar power management services	--	25	--	50
Total revenue	$ 251	$ 75	$ 521	$ 100

CollabRx's genomics based technology information business will form the core of our business and operations going forward. Additionally, 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.

6. Recent Accounting Pronouncements:

In October 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2012-04, *Technical Corrections and Improvements* ("ASU 2012-04"), which makes certain technical corrections and "conforming fair value amendments" to the FASB Accounting Standards Codification. The amendments affect various Codification topics and apply to all reporting entities within the scope of those topics. These provisions of the amendment are effective upon issuance, except for amendments that are subject to transition guidance. The new guidance is effective for fiscal periods after December 15, 2012 and had no material impact on our consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.* The new guidance requires entities to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income unless the amounts are not reclassified in their entirety to net income. For amounts that are not required to be reclassified in their entirety to net income in the same reporting period, entities are required to cross-reference other disclosures that provide additional detail about those amounts. The new guidance is effective for fiscal periods after December 15, 2012 and had no material impact on our consolidated financial statements. See Note 4, Discontinued Operations.

In March 2013, the FASB issued ASU 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)* ("ASU 2013-05"). ASU 2013-05 clarifies that when a parent reporting entity ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity, the parent is required to apply the guidance in ASC 830-30 to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU 2013-05 is effective prospectively for fiscal years and interim reporting periods within those years beginning after December 15, 2013. The new guidance was adopted early and had no material impact on our consolidated financial statements. See Note 4, Discontinued Operations.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists (a consensus of the FASB Emerging Issues Task Force)* ("ASU 2013-11"). The new guidance requires entities to report an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. The new guidance is effective prospectively for fiscal years and interim reporting periods within those years beginning after December 15, 2013. The Company does not expect the new guidance to have a material impact on our consolidated financial statements.

7. Investments:

On November 22, 2011, the Company completed a $300 strategic investment in NanoVibronix, a private company that develops medical devices and products that implement its proprietary therapeutic ultrasound technology. NanoVibronix is focused on creating products utilizing its proprietary low-intensity surface acoustic wave ("SAW") technology. The company's unique, patented approach enables the transmission of low-frequency, low-intensity ultrasound waves through a variety of soft, flexible materials, including skin and tissue, enabling low-cost, breakthrough devices targeted at large, high-growth markets. A copy of the Company's press release was filed as an exhibit to the Company's Form 8-K filed on November 29, 2011 and is incorporated herein by reference.

The Company's investment in NanoVibronix is in the form of a convertible promissory note that bears interest at a rate of 10% per year compounded annually and matures on November 15, 2014. Principal and accrued interest under the note automatically convert into shares of Series B-1 Participating Convertible Preferred Stock of NanoVibronix upon the earlier to occur of (i) a $3,000 (or larger) equity financing by NanoVibronix or (ii) a sale of NanoVibronix. In addition, the Company may convert principal and accrued interest under the note into shares of NanoVibronix Series B-1 Participating Convertible Preferred Stock at its election at any time. In either case, the conversion price is $0.284 per share.

8. 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. 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 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 allocation of the purchase price for the CollabRx acquisition is set forth in the Company's Form 10-Q reports filed on November 14, 2012 and February 13, 2013, as well as its Form 10-K report filed on June 27, 2013.

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.

The Company recognized $20 and $41 in tax benefit in the three and six months ended September 30, 2013 respectively regarding the deferred tax liability related to this acquisition.

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 75 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. CollabRx provides this market data information so investors may understand the relevance of our estimates. We believe that the estimated size of the big data opportunity in the US health care market is a good indicator of the increasing importance of this market to a wide spectrum of health care providers, researchers and value-chain participants. We know that within this large market, 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 multi-gene 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. Previously, genomic testing for cancer has was largely focused on single biomarkers, for which the interpretation is relatively straightforward. Such single biomarker tests have been available for several years from commercial diagnostic testing laboratories as well as from academic medical centers.

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.

9. Subsequent Events:

None.

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

Special Note Regarding Forward Looking Statements

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

The Company

Corporate Information

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

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

Company Background

CollabRx (f/k/a Tegal) was formed in December 1989 to acquire the operations of the former Tegal Corporation, a division of Motorola, Inc. Until recently, 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

CollabRx, Inc. is a development stage company 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 search publicly available databases as source documents for our knowledge base. Such databases include those that are available, either free or on a commercial basis, in the areas of clinical trials, drugs, investigational compounds, biomarkers, bioinformatics, cancer ontology and literature. We 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, histopathology data, prior treatments and biomarkers represented within the knowledge base. The result of this software- and expert-assisted process is proprietary content which includes decision rules, succinct statements of therapeutic strategy and a comprehensive listing of appropriate drugs and clinical trials, all related to specific aberrations which might be observed in connection with genomic testing. Although the process and results are proprietary, 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 knowledge base, which is updated regularly with the assistance of a large network of independent advisors, and which forms the basis for all our products and services.

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

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. 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.

Our "Genetic Variant Application" or "GVA" is a service offered to diagnostic testing laboratories, including academic medical centers and commercial laboratories. Our lab customers provide us with a test result, usually in the form of an electronic file that represents the results of a genomic test, typically from a "Next Generation Sequencing" ("NGS") or similar testing platform. The test results provided to us contain no patient-identifiable information. We analyze the test results for the purpose of identifying those aberrations which 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.

Our Therapy Finder™ products are a series of cancer-specific, web-based apps which are accessed by physicians and patients, usually in the physician's office. After indicating a number of pre-set options related to stage of cancer, histopathology, prior treatments and presence of biomarkers on an input page, the physician is presented with a results page which explains the role of the biomarker, identifies a possible therapeutic strategy for that particular set of inputs, along with tabs associated with searchable lists of relevant drugs and clinical trials. Therapy Finders are an interactive, informational and educational resource for both physicians and patients, and can be used for decision-support. They neither contain nor store any patient identifiable information. The advisors associated with the development and updating of each app are prominently featured. The development and distribution of Therapy Finders is partially supported by sponsorships and advertising revenue. They are available free of charge through both a commercial channel and on our company website. 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 Finder™ products are available free-of-charge 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. We anticipate offering both professional and patient oriented versions of our Therapy Finders in the future.

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.

The condensed 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 condensed consolidated financial statements are prepared in conformity with generally accepted accounting principles ("GAAP").

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

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

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.

Throughout most of fiscal 2012, our operations consisted mainly of our obligations under our management agreement with Sequel Power, LLC, a company dedicated to development of large-scale solar photovoltaic ("PV") power plants and in providing related advisory services. In January of 2011, we contributed $2 million in cash to Sequel Power in exchange for an approximate 25% economic interest and voting control on its Board of Managers. In connection with the investment, our President and CEO was appointed Chairman of Sequel Power. In addition to our management role in Sequel Power, we were engaged in the sale of remaining intellectual property from our discontinued operations in semiconductor capital equipment and in researching potential new investment opportunities in several areas, including solar technology, medical devices and health technology.

On November 22, 2011, we made an investment of $300 in NanoVibronix, Inc. in the form of a convertible promissory note. NanoVibronix is a private company that develops medical devices and products that implement its proprietary therapeutic ultrasound technology which may be utilized for a variety of medical applications requiring low cost therapeutic ultrasound qualities. NanoVibronix is focused on creating products utilizing its unique, patented approach which enables the transmission of low-frequency, low-intensity ultrasound surface acoustic waves ("SAWs") through a variety of soft, flexible materials, including skin and tissue, enabling low-cost, breakthrough devices targeted at large, high-growth markets.

We intend that our most recent acquisition of CollabRx, Inc. will form the core of our operations going forward. In September 2012, the Company changed its name to "CollabRx, Inc." and the Company's common stock, which previously traded under the ticker symbol "TGAL" on the Nasdaq Capital Market, began trading under the new ticker symbol "CLRX".

We cannot assure you that we will be successful in pursuing our new strategic initiative in CollabRx. If our efforts do not succeed, we may need to raise additional capital which may include capital raises through the issuance of debt or equity securities. If additional funds are raised through the issuance of preferred stock or debt, these securities could have rights, privileges or preferences senior to those of our common stock, and debt covenants could impose restrictions on our operations. Moreover, such financing may not be available to us on acceptable terms, if at all. Failure to raise any needed funds would materially adversely affect us. It is not possible to predict when our business and results of operations will improve. In consideration of these circumstances, the Company may be forced to consider a merger with or into another company or the liquidation or dissolution of the Company, including through a bankruptcy proceeding. We cannot assure you that we will be successful in pursuing this or any other strategic alternatives. If we were to liquidate or dissolve the Company through or outside of a bankruptcy proceeding, you could lose all of your investment in the Company's common stock.

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. Beginning in December 2008, sales for our legacy etch and PVD systems fell dramatically as the global financial crisis impacted semiconductor manufacturing. According to Semiconductor Materials and Equipment International, total worldwide semiconductor capital equipment sales for calendar year 2009, in total, were only $15.9B, a decrease of 46.1% over calendar year 2008 capital equipment sales ($29.5B), which were, in turn, 31% lower than worldwide capital equipment sales in calendar year 2007 ($42.8B). As a result of such poor business conditions for semiconductor capital equipment, there were a significant number of consolidations and bankruptcies among semiconductor capital equipment suppliers.

In a series of meetings in late May and early June 2009, our Board of Directors reviewed several basic strategic options presented by management. The Board decided at that time that we should retain an advisor to consider "strategic alternatives" for the Company, and to investigate opportunities for the sale of the Company or its assets. We retained Cowen & Co. for this purpose and received periodic briefings on those efforts during 2009 and 2010. 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., Due to limited resources, 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.

Following our investment in Sequel Power, and as a result of our continuing efforts to reduce our operating losses, 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 condensed 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.

Critical Accounting Policies and Estimates

We prepare the condensed consolidated financial statements in conformity with GAAP which requires management to make certain estimates, judgments and assumptions that affect the reported amounts in the accompanying condensed 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 condensed, 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. During the three months ended September 30, 2013, there were no significant changes to the critical accounting policies and estimates discussed in the Company's 2013 Annual Report on Form 10-K.

Results of Operations

The following table sets forth certain financial items for the three and six months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Revenue	$ 251	$ 50	$ 521	$ 50
Revenue - related party	--	25	--	50
Total revenue	251	75	521	100
Cost of revenue	18	20	36	20
Gross profit	233	55	485	80
Operating expenses:				
Engineering	457	328	671	328
Research and development	27	--	157	--
Sales and marketing	63	49	122	49
General and administrative	558	970	1,117	1,682
Total operating expenses	1,105	1,347	2,067	2,059
Operating loss	(872)	(1,292)	(1,582)	(1,979)
Other income, net	16	11	26	20
Loss before income tax benefit	(856)	(1,281)	(1,556)	(1,959)
Income tax benefit	(20)	--	(41)	--
Loss from continuing operations	(836)	(1,281)	(1,515)	(1,959)
Income (loss) from discontinued operations, net of taxes	273	(3)	155	(4)
Net loss	$ (563)	$ (1,284)	$ (1,360)	$ (1,963)
Net loss per share from continuing operations:				
Basic and diluted	$ (0.43)	$ (0.68)	$ (0.78)	$ (1.13)
Net income (loss) per share from discontinued operations:				
Basic and diluted	$ 0.14	$ -	$ 0.08	$ -
Net loss per share:				
Basic and diluted	$ (0.29)	$ (0.68)	$ (0.70)	$ (1.13)
Weighted-average shares used in per share computation:				
Basic and diluted	1,953	1,884	1,953	1,738

Revenue

Immediately prior to the acquisition of CollabRx, the Company's sole source of revenue was from management activities related to Sequel Power, a related party. Revenue for the three and six months ended September 30, 2013 increased by $201 and $471, respectively, compared to the three and six months ended September 30, 2012. The increases in the same periods relate to our acquisition of CollabRx.

