

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

	<u>September 30,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,616	\$ 12,491
Accounts receivable, net of allowances for sales returns and doubtful accounts of \$159