As a percentage of total revenue for the three and six months ended September 30, 2013 and 2012, international sales were 0%. The Company's historical operations had revenues in international markets. With the acquisition of CollabRx, we expect that international sales will once again account for a significant portion of future revenue.

In 2011, Pfizer made a one-time grant of $250 to the Cancer Commons initiative, which contracted with CollabRx to develop and publish a molecular disease model for lung cancer in that same year. CollabRx received $150 for this effort. Pfizer gave no material grants to CollabRx, nor did it invest any capital in CollabRx, and we have no continuing obligations to either Cancer Commons or Pfizer.

Gross Profit

Gross profit for the three and six months ended September 30, 2013 increased $178 and $405, respectively, compared to the three and six months ended September 30, 2012. Our gross profit reflects the amortization of the Company's product specific software, which was included in the CollabRx acquisition.

Our gross margins for the three and six months ended September 30, 2013 was 92.8% and 93.1% respectively. Our gross margins for the three and six months ended September 30, 2012, was 73.3% and 80.0% respectively. These periods included revenue from our former Sequel Power activities, which were management services revenue with no costs incurred to record this revenue.

Engineering

Following the acquisition of CollabRx, engineering expenses consist primarily of salaries. The increase in Engineering expense of $129 and $343 for the three and six months ended September 30, 2013, compared to the same periods in 2012, resulted from the CollabRx acquisition and the employees retained for those operations. The increase in Engineering expenses in fiscal 2013 compared to fiscal 2012 reflected compensation paid to scientists and engineers that became our employees in connection with the CollabRx acquisition, effective July 12, 2012, as well as additional hires since the acquisition date. Prior to the CollabRx acquisition, the Company had exited from our core historical DRIE operations. 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

Currently any expenses in research and development ("R&D") result from the change in categorization of certain employee related expenses from engineering to R&D. We include all of those employees who work both on engineering activities and R&D activities in the headcount within Engineering and allocate the expense to R&D, as categorized above. The efforts of the engineering group include supporting existing product offerings as well as developing future product offerings. Consequently, such expenses are segregated, and these expenses make up the total R&D expenses for the three and six months ended September 30, 2013. The increase in R&D expenses of $27 and $157 for the three and six months ended September 30, 2013 compared to the same periods in 2012 reflected compensation paid to scientists and engineers that became our employees in connection with the CollabRx acquisition, as well as additional hires. Prior to the CollabRx acquisition, the Company had no expenses associated with R&D for continuing operations for the three and six months ended September 30, 2012 due to the exit from our core historical DRIE operations. The decrease in R&D expense in the second quarter compared to the first quarter of fiscal year 2014 is related to the efforts of Engineering being directed to a new customer project.

With the sale of the last two patent lots, the Company has no other intellectual property related to discontinued operations.

Sales and Marketing

Following the acquisition of CollabRx, sales and marketing expenses consist primarily of salaries. The increases in sales and marketing expense of $14 and $73 for the three and six months ended September 30, 2013, respectively, compared to the same periods in 2012 resulted from the CollabRx acquisition. The Company had no expenses associated with sales and marketing for the first quarter of the prior fiscal year due to the exit from our core historical DRIE operations. Sales and Marketing expenses for the six months ended September 30, 2012 began with the date of the CollabRx acquisition, July 12, 2012.

General and Administrative

General and administrative expenses consist of salaries, legal, accounting and related administrative services and expenses associated with general management, finance, information systems, human resources and investor relations activities. The decreases in general and administrative expenses of $412 and $565 for the three and six month periods ended September 30, 2013, respectively, compared to the same periods in 2012 was due primarily to lower expenses related to employees together with lower expenses for stock compensation, legal and consulting services. These decreases were partially offset by higher expenses for facilities in the current periods.

Other Income, net

Other income, net primarily consists of the change in fair value of the common stock warrant liability and interest earned on our NanoVibronix investment.

Income Taxes

As a result of the acquisition of CollabRx by stock purchase, the Company had no tax basis in the intangible assets acquired. During the three and six months ended September 30, 2013, the Company recognized $20 and $41 respectively in tax benefit as a result of this difference.

During the three months ended September 30, 2012, there was no income tax expense or benefit for federal and state income taxes reflected in our condensed consolidated statements of operations due to our net loss and a valuation allowance on the resulting deferred tax asset.

As of March 31, 2013, the Company had net operating loss carryforwards of approximately $111.8 million and $64.9 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. At March 31, 2013, the Company also had research and experimentation credit carryforwards of $1.3 million and $0.8 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 taxable income.

Discontinued Operations

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 and interest income on money market accounts, as well as the reclassification of net expenses associated with our exit from our historical core operations. For the three and six months ended September 30, 2013 the Company had a net gain from discontinued operations and sale of discontinued assets. Net income from discontinued operations increased by $276 and $159, respectively, compared to the three and six months ended September 30, 2012. The change resulted from the sale of the last two patent lots related to NLD as well as from the final closing of bank accounts in its Italian subsidiary and a federal tax refund regarding discontinued operations. The Company recognized a net $4 non cash gain related to the write off of discontinued assets and liabilities in its 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.

In the three months ended September 30, 2013, the Company recognized a net cash gain of $267 in discontinued operations as a result of the sale of the last two patent lots for approximately $365. With this sale, the Company has no other intellectual property related to discontinued operations. The Company also recognized $6 of income from discontinued operations.

Contractual Obligations

The following summarizes our contractual obligations as of September 30, 2013, 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
Non-cancelable operating lease obligations	$ 493	$ 122	$ 252	$ 119	$ -
Total contractual cash obligations	$ 493	$ 122	$ 252	$ 119	$ -

Most leases provide for the Company to pay real estate taxes and other maintenance expenses. Rent expense for operating leases related to discontinued operations, net of sublease income, was $0 for the three and six months ended September 30, 2013. Rent expense for operating leases related to discontinued operations, net of sublease income, was $0 for the three and six months ended September 30, 2012, respectively. Rent expense for operating leases related to continuing operations, net of sublease income, was $30 and $70 for the three and six month periods ended September 30, 2013, respectively. Rent expense for operating leases related to continuing operations net of sublease income, was $15 and $25 for the three and six month periods ended September 30, 2012.

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. Prior to moving to San Francisco, we were located in Petaluma, California. We had a primary lease for office space, consisting of 2,187 square feet, which expired August 31, 2012. We 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.

Certain of our past sales contracts included provisions under which customers would be indemnified by us in the event of, among other things, a third party claim against the customer for intellectual property rights infringement related to our products. There are no limitations on the maximum potential future payments under these guarantees. 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 our products.

Liquidity and Capital Resources

For the six months ended September 30, 2013 and the fiscal year ended March 31, 2013, we financed our operations from existing cash on hand and the net proceeds from the sale of discontinued assets, as disclosed in prior and current filings. Net cash used in operating activities during the six months ended September 30, 2013 was $1,237. The primary changes in our cash flow statement for the six months ended September 30, 2013 compared to the corresponding period in the prior fiscal year were due to our acquisition of CollabRx, a net loss of $1,360, partially offset by changes in assets and liabilities of discontinued operations, stock compensation expense and changes in accounts receivable due to revenues related to our new operations. Net cash used in operating activities during the six months ended September 30, 2012 was $1,708, due primarily to our acquisition of CollabRx, a net loss of $1,963, and stock compensation expense, partially offset by a VAT refund related to the discontinued operations in our former French subsidiary in the amount of 312 Euros.

The 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 $1,360 and $1,963 for the six months ended September 30, 2013 and 2012, respectively. We used cash flows from operations of $1,237 and $1,708 for the six months ended September 30, 2013 and 2012, respectively. We believe that our existing cash will be adequate to fund operations through fiscal year 2014. While CollabRx, Inc. will form the core of our business and operations going forward, we cannot assure you that we will be successful in pursuing our new strategic initiative in CollabRx. It is not possible to predict when our business and results of operations will improve. In consideration of these circumstances, the Company may be forced to consider a merger with or into another company or the liquidation or dissolution of the company, including through a bankruptcy proceeding. If we were to liquidate or dissolve the company through or outside of a bankruptcy proceeding, you could lose all of your investment in the Company's common stock.

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.

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

Foreign Currency Exchange Risk

As of September 30, 2013 and March 31, 2013, all of the Company's investments were classified as cash equivalents in the consolidated balance sheet. The investment portfolio for each of these periods was comprised of money market funds. With the sale of the DRIE related assets and the closure of our French subsidiary, our exposure to foreign currency fluctuations has been mostly eliminated. For the period ended September 30, 2013, fluctuations of the U.S. dollar in relation to the Euro were immaterial to our financial statements. In the prior fiscal year, these fluctuations primarily affected the balance of our pension obligation in Germany, which was settled in the third quarter of fiscal year 2012.

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

Historically, the Company has entered into foreign exchange contracts to sell Euros, which are used to hedge a sales transaction in which costs were denominated in U.S. dollars and the related revenue was generated in Euros. As of September 30, 2013, there were no outstanding foreign exchange contracts.

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.

Our financial instruments consist primarily of money market funds. At September 30, 2013, all of our investments were classified as cash equivalents in the condensed consolidated balance sheet. The carrying amounts of our cash equivalents are valued using Level 1 inputs. Our cash equivalents total $2,791. The value of our warrant liability is determined using Level 3 inputs. The Company uses the Black-Scholes option pricing model as its method of valuation for warrants that are subject warrant liability accounting. The determination of the fair value as of the reporting date is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables which could provide differing variables. These variables include, but are not limited to, expected stock price volatility over the term of the security and risk free interest rate. In addition, the Black-Scholes option pricing model requires the input of an expected life for the securities for which we have estimated based upon the stage of the Company's development. The fair value of the warrant liability is revalued each balance sheet date utilizing the Black-Scholes option pricing model computations with the decrease or increase in the fair value being reported in the Consolidated Statement of Operations and Comprehensive Loss as other income, net. A significant increase (decrease) of any of the subjective variables independent of other changes would result in a correlated increase (decrease) in the liability and an inverse effect on net income.

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.

The change in the fair value of warrants is as follows:

	Six Months Ended September 30,	
	2013	2012
Balance at the beginning of the period	$ 10	$ 19
Change in fair value recorded in earnings	(10)	(3)
Balance at the end of the period	$ -	$ 16

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 4. ***Controls and Procedures***

Disclosure Controls and Internal Controls for Financial Reporting

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

Evaluation of Disclosure Controls and Procedures

As of the period covered by this quarterly report, 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 September 30, 2013, such disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. ***Legal Proceedings***

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

Item 1A. ***Risk Factors***

We wish to caution you that there are risks and uncertainties that could affect our business. A description of the risk factors associated with our business that you should consider when evaluating our business is included under "Risk Factors" contained in Item 1A. of our Annual Report on Form 10-K for the year ended March 31, 2013. In addition to those factors and to other information in this Form 10-Q, the following updates to the risk factors should be considered carefully when evaluating the Company or our business.

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

Risks Related to Our Business

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

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

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

We had net losses of $1,360, $3,928, and $1,429 for the six months ended September 30, 2013 and the fiscal years ended March 31, 2013 and 2012, respectively. We used cash flows from operations of $1,237, $3,838 and $3,108 in these respective periods. We expect to continue to sustain losses for the foreseeable future, which may decrease the price of our common stock.

Although we believe that our existing cash balances will be adequate to fund operations through fiscal year 2014, we cannot assure you that we will be successful in pursuing any of the strategic alternatives described in the Company's Annual Report on Form 10-K. We intend that our most recent acquisition of CollabRx, Inc. will form the core of our operations going forward.

If our efforts do not succeed, we may need to raise additional capital which may include capital raises through the issuance of debt or equity securities. If additional funds are raised through the issuance of preferred stock or debt, these securities could have rights, privileges or preferences senior to those of our common stock, and debt covenants could impose restrictions on our operations. Moreover, such financing may not be available to us on acceptable terms, if at all. Failure to raise any needed funds would materially adversely affect us. In consideration of these circumstances, the Company may be forced to consider a merger with or into another company or the liquidation or dissolution of the company, including through a bankruptcy proceeding.

Our quarterly operating results may continue to fluctuate.

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

Factors that could affect our quarterly operating results include:

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

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

We are dependent on the services of our executive officers, our technical experts and other members of our senior management team, particularly Thomas Mika, our President and Chief Executive Officer. The loss of one or more of these key officers or any other member 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. Mr. Mika is subject to employment conditions or arrangements that contain post-employment non-competition provisions. However, these arrangements permit Mr. Mika to terminate his employment with us upon little or no notice and the enforceability of the non-competition provisions is uncertain.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We are exposed to risks associated with contract termination or delay

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Industry

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Common Stock

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

The closing price of our common stock on The NASDAQ Capital Market has ranged from a high as $5.23 to a low of $3.01 from July 12, 2012, the closing date of our acquisition of CollabRx, through September 30, 2013. 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.

The concentration of ownership among our existing directors, executive officers and principal stockholders provide them, collectively, with substantial control over us, which could limit your ability to influence the outcome of key transactions, including a change of control.

Our directors, executive officers and each of our stockholders who own greater than 5% of our outstanding common stock and their affiliates, in the aggregate, own approximately 13% of the outstanding shares of our common stock, based on the number of shares outstanding as of September 30, 2013. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

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

None.

Item 3. ***Defaults Upon Senior Securities***

None.

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

None

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit Number	Description
3.1.	Certificate of Incorporation, as amended.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Acting Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Acting Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

COLLABRX, INC.
(Registrant)

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

Date: November 14, 2013

Exhibit 3.1

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:05 API 09/20/1995
950218616 - 2545851

CERTIFICATE OF DOMESTICATION
OF
TEGAL CORPORATION LIMITED

Tegal Corporation Limited (the "Company"), a company organized and existing under the laws of Bermuda, does hereby certify as follows:

FIRST: The Company was formed on the 20th day of December, 1989 at Hamilton, Bermuda;

SECOND: The name of the Company immediately prior to the filing of this Certificate of Domestication was Tegal Corporation Limited;

THIRD : The name of the Company under which it is filing a Certificate of Incorporation is Tegal Corporation;

FOURTH: The principal place of business of the Company immediately prior to the filing of this Certificate of Domestication was Petaluma, California; and

FIFTH: A Certificate of Incorporation of Tegal Corporation is being filed contemporaneously with this Certificate of Domestication.

IN WITNESS WHEREOF, the Company has caused this Certificate to be signed by David Curtis, its Vice President-Finance and Chief Financial Officer, who is authorized to sign this Certificate on behalf of the Company, this 1st day of September, 1995.

Tegal Corporation Limited

By: /s/ David Curtis
David Curtis

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:05 API 09/20/1995
950218616 - 2545851

CERTIFICATE OF INCORPORATION
OF
TEGAL CORPORATION

The undersigned, a natural person, for the purpose of organizing a corporation for conducting the business and promoting the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 9 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "General Corporation Law of the State of Delaware"), hereby certifies that:

FIRST: The name of the corporation (hereinafter the "Corporation") is

Tegal Corporation.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 32 Loockerman Square, Suite L-100, City of Dover, County of Kent; and the name of the registered agent of the Corporation in the State of Delaware is The Prentice-Hall Corporation System, Inc.

THIRD: The nature of the business and of the purposes to be conducted and promoted by the Corporation shall be to engage in any lawfiil act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: (A) The total number of shares of all classes of capital stock which the corporation shall have authority to issue is Twenty Million (20,000,000) shares, comprised of Thirteen Million Five Hundred Thousand (13,500,000) shares of Common Stock with a par value of One Cent (US $ 0.01) per share (the "Common Stock") and Six Million Five Hundred Thousand (6,500,000) shares of Preferred Stock with a par value of One Cent (US $ 0.01) per share (the "Preferred Stock"). Subject to the preferential rights of the Preferred Stock and such restrictions as may be imposed by debtholders of the Corporation and its subsidiaries, the holders of shares of Common Stock shall be entitled to receive, when and if declared by the Board of Directors, out of the assets of the Corporation which are by law available therefor, dividends payable either in cash, in property or in shares of capital stock.

(B) The Board of Directors is expressly authorized, subject to the limitations prescribed by law and the provisions hereof, to provide for the issuance of all or any shares of any wholly unissued series of Preferred Stock, each with such designations, preferences, voting powers (or no voting powers), relative, participating, optional or other special rights and privileges and such qualifications, limitations or restrictions thereof as shall be stated in the resolution or resolutions adopted by the Board of Directors to create such series. The authority of the Board of Directors with respect to each such series shall include without limitation of the foregoing the right to specify the number of shares of each such series and to authorize and increase or decrease in such number of shares and the right to provide that the shares of each such series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation, (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock of the Corporation at such price or prices or at such rates of exchange and with such adjustments, if any; (v) entitled to the benefit of such limitations, if any, on the issuance of additional shares of such series or shares of any other series of Preferred Stock; or (vi) entitled to such other preferences, powers, qualifications, rights and privileges, all as the Board of Directors may deem advisable and as are not inconsistent with the laws of Delaware in force from time to time. All preferences, voting powers, relative, participating, optional or other special rights and privileges, and qualifications, limitations, or restrictions of the Common Stock are expressly made subject and subordinate to those that are fixed and those that may be fixed with respect to any shares of the Preferred Stock.

(C) Four Million Three Hundred Fifty-Two Thousand Two Hundred Seventy-Four (4,352, 274) shares of Preferred Stock are hereby designated "Series A Preferred Stock," One Thousand (1000) shares of Preferred Stock are hereby designated "Series B Preferred Stock," Eight Hundred Seventy-Six Thousand One Hundred Ninety-One (876,191) shares of Preferred Stock are hereby designated "Series C Preferred Stock" and Eight Hundred Eighty-Six Thousand Six Hundred Twenty-Seven (886,627) shares of Preferred Stock are hereby designated "Series D Preferred Stock," each having the respective preferences, voting powers, relative, participating, optional or other special rights and privileges, and the qualifications, limitations and restrictions set forth below:

(i) The holders of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be entitled to receive, out of any funds legally available therefor, dividends on each outstanding share of Preferred Stock, payable when and as declared by the Board of Directors. The right to such dividends on the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall not be cumulative, and no right shall accrue to holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock by reason of the fact that dividends on such shares are not declared or paid in any prior year. Dividends, if paid, or if declared and set apart for payment, must be paid on, or declared and set apart for payment on all outstanding Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock contemporaneously and shall be declared and paid pro rata (a) such that the ratio of dividends being declared and paid per share of Series A Preferred Stock to dividends being declared and paid per share of Series C Preferred Stock to dividends being declared and paid per share of Series D Preferred Stock is the same as the ratio of US $2.4304 (the "Series A Issue Price") to US $5.25 (the "Series C Issue Price") to US $5.25 (the "Series D Issue Price") (as such prices may be adjusted for stock splits, combinations or similar events with respect to such series of Preferred Stock) and (b) as among the holders of each series based on the number of shares of such series so held. No shares of Common Stock shall receive any dividend at a rate which is greater than the rate at which dividends are simultaneously paid in respect of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock (based on the number of shares of Common Stock into which the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock is convertible on the date of dividend).

(ii) The liquidation rights of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be as follows:

(a) In the event of any liquidation, dissolution or winding up of this Corporation, whether voluntary or not, the holders of the Series C Preferred Stock shall be entitled to receive an amount per share equal to the Series C Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to such series of Preferred Stock) plus all declared and unpaid dividends, if any, before any amount shall be paid to the holders of the Series D Preferred Stock, Series A Preferred Stock and Common Stock. If, upon the occurrence of a liquidation, dissolution or winding up, the assets and surplus funds distributed among the holders of the Series C Preferred Stock shall be insufficient to permit the payment to such holders of the full preferential amount then the entire assets and surplus funds legally available for distribution shall be distributed ratably among the holders of the Series C Preferred Stock.

(b) In the event of any liquidation, dissolution or winding up of this Corporation, whether voluntary or not, the holders of the Series D Preferred Stock shall be entitled to receive an amount per share equal to the Series D Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to such series of Preferred Stock) plus all declared and unpaid dividends, if any, and the holders of the Series A Preferred Stock shall be entitled to receive an amount per share equal to the Series A Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to such series of Preferred Stock) plus all declared and unpaid dividends, if any, before any amount shall be paid to the holders of the Common Stock. If, upon the occurrence of a liquidation, dissolution or winding up, the assets and surplus funds distributed among the holders of the Series D Preferred Stock and Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full preferential amount then the entire assets and surplus funds legally available for distribution shall be distributed ratably among the holders of the Series D Preferred Stock and Series A Preferred Stock such that the ratio of the assets and surplus funds being distributed to holders of Series A Preferred Stock, on a per share basis, to the assets and surplus funds being distributed to holder of Series D Preferred Stock, on a per share basis, is the same as the ratio of the Series A Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to such series of Preferred Stock) plus all declared and unpaid dividends, if any, to the Series D Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to such series of Preferred Stock) plus all declared and unpaid dividends, if any.

(c) If, upon the occurrence of a liquidation, dissolution or winding up, after the payment to the holders of Series C Preferred Stock, Series D Preferred Stock and Series A Preferred Stock of the preferential amount, assets or surplus funds remain in this Corporation, the holders of Series C Preferred Stock, Series D Preferred Stock, Series A Preferred Stock and the holders of Common Stock shall be entitled to share in all such remaining assets and surplus funds in the same manner as if all shares of Series C Preferred Stock, Series D Preferred Stock and Series A Preferred Stock had been converted into Common Stock.

(d) For the purposes of this Article, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, and to include, the sale by the Corporation of substantially all of its assets or the acquisition of the Corporation by another entity by means of merger or consolidation resulting in the exchange of the outstanding shares of the Corporation for securities or consideration issued, or caused to be issued, by the acquiring company or its subsidiary.

(iii) If on each December 31, 1996, December 31, 1997, or December 31, 1998 (each of which is referred to as a "Redemption Record Date"), there shall be any shares of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock outstanding, a majority of the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock then outstanding, voting together as a single class, may elect, in accordance with the procedures set forth herein, to require the Corporation to redeem up to one-third of the shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock originally issued (as adjusted for stock splits, combinations or similar events with respect to such series of Preferred Stock) on a pro rata basis as described below. Subject to the foregoing limitation, the Corporation shall be required to redeem shares in accordance with the number of shares which any holder may and is requesting to be redeemed on each Redemption Payment Date (as defined below) pursuant to an Initiating Notice or a Subsequent Notice (each as defined below); provided, however, that any shares which are properly requested to be redeemed but are unable to be redeemed in any particular year due to the limitations set forth herein may be redeemed pursuant to written notice given on a subsequent Redemption Record Date to the extent such redemption may be accomplished within those limitations. The applicable redemption price payable on each Redemption Payment Date shall be (a) the Series A Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to the Series A Preferred Stock) plus all declared and unpaid dividends to the Redemption Payment Date, if any, with respect to each share of Series A Preferred Stock (the "Series A Redemption Price"), (b) the Series C Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to the Series C Preferred Stock) plus all declared and unpaid dividends to the Redemption Payment Date, if any, with respect to each share of Series C Preferred Stock (the "Series C Redemption Price") and (c) the Series D Issue Price (as such price may be adjusted for stock splits, combinations or similar events with respect to the Series D Preferred Stock) plus all declared and unpaid dividends to the Redemption Payment Date, if any, with respect to each share of Series D Preferred Stock (the "Series D Redemption Price"). Any shares redeemed pursuant to this provision shall be redeemed on a pro rata basis, such that the ratio of (x) the aggregate amount of cash used to redeem shares of Series A Preferred Stock to (y) the aggregate amount of cash used to redeem shares of Series C Preferred Stock to (z) the aggregate amount of cash used to redeem shares of Series D Preferred Stock is the same as the ratio of (xx) the number of shares of Series A Preferred Stock then outstanding multiplied by the Series A Redemption Price to (yy) the number of shares of Series C Preferred Stock then outstanding multiplied by the Series C Redemption Price to (zz) the number of shares of Series D Preferred Stock then outstanding multiplied by the Series D Redemption Price.

(iv) Prior to each Redemption Payment Date, the Corporation shall deposit with a bank having an aggregate capital and surplus in excess of US $50,000,000, as a trust fund for the redemption of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock (the "Redemption Fund"), the amount required for redemption of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock hereunder together with irrevocable instructions and authority to pay the Series A Redemption Price, the Series C Redemption Price and the Series D Redemption Price to the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, upon surrender of their stock certificates on or after each Redemption Payment Date, Any money so deposited which is unclaimed by a holder of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock for one year after a Redemption Payment Date shall be returned to the Corporation, after which holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock who have requested redemption shall be entitled to receive payment of the Series A Redemption Price, the Series C Redemption Price and the Series D Redemption Price directly from the Corporation. After all shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock requested to be redeemed have been converted or redeemed, any money remaining in the Redemption Fund shall be returned to the Corporation.

(v) A majority of the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock then outstanding, voting together as a single class, may make an election pursuant to Section (C)(iii) of this Article in a notice (an "Initiating Notice") to the Corporation within 60 days of each Redemption Record Date which shall be deemed delivered upon personal delivery of 14 days after deposit in the mail, registered or certified, addressed to the Corporation. Within 14 days of receipt of the Initiating Notice, the Corporation shall mail by first class, postage prepaid, to each holder of record of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, at such holders' post office address last shown on the records of the Corporation, a written notice advising such holder of the fact that a majority of the holders of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock then outstanding, voting together as a single class, have made the election described herein, specifying the date on which the redemption shall be made, which date shall be within 60 days of the delivery of the Initiating Notice (a "Redemption Payment Date") and advising such holder that it must notify the Corporation at least 10 days prior to the Redemption Payment Date if such holder wishes to have its shares redeemed thereon (a "Subsequent Notice"), provided that a Subsequent Notice shall not be required from any holder that was a party to the Initiating Notice. On or after each Redemption Payment Date, each holder shall surrender his certificate for the number of shares to be redeemed to the Corporation at the place specified by the Corporation. From and after each Redemption Payment Date, unless there have been a default in the payment of the Series A Redemption Price, the Series C Redemption Price or the Series D Redemption Price, all rights of holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock requesting redemption (except the right to receive payment of the Series A Redemption Price, the Series C Redemption Price or the Series D Redemption Price or surrender of their certificates) shall cease with respect to the shares redeemed. If less than all of the shares represented by a surrendered certificate are redeemed, a new certificate shall forthwith be issued for the unredeemed shares.

(vi) The Corporation shall not be required to expend funds for the redemption of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock to the extent such expenditure would violate any law in force in Delaware from time to time and, specifically, the Delaware General Corporation Law.

(D) Except as otherwise required by law, the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock and the holders of Common Stock shall be entitled to notice of any stockholders' meeting and to vote upon any matter submitted to the stockholders for a vote, other than the election of Directors, as follows: (a) the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall have one vote for each full share of Common Stock into which their respective shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock are convertible in the aggregate on the record date for the vote and (b) the holders of Common Stock shall have one vote per share of Common Stock. For so long as at least 50% of the shares of the Corporation's Series A Preferred Stock issued with regard to the original 14,400,000 Series A Preferred Stock issued by the Corporation's Bermuda predecessor remains outstanding, the holders of shares of Series A Preferred Stock, voting as a class, shall be entitled to elect two (2) directors; the holders of shares of Series C Preferred Stock and Series D Preferred Stock, voting together as a class, shall be entitled to elect one (1) director; the holders of shares of Common Stock, voting as a class, shall be entitled to elect one (1) director; and the remaining director or directors shall be elected by the holders of Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Common Stock, voting together on an as-if-converted basis.

(E) The Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be convertible into Common Stock of this Corporation as follows:

(i) For purposes of this Paragraph (E) of Article Fourth the following definitions shall apply:

"Common Stock Equivalents" shall mean Convertible Securities and rights entitling the holder thereof to receive directly, or indirectly, additional shares of Common Stock without the payment of any consideration by such holder for such additional shares of Common Stock or Common Stock Equivalents.

"Common Stock Outstanding" shall mean the aggregate of all Common Stock outstanding and all Common Stock issuable upon exercise of all outstanding Options and conversion of all outstanding Convertible Securities.

"Conversion Price" shall mean the price, determined pursuant to this Paragraph (E), at which shares of Common Stock shall be deliverable upon conversion of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, as applicable.

"Convertible Securities" shall mean any indebtedness or shares of stock convertible into or exchangeable for Common Stock, including Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock.

"Current Conversion Price" shall mean the applicable Conversion Price immediately before the occurrence of any event, which, pursuant to Section (E)(iv) below causes an adjustment to the applicable Conversion Price.

"Issuance Date" shall mean for the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock the first date on which the Corporation issues any shares of such Preferred Stock.

"Options" shall mean any rights, warrants or options to subscribe for or purchase Common Stock or Convertible Securities.

(ii) Each holder of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock may, at any time, convert any or all of such Preferred Stock into fully-paid and non-assessable shares of Common Stock at the applicable Conversion Price. Each share of Series A Preferred Stock shall be convertible into the number of shares of Common Stock that results from dividing the Conversion Price in effect at the time of conversion for Series A Preferred Stock into US $2.4304 for each share of Series A Preferred Stock; The Conversion Price of the Series A Preferred Stock shall initially be US $2.4304 per share of Common Stock. Each share of Series C Preferred Stock shall be convertible into the number of shares of Common Stock that results from dividing the Conversion Price in effect at the time of conversion for Series C Preferred Stock into US $5.25 for each share of Series C Preferred Stock; the Conversion Price of the Series C Preferred Stock shall initially be US $5.25 per share of Common Stock. Each share of Series D Preferred Stock shall be convertible into the number of shares of Common Stock that results from dividing the Conversion Price in effect at the time of conversion for Series D Preferred Stock into US $5.25 for each share of Series D Preferred Stock; the Conversion Price of the Series D Preferred Stock shall initially be US $5.25 per share of Common Stock. The initial applicable Conversion Price shall be subject to adjustment from time to time in certain instances as hereinafter provided. No adjustments with respect to conversion shall be made on account of any dividends that may be declared but unpaid on the Preferred Stock surrendered for conversion, but no dividends shall thereafter be paid on the Common Stock unless such unpaid dividends have first have paid to the holders entitled to payment at the time of conversion of the Preferred Stock.

(iii) Before any holder of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be entitled to convert the same into Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, to the office of the Corporation or any transfer agent for such Preferred Stock and shall give written notice to the Corporation at such office that he elects to convert the same. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, or to his nominee or nominees, certificates for the number of full shares of Common Stock to which he shall be entitled, together with cash in lieu of any fraction of a share as hereinafter provided, and, if less than all of the shares of Preferred Stock represented by such certificate are converted, a certificate representing the shares of Preferred Stock not converted. Such conversion shall be deemed to have been made as of the date of such surrender of the certificate for the Preferred Stock to be converted, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock on such date. If the conversion is in connection with an offer of securities registered pursuant to the Securities Act of 1933, as amended (the "Securities Act"), the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock issuable upon such conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(iv) Subject to Section (E), the applicable Conversion Price in effect from time to time for Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be subject to adjustment in certain cases as follows:

(a) Subject to Section (E)(xiv) with respect to the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, in case the Corporation shall at any time after the Issuance Date with respect to the Series A Preferred Stock issue or sell any Common Stock without consideration, or for a consideration per share less than the applicable Current Conversion Price for the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, the, and thereafter successively upon each such issuance or sale, the applicable Current Conversion Price for such Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall simultaneously with such issuance or sale be adjusted to a Conversion Price (calculated to the nearest cent) determined by dividing (A) an amount equal to (i) the total number of shares of Common Stock Outstanding when the applicable Current Conversion Price became effective multiplied by the applicable Current Conversion Price, plus (ii) the aggregate of the amount of all consideration, if any, received by the Corporation for the issuance or sale of Common Stock since the applicable Current Conversion Price became effective, by (B) the total number of shares of Common Stock Outstanding immediately after such issuance or sale; provided, however, that the applicable Conversion Price shall at no time exceed US $5.25 for the Series C Preferred Stock and Series D Preferred Stock and US $2.4304 for the Series A Preferred Stock (as adjusted for stock splits, combinations and similar events). For the purposes of this provision the following shall apply:

(1) In the case of the issuance or sale of additional Common Stock for cash, the consideration received by the Corporation therefor shall be deemed to be the amount of cash received by the Corporation for such shares (or, if such shares are offered by the Corporation for subscription, the subscription price, or, if such shares are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price), without deducting therefrom any compensation or discount paid or allowed to underwriters or dealers or others performing similar services or for any expenses incurred in connection therewith.

(2) In case of the issuance (otherwise than upon conversion or exchange of Convertible Securities) or sale of additional Common Stock, Options or Convertible Securities for a consideration other than cash or a consideration a part of which shall be other than cash, the fair value of such consideration as determined by the Board of Directors of the Corporation in the good faith exercise of its business judgment, irrespective of the accounting treatment thereof, shall be deemed to be the value, for purposes of this Paragraph (E), of the consideration other than cash received by the Corporation for such securities.

(3) In case the Corporation shall in any manner issue or grant any options or any Convertible Securities, the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities at the time such Convertible Securities first became convertible or exchangeable shall (as of the date of issue or grant of such Options or, in the case of the issue or sale of Convertible Securities other than where the same are issuable upon the exercise of Options, as of the date of such issue or sale be deemed to be issued and to be outstanding for the purpose of this Section (E)(iv) and to have been issued for the sum of the amount (if any) paid for such Options or Convertible Securities and the minimum amount (if any) payable upon the exercise of such Options or upon conversion or exchange of such Convertible Securities at the time such Convertible Securities first become convertible or exchangeable; provided that, subject to the provisions of Section (E)(v) no further adjustments of the applicable Conversion Price shall be made upon the actual issuance of any such Common Stock or Convertible Securities or upon the conversion or exchange of any such Convertible Securities.

(v) If the purchase price provided for in any Option referred to in subsection (E)(iv)(a)(3), or the rate at which any Convertible Securities referred to in subsection E(iv)(a)(3) are convertible into or exchangeable for shares of Common Stock shall change at any time (other than under or by reason of provisions designed to protect against dilution), the applicable Current Conversion Price for Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock, as the case may be, in effect at the time of such event shall forthwith be readjusted to the applicable Conversion Price that would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchased price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold. If the purchase price provided for in any such Option referred to in subsection E(iv)(a)(3) , or the additional consideration (if any) payable upon the conversion or exchange of any Convertible Securities referred to in subsection E(iv)(a)(3), or the rate at which any Convertible Securities referred to in subsection E(iv)(a)(3) are convertible into or exchangeable for shares of Common Stock shall be reduced at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of shares of Common Stock upon the exercise of any such Option or upon conversion or exchange of any such Convertible Security, the applicable Current Conversion Price for Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock, as the case may be, then in effect hereunder shall, upon issuance of such shares of Common Stock, be adjusted to such amount as would have obtained had such Option or Convertible Security never been issued and had adjustments been made only upon the issuance of the shares of Common Stock delivered as aforesaid and for the consideration actually received for such Option or Convertible Security and the Common Stock.

(vi) In the event of the termination or expiration of any right to purchase Common Stock under any Option or of any right to convert or exchange Convertible Securities, the applicable Current Conversion Price for Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock, as the case may be, shall, upon such termination, be changed to the applicable Conversion Price that would have been in effect at the time of such expiration or termination had such Option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination never been issued, and the shares of Common Stock issuable thereunder shall no longer be deemed to be Common Stock Outstanding.

(vii) If the Corporation should at any time or from time to time after the Issuance Date with respect to the Series D Preferred Stock fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or Common Stock Equivalents, then following such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed) the applicable Conversion Price for Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock, as the case may be, shall be appropriately adjusted so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be adjusted in proportion to such change in the number of outstanding shares of Common Stock (including for this purpose, Common Stock Equivalents) determined in accordance with Section (e)(ix).

(viii) If the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons' assets (excluding cash dividends) or options or rights not referred to in subsection E(iv)(a)(3), then, in each such case for the purpose of this Section (E)(viii), the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of this Corporation into which their shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of this Corporation entitled to receive such distribution.

(ix) If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or a sale of assets transaction provided for elsewhere in this Paragraph (E)) provision shall be made so that the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall thereafter be entitled to receive upon conversion of shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, as the case may be, the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case appropriate adjustment shall be made in the application of the provisions of this Paragraph (E) with respect to the rights of the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock after the recapitalization to the end that the provisions of this Paragraph (E) (including adjustment of the applicable Conversion Price then in effect and the number of shares issuable upon conversion of shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(x) The above provisions of this Paragraph (E) shall similarly apply to successive issuances, changes, sales, dividends or other distributions, subdivisions and combinations on or of the Common Stock after the applicable Issuance Date.

(xi) Upon the occurrence of any event not specifically denominated in this Paragraph (E) as altering the applicable Conversion Price that, in the reasonable exercise of the business judgment of the Board of Directors of this Corporation requires, on equitable principles, the alteration of the applicable Conversion Price, the applicable Conversion Price will be equitably altered, provided that in no such event other than a reverse stock split shall the applicable Conversion Price be increased. Any alteration made to the applicable Conversion Price pursuant to this Section (E)(xi) shall be made ratably among the Series A Preferred Stock, the Series C Preferred Stock and the Series D Preferred Stock.

(xii) The Corporation will not, by amendment of Bylaws or Certificate of Incorporation, or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Paragraph (E) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock against impairment.

(xiii) The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock the full number of shares of Common Stock deliverable upon conversion of all of the then outstanding Preferred Stock and shall, at its own expense, take all such actions and obtain all such permits and orders as may be necessary to enable this Corporation lawfully to issue such Common Stock upon the conversion of such Preferred Stock.

(xiv) Notwithstanding anything in this Paragraph (E) to the contrary, the applicable Conversion Price shall not be adjusted by virtue of (a) the conversion of shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock into shares of Common Stock, (b) the repurchase of shares from this Corporation's employees, consultants, officers or directors at such person's cost (or at such other price as may be agreed to by this Corporation's Board of Directors), (c) the issuance of shares of Common Stock issuable in connection with warrants issued pursuant to a warrant which provides for the issuance of Fifteen Thousand (15,000) shares of Common Stock upon exercise of such warrant with an exercise price of US $3.15 per share, or (d) the issuance and sale of, or the grant of options to purchase, an aggregate of not more than One Million Six Hundred Thousand (1,600,000) shares of Common Stock to employees, advisors, directors, officers or consultants of the Corporation and its subsidiaries at a price which is less than the applicable Conversion Price for Series A Preferred Stock, Series C Preferred Stock, or Series D Preferred Stock, as the case may be, at the time of such issuance or sale (all as determined in accordance with this Paragraph (E)) as may be approved by the Board of Directors, and none of such shares shall be included in any manner in the computation from time to time of the applicable Conversion Price for Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock, as the case may be, under subsection (E)(iv) or in Common Stock outstanding for purposes of such computation.

(xv) No fractional shares shall be issued upon conversion of shares of Preferred Stock and the number of shares of Common Stock to be issued shall be rounded up to the nearest whole share determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock (including the aggregation of all fractional shares) issuable upon such aggregate conversion.

(xvi) Upon the occurrence of each adjustment or re-adjustment of a Conversion Price pursuant to this Paragraph (E), the Corporation, at its expense upon request by any holder of Preferred Stock shall compute such adjustment or re-adjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock a certificate setting forth such adjustment or re-adjustment and showing, in detail the facts upon which such adjustment or re-adjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (a) such adjustment and re-adjustment, (b) the Current Conversion Price at the time in effect and (c) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of any series of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock.

(F) Immediately upon any public offering of the Corporation's Common Stock pursuant to a registration statement on Form S-l under the Securities Act at a per share price of not less than US $18.20 (equitably adjusted for any stock split, combination or similar event) with an aggregate price to the public greater than US $15,000,000 each share of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall automatically be converted into shares of Common Stock at the applicable Conversion Price for such series then in effect. In addition, each share of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall automatically be converted into shares of Common Stock at the applicable Conversion Price for such series then in effect immediately preceding the closing or record date of any liquidation, dissolution or winding-up of the Corporation, including any deemed liquidation as described in Paragraph (C) if the per share distribution is not less than US $18.20 (equitably adjusted for any stock split, combination or similar event) on and after said conversion date, notwithstanding that any certificates for the shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall not have been surrendered for conversion, the shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock evidenced thereby shall be deemed to be no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the rights of the holder (i) to receive the shares of Common Stock to which he shall be entitled upon conversion thereof, (ii) to receive the amount of cash payable in respect of any fractional share of Common Stock to which he shall be entitled, and (iii) with respect to dividends declared but unpaid on the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock prior to such conversion date. In the event that any holder of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock presents such holder's certificate therefor for surrender to the Corporation or its transfer agent upon such conversion, a certificate for the number of shares of Common Stock into which the shares of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock surrendered were convertible on such conversion date promptly will be issued and delivered to such holder.

(G) In addition to any other rights provided by law, so long as fifty percent (50%) of the authorized shares of Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock shall be outstanding, the Corporation shall not, without first obtaining the affirmative vote or written consent of the holders of more than sixty-six and two-thirds percent (66%%) of the then outstanding shares of the Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, voting together as a single class (provided that to the extent the rights of holders of shares of any such series of Preferred Stock are adversely affected by any change or event described in subsections (i), (ii) or (iii) below, the Corporation shall not make any such change or allow any such event to occur without first obtaining the affirmative vote or written consent of the holders of more than sixty-six and two-thirds percent (66%%) of the then outstanding shares of such series of Preferred Stock, voting as a single series):

(i) amend or repeal any provision of, or add any provision to, the Corporation's Bylaws or Certificate of Incorporation;

(ii) authorize or issue shares of any class or series of stock not authorized herein having any preference or priority as to dividends, redemptions or distribution of assets superior to or on a parity with any such preference or priority of the Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock or which in any manner adversely affects the rights of the holders of shares of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock; authorize or issue shares of stock of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having options rights to purchase, any shares of stock of this Corporation having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock; or authorize or issue shares of stock of any class or series having voting rights other than voting rights required by law;

(iii) reclassify any class or series of any Common Stock into shares having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of Series A Preferred Stock, Series C Preferred Stock or Series D Preferred Stock.

(iv) except as provided in Sections (C)(vi) or (C)(ix) apply any of its assets to the redemption, retirement, purchase or acquisition, directly or indirectly, through subsidiaries or otherwise,of any shares of any class of Common Stock, except from employees, advisors, officers, directors and consultants of, and persons performing services for the Corporation or its subsidiaries on terms approved by the board of directors upon termination of employment or association;

(v) (a) sell, lease, convey or otherwise dispose of or transfer all or a substantial portion of its assets, property or business, or (b) merge into or consolidate with any other company (other than a wholly owned subsidiary of the Corporation);

(vi) pay any dividend on the outstanding shares of Common Stock; or

(vii) dissolve, liquidate or wind up the affairs of the Corporation.

(H) The holders of the Series B Preferred Stock shall not be entitled to any dividends on the shares of Series B Preferred Stock. In the event of any liquidation, dissolution or winding up of this Corporation, whether voluntary or not, the holders of the Series B Preferred Stock shall be entitled to receive, before any amount shall be paid to the holders of the Common Stock or any other series of Preferred Stock, an amount per share equal to US $5,840 (the "Redemption Price"). If, upon the occurrence of a liquidation, dissolution or winding up, the assets and surplus funds distributed among the holders of the Series B Preferred Stock shall be insufficient to permit the payment to such holders of the full preferential amount then the entire assets and surplus funds legally available for distribution shall be distributed rateably among the holders of the Series B Preferred Stock. If, upon the occurrence of a liquidation, dissolution or winding up, after the payment to the holders of Series B Preferred Stock of the preferential amount, assets or surplus funds remain in this Corporation, the holders of the Series A Preferred Stock Series C Preferred Stock, Series D Preferred Stock and Common Stock shall be entitled to such liquidation rights as are set forth in Section (C)(iii) above. Without the consent of the holders of a majority of the outstanding shares of Series B Preferred Stock and so long as the Series B Preferred Stock remains outstanding, the Corporation shall not issue shares of any class of capital stock having a liquidation preference senior to or *pari passu* with the Series B Preferred Stock. Except as otherwise required by law, the holders of Series B Preferred Stock shall not be entitled to any voting rights with respect to the Series B Preferred Stock.

(I) Upon ten (10) days prior written notice to the holder(s) of the Series B Preferred Stock, the Corporation shall be entitled to redeem at any time all or any portion of the outstanding shares of the Series B Preferred Stock upon payment to the holder(s) of such shares of an amount equal to the Redemption Price per share multiplied by the number of shares of Series B Preferred Stock to be redeemed. If there shall be any shares of Series B Preferred Stock outstanding on October 31, 1997 (the "Mandatory Redemption Date"), the Corporation shall redeem any and all outstanding shares of Series B Preferred Stock in consideration for the payment of the Redemption Price with respect to such shares of Series B Preferred Stock; provided, however, that the Corporation shall not be required to expend funds for the redemption of Series B Preferred Stock to the extent such expenditure would violate any applicable provision of Delaware law or the relevant law of another jurisdiction. In such event, the Corporation shall redeem such shares as soon as possible to the extent that such redemption may be accomplished without violating any such law. On or after the Mandatory Redemption Date, each holder shall surrender his certificate for the shares of Series B Preferred Stock redeemed by the Corporation and such other documents as the Corporation may reasonably request at the place specified by the Corporation. Upon such surrender, the Corporation shall pay such holder the Redemption Price with respect to such shares. From and after the Mandatory Redemption Date, unless there shall have been a default in the payment of the Redemption Price, all rights of holders of Series B Preferred Stock (except the right to receive payment of the Redemption Price on surrender of their certificates) shall cease.

(J) In the event of any dissolution, liquidation or winding-up of the affairs of the Corporation after distribution in full of the preferential amounts, if any, to be distributed to the holders of shares of the Preferred Stock, holders of Common Stock shall be entitled, unless otherwise provided by law or these By-Laws, including any certificate of designations for a series of Preferred Stock, to receive all of the remaining assets of the Corporation of whatever kind available for distribution to Stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(K) All shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D Preferred Stock which shall have been redeemed or converted pursuant to the provisions contained herein shall be cancelled and not reissued as Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D Preferred Stock, as the case may be, but shall have the status of authorized but not issued shares of Preferred Stock.

FIFTH: The name and the mailing address of the incorporator are as follows:

NAME	MAILING ADDRESS
David Curtis	2201 South McDowell Boulevard Petaluma, California 94953-6020

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by paragraph (7) of subsection (b) of Section 102 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented.

EIGHTH: The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

NINTH: From time to time any of the provisions of this certificate of incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this certificate of incorporation are granted subject to the provisions of this Article NINTH.

Signed on September 1, 1995.

/s/ David Curtis
David Curtis, Incorporator

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 03:30 PH 10/16/1995
950237895 - 2545851

CERTIFICATE OF CORRECTION
TO THE
CERTIFICATE OF INCORPORATION
OF
TEGAL CORPORATION

Tegal Corporation (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

1. The name of the Corporation is Tegal Corporation.

2. The Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on September 20, 1995 and said Certificate of Incorporation requires correction as permitted by Section (f) of Section 103 of the General Corporation Law of the State of Delaware.

3. The Certificate of Incorporation was filed with a Certificate of Domestication domesticating Tegal Corporation Limited, a Bermuda company, in Delaware. The domestication of Tegal Corporation Limited was effected pursuant to a Plan of Reorganization of Tegal Corporation Limited which, in addition to the domestication of Tegal Corporation Limited in Delaware, provided for a 1-for 7 reverse split of the Corporation's stock to be effective upon the domestication of the Corporation in Delaware. The inaccuracy or defect of said Certificate of Incorporation to be corrected is that Article Fourth of said Certificate of Incorporation inadvertently omitted language implementing the reverse stock split which had been authorized by the directors and stockholders of Tegal Corporation Limited pursuant to the Plan of Reorganization and which was intended to become effective upon the filing of the Certificate of Incorporation and the Certificate of Domestication.

4. A new paragraph (L) is added to Article hourth of the Certificate of Incorporation to read as follows:

"(L) Effective at the time of the filing of this Certificate of Incorporation with the Secretary of State of the State of Delaware (the "Effective Time");

1. Each seven (7) shares of the Corporation's Common Stock, par value $0.01 per share, issued and outstanding or held in treasury immediately prior to the Effective Time shall, automatically and without any action on the part of the respective holders thereof, be reclassified into one (1) share of Common Stock, par value $0.01 per share, of the Corporation and each stock certificate that, immediately prior to the Effective Time, represented seven (7) shares of the Corporation's Common Stock, par value $0.01 per share, shall, from and after the Effective Time, represent one (1) share of Common Stock, par value $0.01 per share.

2. Each seven (7) shares of the Corporation's Series A Preferred Stock, par value $0.01 per share, issued and outstanding or held in treasury immediately prior to the Effective Time shall, automatically and without any action or the part of the respective holders thereof, be reclassified into one (1) share of Series A Preferred Stock, par value $0.01 per share, of the Corporation and each stock certificate that, immediately prior to the Effective Time, represented seven (7) shares of the Corporation's Series A Preferred Stock, par value $0.01 per share, shall, from and after the Effective Time, represent one (1) share of Series A Preferred Stock, par value $0.01 per share.

3. Each seven (7) shares of the Corporation's Series C Preferred Stock, par value $0.01 per share, issued and outstanding or held in treasury immediately prior to the Effective Time shall, automatically and without any action on the part of the respective holders thereof, be reclassified into one (1) share of Series C Preferred Stock, par value $0.01 per share, of the Corporation and each stock certificate that, immediately prior to the Effective Time, represented seven (7) shares of the Corporation's Series C Preferred Stock, par value $0.01 per share, shall, from and after the Effective Time, represent one (1) share of Series C Preferred Stock, par value $0.01 per share,

4. Each seven (7) shares of the Corporation's Series *D* Preferred Stock, par value $0.01 per share, issued and outstanding or held in treasury immediately prior to the Effective Time shall, automatically and without any action on the part of the respective holders thereof, be reclassified into one (1) share of Series D Preferred Stock, par value $0.01 per share, of the Corporation and each stock certificate that, immediately prior to the Effective Time, represented seven (7) shares of the Corporation's Series D Preferred Stock, par value $0.01 per share, shall, from and after the Effective Time, represent one (1) share of Series D Preferred Stock, par value $0.01 per share.

5. Notwithstanding the foregoing, to the extent that a stockholder of the Corporation would receive fractional shares of the Corporation[1] s stock pursuant to sub-paragraphs (1), (2), (3) and (4) hereof, such members shall instead receive a cash payment from the Corporation in an amount equal to the product of $10.00 multiplied by, in the case of fractional shares of Common Stock, such fractional amount, and in the case of shares of Preferred Stock, by the amount of fractional shares of Common Stock to which such stockholder would have been entitled had the fractional shares of Preferred Stock been converted to Common Stock prior to the proposed reverse stock split,"

IN WITNESS WHEREOF; Tegal Corporation has caused this Certificate to he executed this 13th day of October, 1995.

TEGAL CORPORATION

By: /s/ David Curtis
Name: David Curtis
Title: Vice President, Secretary, Treasurer

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 10/25/1995
950247338 - 2545851

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
TEGAL CORPORATION

It is hereby certified that:

1. The name of the Corporation (hereinafter ctdled the "Corporation") is:

Tegal Corporation

2. The Certificate of Incorporation of the Corporation is hereby amended by striking out Article FOURTH thereof and by substituting in lieu of said Article the following new Article:

"FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is Forty Million shares, comprised of Thirty Five Million (35,000,000) shares of Common Stock, with a par value of One Cent (US $0.01) per share, and Five Million (5,000,000) shares of Preferred Stock, with a par value of One Cent (US $0.01) per share. The designation, powers, preferences and relative, participating, optional or other special rights, including voting rights, qualifications, limitations or restrictions of the Preferred Stock shall be established by resolution of the Board of Directors pursuant to Section 151 of the General Corporation Law of the State of Delaware."

3. The amendment of the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware, Prompt notice of the adoption of the amendment herein certified has been given to those stockholders who have not been consented in writing thereto, as provided in Section 228 of the General Corporation Law of the State of Delaware,

4. The effective time of the amendment herein certified shall be October 26, 1995. Signed on October 24, 1995.

/s/ David Curtis
David Curtis, Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AH 12/21/1995 9
50303514 - 2545851

CERTIFICATE OF OWNERSHIP AND MERGER

OF

TEGAL (DELAWARE) CORPORATION,
a Delaware corporation

INTO

TEGAL CORPORATION,
a Delaware corporation

(Pursuant to Section 253 of the General Corporation Law of Delaware)

IT IS HEREBY CERTIFIED THAT:

1. TEGAL CORPORATION (hereinafter sometimes referred to as the "Corporation") is incorporated pursuant to the General Corporation Law of the State of Delaware.

2. The Corporation is the owner of all of the outstanding shares of the capital slock of TEGAL (DELAWARE) CORPORATION (hereinafter sometimes referred to as the "Subsidiary*), which is also incorporated pursuant to the General Corporation Law of the State of Delaware.

3. On December 20,1995, the Board of Directors of the Corporation adopted the following resolutions to merge the Subsidiary into the Corporation pursuant to Section 253 of the Genera) Corporation Law of the State of Delaware:

NOW, THEREFORE, BE IT RESOLVED, that Tegal (Delaware) Corporation (the "Subsidiary") be merged with and Into (his Corporation, and that all of the estate, property, rights, privileges, powers and franchises of the Subsidiary be vested in and held and enjoyed by this Corporation as folly and entirely and without change or diminution as the same were before held and enjoyed by the Subsidiary in its name,

RESOLVED FURTHER, that this Coiporation shall assume all of the liabilities and obligations of the Subsidiary,

RESOLVED FURTHER, that, by virtue of the merger and without any action on the pait of the holder thereof, each issued and outstanding share of capital stock of the Subsidiary shall be cancelled and no consideration issued in respect thereof.

RESOLVED FURTHER, that, by virtue of the merger and without any action on the part of the holders thereof, each issued and outstanding share of capital stock of the Corporation shall remain unchanged and continue to be such issued and outstanding share of capital stock of the Corporation.

RESOLVED FURTHER, (hat this Corporation shall cause to be executed and filed and/or recorded the documents prescribed by the laws of the State of Delaware and by the laws of any other appropriate jurisdiction and will cause to be performed all necessary acts within the State of Delaware and within any other appropriate jurisdiction for the purpose of effecting the foregoing resolutions.

RESOLVED FURTHER, that the proper officers of the Corporation be, and they hereby are, authorized and directed in the name and on behalf of the Corporation to execute and deliver such certificates, instruments* notices, requests, statements and such other documents and communications as (hey in their discretion may deem necessary or desirable in order to carry out the purpose and intent of the foregoing resolutions.

RESOLVED FURTHER, that any and all actions heretofore taken by any officer or director of the Corporation and any and all agreements or other documents executed on behalf of the Corporation by an officer or director of the Corporation in conncction with the merger of the Subsidiary with and into the Corporation be, and they hereby are. ratified, confirmed and approved in all respects.

RESOLVED FURTHER, that the effective date of the Certificate of Ownership and Merger setting foith a copy of these resolutions, and the date when the merger therein provided for shall become effective, shall be January 1, 1996.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by Its President as of December 21, 1995.

TEGAL CORPORATION, a Delaware corporation

By: /s/ Robert V; Hery
Name: Robert V; Hery
Title: President

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:45 PM 09/09/2003
FILED 01:45 PM 09/09/2003
SRV 030580279 - 2545851 FILE

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF TEGAL CORPORATION

It is hereby certified that:

1. The name of the Corporation (hereinafter called the "Corporation") is Tegal Corporation.

2. The Certificate of Incorporation is hereby amended by striking out the first sentence of Article FOURTH thereof and by substituting in lieu of said sentence the following new sentence:

> "FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is One Hundred Five Million shares, comprised of One Hundred Million (100,000,000) shares of Common Stock, with a par value of One Cent (U.S. $0.01) per share, and Five Million (5,000,000) shares of Preferred Stock, with a par value of One Cent (U.S. $0.01) per share.

3. The amendment of the Certificate of Incorporation herein certified was submitted to the stockholders of the Corporation and was duly approved by the required vote of stockholders of the Corporation in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware. The total number of outstanding shares entitled to vote or consent to this Amendment was 16,099,949 shares of Common Stock. A majority of the outstanding shares of Common Stock, voting together as a single class, voted in favor of this Certificate of Amendment. The vote required was a majority of the outstanding shares of Common Stock, voting together as a single class.

IN WITNESS WHEREOF, Tegal Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer as of September 9,2003.

/s/ Michael L. Parodi
Michael L. Parodi
President and Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:31 PM 09/13/2005
FILED 03:31 PM 09/13/2005
SRV 050749064 - 2545851 FILE

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION OF

TEGAL CORPORATION

It is hereby certified that:

1. The name of the Corporation (hereinafter called the "Corporation") is Tegal Corporation.

2. The Certificate of Incorporation is hereby amended by striking out Article FOURTH thereof and by substitut ing in lieu of said Article FOURTH the following new Article FOURTH:

> "FOURTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is Two Hundred Five Million shares, comprised of Two Hundred Million (200,000,000) shares of Common Slock, par value $0.01 per share, and Five Million (5,000,000) shares of Preferred Stock, par value $0.01 per share. The designation, powers, preferences and relative, participating, optional or other special rights, including voting rights, qualifications, limitations or restrictions of the Preferred Stock shall he established by resolution of the Board of Directors pursuant to Section 151 of the General Corporation i.,aw of the State of Delaware."

3. The Certificate of Incorporation is hereby amended by adding an Article TENTH, to read as follows:

> "TENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, (i) the Board is expressly authorized and empowered to make, amend, supplement or repeal the Bylaws in any manner, without the assent or vote of the stockholders, not inconsistent with the laws of the State of Delaware or this Certificate of Incorporation, and (ii) the stockholders may change or amend or repeal the Bylaws in any manner pursuant to a vote of a majority of the voting power of the outstanding shares of capital stock entitled to vote."

4. The amendment of the Certificate of Incorporation herein certified was submitted to the stockholders of the Corporation and was duly approved by the required vote of stockholders of the Corporation in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware. The total number of outstanding shares entitled to vote or consent to this Amendment was 59,404,613 shares of Common Stock. A majority of the outstanding shares of Common Stock, voting together as a single class, voted in favor of this Certificate of Amendment. The vote required was a majority of the outstanding shares of Common Stock, voting together as a single class.

IN WITNESS WHEREOF, legal Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer as of September 13, 2005.

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

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:54 PM 07/21/2006
FILED 03:54 PM 07/21/2006
SRV 060691733 - 2545851 FILE

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF TEGAL CORPORATION

It is hereby certified that:

1. The name of the Corporation (hereinafter called the "Corporation") is Tegal Corporation.

2. The Certificate of Incorporation is hereby amended by striking out Article FOURTH thereof and by substituting in lieu of said Article the following new Article:

> "FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is Two Hundred Five Million (205,000,000) shares, comprised of Two Hundred Million (200,000,000) shares of Common Stock, par value $0.01 per share, and Five Million (5,000,000) shares of Preferred Stock, par value $0.01 per share. Effective as of 5:00 p.m., Eastern time, on the date this Certificate of Amendment is filed with the Secretary of State of the State of Delaware, each twelve (12) shares of the Corporation's Common Stock, par value $0.01 per share, issued and outstanding shall, automatically and without any action on the part of the respective holders thereof, be combined, converted and changed into one (1) share of Common stock, par value $0.01 per share, of the Corporation; *provided, however*, that the Corporation shall issue no fractional shares of Common Stock, but shall instead pay to any stockholder who would be entitled to receive a fractional share as a result of the actions set forth herein a sum in cash equal to such fraction multiplied by the average of the high and low prices of the Corporation's Common Stock as reported on the Nasdaq Capital Market for the five trading- day period ending on the last business day before the date this Certificate of Amendment is filed with the Secretary of State of the State of Delaware. The designation, powers, preferences and relative, participating, optional or other special rights, including voting rights, qualifications, limitations or restrictions of the Preferred Stock shall be established by resolution of the Board of Directors pursuant to Section 151 of the General Corporation Law of the State of Delaware."

3. The amendment of the Certificate of Incorporation herein certified was submitted to the stockholders of the Corporation and was dufy approved by the required vote of stockholders of the Corporation in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware. The total number of outstanding shares entitled to vote or consent to this Amendment was 84,253,058 shares of Common Stock. A majority of the outstanding shares of Common Stock, voting together as a single class, voted in favor of this Certificate of Amendment The vote required was a majority of the outstanding shares of Common Stock, voting together as a single class.

IN WITNESS WHEREOF, Tegal Corporation has caused this Certificate of Amendment to be signed by its President & Chief Executive Officer as of July 21,2006.

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

State of Delaware
Secretary of State
Division of Corporations
Delivered 10:42 AM 09/25/2007
FILED 10:40 AM 09/25/2007
SRV 071048376 - 2545851

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF TEGAL CORPORATION

It is hereby certified that:

1. The name of the Corporation (hereinafter called the "Corporation") is Tegal Corporation.

2. The Certificate of Incorporation is hereby amended by striking out Article FOURTH thereof and by substituting in lieu of said Article the following new Article:

> "FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is Fifty Five Million *(55,000,000)* shares, comprised of Fifty Million (50,000,000) shares of Common Stock, par value $0.01 per share, and Five Million (5,000,000) shares of Preferred Stock, par value $0.01 per share. The designation, powers, preferences and relative, participating, optional or other special rights, including voting rights, qualifications, limitations or restrictions of the Preferred Stock shall be established by resolution of the Board of Directors pursuant to Section 151 of the General Corporation Law of the State of Delaware."

3. The amendment of the Certificate of Incorporation herein certified was submitted to the stockholders of the Corporation and was duly approved by the required vote of stockholders of the Corporation in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware. The total number of outstanding shares entitled to vote or consent to this Amendment was 7,113,372 shares of Common Stock. A majority of the outstanding shares of Common Stock, voting together as a single class, voted in favor of this Certificate of Amendment. The vote required was a majority of the outstanding shares of Common Stock, voting together as a single class.

IN WITNESS WHEREOF, Tegal Corporation has caused this Certificate of Amendment to be signed by its President & Chief Executive Officer and Secretary as of September 25, 2007.

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

/s/ Christine T. Hergenrother
Christine T. Hergenrother Secretary

Delaware
The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "TEGAL CORPORATION", FILED IN THIS OFFICE ON THE THIRTEENTH DAY OF APRIL, A.D. 2011, AT 5:19 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

2545851 8100

110413194

You may verify this certificate online at corp.delaware.gov/authver.shtml

/s/ Jeffrey W. Bullock
Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8693015

DATE: 04-14-11

State of Delaware
Secretary of State
Division of Corporations
Delivered 05:48 PM 04/13/2011
FILED 05:19 PM 04/13/2011
SRV 110413194 - 2545851 FILE

CERTIFICATE OF DESIGNATIONS OF
SERIES A JUNIOR PARTICIPATING CUMULATIVE
PREFERRED STOCK
OF
TEGAL CORPORATION

(Pursuant to Section 151 of the
Delaware General Corporation Law)

Tegal Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof,

DOES HEREBY CERTIFY:

That the Board of Directors of the Corporation (the "Board of Directors" or the "Board") pursuant to authority of the Board of Directors as required by Section 151 of the Delaware General Corporation Law, and in accordance with the provisions of its Certificate of Incorporation and Bylaws, each as amended and restated through the date hereof, adopted the following resolution on March 24, 2011, which authorizes the designation of a new series of the Corporation's Preferred Stock, par value $0.01 per share (the "Preferred Stock"):

RESOLVED, that a series of Preferred Stock of the Corporation designated as Series A Junior Participating Cumulative Preferred Stock, par value $0.01 per share, has been created and that the designation and amount thereof, and the voting powers, preferences and relative participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as set forth below:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Cumulative Preferred Stock" (the "Series A Preferred Stock"), and the number of shares initially constituting such series shall be 10,000; provided, however, that if more than a total of 10,000 shares of Series A Preferred Stock shall be issuable upon the exercise of Rights (the "Rights") issued pursuant to the Shareholder Rights Agreement dated as of April 13, 2011, between the Corporation and Registrar and Transfer Company, as Rights Agent (the "Rights Agreement"), the Board of Directors of the Corporation, pursuant to Section 151(g) of the General Corporation Law of the State of Delaware, may direct by resolution or resolutions that a certificate be properly executed, acknowledged, filed and recorded, in accordance with the provisions of Section 103 thereof, providing for the total number of shares of Series A Preferred Stock authorized to be issued to be increased (to the extent that the Certificate of Incorporation then permits) to the largest number of whole shares (rounded up to the nearest whole number) issuable upon exercise of such Rights.

Section 2. Dividends and Distributions.

(A) (i) Subject to the rights of the holders of any shares of any series of preferred stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of shares of common stock and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provisions for adjustment hereinafter set forth, 10,000 times the aggregate per share amount of all cash dividends, and 10,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of common stock or a subdivision of the outstanding shares of common stock (by reclassification or otherwise), declared on the common stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. The multiple of cash and non-cash dividends declared on the common stock to which holders of the Series A Preferred Stock are entitled, which shall be 10,000 initially but which shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple." In the event the Corporation shall at any time after April 13, 2011 (the "Rights Declaration Date") (i) declare or pay any dividend on common stock payable in shares of common stock, or (ii) effect a subdivision or combination or consolidation of the outstanding shares of common stock (by reclassification or otherwise than by payment of a dividend in shares of common stock) into a greater or lesser number of shares of common stock, then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of dividends which holders of shares of Series A Preferred Stock shall be entitled to receive shall be the Dividend Multiple applicable immediately prior to such event multiplied by a fraction, the numerator of which is the number of shares of common stock outstanding immediately after such event and the denominator of which is the number of shares of common stock that were outstanding immediately prior to such event.

(ii) Notwithstanding anything else contained in this paragraph (A), the Corporation shall, out of funds legally available for that purpose, declare a dividend or distribution on the Series A Preferred Stock as provided in this paragraph (A) immediately after it declares a dividend or distribution on the common stock (other than a dividend payable in shares of common stock); provided that, in the event no dividend or distribution shall have been declared on the common stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(B) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix in accordance with applicable law a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than such number of days prior to the date fixed for the payment thereof as may be allowed by applicable law.

Section 3. Voting Rights. In addition to any other voting rights required by law, the holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 10,000 votes on all matters submitted to a vote of the stockholders of the Corporation. The number of votes which a holder of a share of Series A Preferred Stock is entitled to cast, which shall initially be 10,000 but which may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Vote Multiple." In the event the Corporation shall at any time after the Rights Declaration Date (i) declare or pay any dividend on common stock payable in shares of common stock, or (ii) effect a subdivision or combination or consolidation of the outstanding shares of common stock (by reclassification or otherwise than by payment of a dividend in shares of common stock) into a greater or lesser number of shares of common stock, then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series A Preferred Stock shall be entitled shall be the Vote Multiple immediately prior to such event multiplied by a fraction, the numerator of which is the number of shares of common stock outstanding immediately after such event and the denominator of which is the number of shares of common stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of common stock and the holders of shares of any other capital stock of this Corporation having general voting rights, shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as otherwise required by applicable law or as set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of common stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) except as permitted in subsection 4(A)(iv) below, redeem, purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under subsection (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation. Dissolution or Winding Up. Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made (x) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, plus an amount equal to the greater of (1) $10,000.00 per share or (2) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 10,000 times the aggregate amount to be distributed per share to holders of common stock, or (y) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare or pay any dividend on common stock payable in shares of common stock, or (ii) effect a subdivision or combination or consolidation of the outstanding shares of common stock (by reclassification or otherwise than by payment of a dividend in shares of common stock) into a greater or lesser number of shares of common stock, then in each such case the aggregate amount per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (x) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of common stock outstanding immediately after such event and the denominator of which is the number of shares of common stock that were outstanding immediately prior to such event.

Neither the consolidation of nor merging of the Corporation with or into any other corporation or corporations, nor the sale or other transfer of all or substantially all of the assets of the Corporation, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 6.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of common stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 10,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of common stock is changed or exchanged, plus accrued and unpaid dividends, if any, payable with respect to the Series A Preferred Stock. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare or pay any dividend on common stock payable in shares of common stock, or (ii) effect a subdivision or combination or consolidation of the outstanding shares of common stock (by reclassification or otherwise than by payment of a dividend in shares of common stock) into a greater or lesser number of shares of common stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of common stock outstanding immediately after such event and the denominator of which is the number of shares of common stock that were outstanding immediately prior to such event.

Section 8. Redemption. The shares of Series A Preferred Stock shall not be redeemable; provided, however, that the foregoing shall not limit the ability of the Corporation to purchase or otherwise deal in such shares to the extent otherwise permitted hereby and by law.

Section 9. Ranking. Unless otherwise expressly provided in the Certificate of Incorporation or a Certificate of Designations relating to any other series of preferred stock of the Corporation, the Series A Preferred Stock shall rank junior to every other series of the Corporation's preferred stock previously or hereafter authorized, as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up and shall rank senior to the common stock.

Section 10. Amendment. The Certificate of Incorporation and this Certificate of Designations shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Preferred Stock may be issued in whole shares or in any fraction of a share that is one ten-thousandth (1/10,000th) of a share or any integral multiple of such fraction, which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock. In lieu of fractional shares, the Corporation may elect to make a cash payment as provided in the Rights Agreement for fractions of a share other than one ten-thousandth (1/10,000th) of a share or any integral multiple thereof.

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IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designations on behalf of the Corporation this 13th day of April, 2011.

TEGAL CORPORATION

By: /s/ Thomas R. Mika
Name: Thomas R. Mika
Title: President and Chief Executive Officer

Delaware
The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "TEGAL CORPORATION", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF JUNE, A.D. 2011, AT 3:29 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

2545851 8100

110726225

You may verify this certificate online at corp.delaware.gov/authver.shtml

/s/ Jeffrey W. Bullock
Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8836166

DATE: 06-15-11

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:31PM
06/15/2011
FILED 03:29 PM
06/15/2011
SRV 110726225 - 2545851
FILE

CERTIFICATE OF AMENDMENT

TO

CERTIFICATE OF INCORPORATION
OF TEGAL CORPORATION

It is hereby certified that:

1. The name of the Corporation (hereinafter called the "Corporation") is Tegal Corporation.

2. The Certificate of Incorporation is hereby amended by striking out Article FOURTH thereof and by substituting in lieu of said Article the following new Article:

"FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is Fifty-Five Million (55,000,000) shares, comprised of Fifty Million (50,000,000) shares of Common Stock, par value $0.01 per share, and Five Million (5,000,000) shares of Preferred Stock, par value $0.01 per share. Effective as of 5:00 p.m., Eastern time, on the date this Certificate of Amendment is filed with the Secretary of State of the State of Delaware, each five (5) shares of the Corporation's Common Stock, par value $0.01 per share, issued and outstanding shall, automatically and without any action on the part of the respective holders thereof, be combined, converted and changed into one (1) share of Common stock, par value $0.01 per share, of the Corporation (the "Reverse Split"); *provided, however*, that the Corporation shall issue no fractional shares of Common Stock, but shall instead pay to any stockholder who would be entitled to receive a fractional share as a result of the actions set forth herein a sum in cash equal to such fraction multiplied by the average of the high and low prices of the Corporation's Common Stock as reported on The Nasdaq Capital Market for the five trading-day period ending on the last business day before the date this Certificate of Amendment is filed with the Secretary of State of the State of Delaware (as adjusted to give effect to the Reverse Split), The designation, powers, preferences and relative, participating, optional or other special rights, including voting rights, qualifications, limitations or restrictions of the Preferred Stock shall be established by resolution of the Board of Directors pursuant to Section 151 of the General Corporation Law of the State of Delaware."

3. The amendment of the Certificate of Incorporation herein certified was submitted to the stockholders of the Corporation and was duly approved by the required vote of stockholders of the Corporation in accordance with the provisions of Sections 222 and 242 of the General Corporation Law of the State of Delaware. The total number of outstanding shares entitled to vote or consent to this Amendment was 8,444,714 shares of Common Stock. A majority of the outstanding shares of Common Stock, voting together as a single class, voted in favor of this Certificate of Amendment. The vote required was a majority of the outstanding shares of Common Stock, voting together as a single class.

IN WITNESS WHEREOF, Tegal Corporation has caused this Certificate of Amendment fb be signed by its Chief Executive Officer as of June 15, 2011.

/s/ Thomas R. Mika
Thomas R. Mika
Chairman, President & CEO

Delaware
The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "TEGAL CORPORATION", CHANGING ITS NAME FROM "TEGAL CORPORATION" TO "COLLABRX, INC. ", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF SEPTEMBER, A. D. 2012, AT 3:28 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

2545851 8100

121066539
You may verify this certificate online at corp.delaware.gov/authver.shtml

/s/ Jeffrey W. Bullock
Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 9871285

DATE: 09-25-12

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:32 PM
09/25/2012
FILED 03:28 PM 09/25/2012
S
RV 121066539 - 2545851
FILE

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION OF
TEGAL CORPORATION

It is hereby certified that:

1. The name of the corporat ion is Tegal Corporation (the ^Coreoratiorv"). a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "DGCL").

2. The Certificate of Incorporation of the Corporation, as amended, is hereby amended by deleting Article FIRST thereof and inserting in lieu of said Article the following new Article FIRST:

"FIRST: The name of the corporation (hereinafter the "Corporation") is CotlabRx, Inc."

3. The amendment of the Certificate of Incorporation herein certified has been duly adopted by the Board of Directors and the stockholders of the Corporation in accordancc with the provisions of Section 242 of the DGCL,

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to Certificate of Incorporation to be executed by its duly authorized officer this 25th day of September. 2012.

TEGAL CORPORATION

By: /s/ Thomas R. Mika
Name: Thomas R. Mika
Title: President and Co-Chief Executive Officer

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 quarterly report on Form 10-Q of CollabRx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s), if any, and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including 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: November 14, 2013

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

EXHIBIT 31.2

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

I, Thomas R. Mika, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CollabRx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s), if any, and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including 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: November 14, 2013

/s/ Thomas R. 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 Quarterly Report of CollabRx, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2013 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas R. Mika, President and Chief Executive Officer of the Company, certify, pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Sec. 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas R. Mika
President and Chief Executive Officer
November 14, 2013

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

In connection with the Quarterly Report of CollabRx, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2013 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas R. Mika, Acting Chief Financial Officer of the Company, certify, pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Sec. 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas R. Mika
Acting Chief Financial Officer
November 14, 2013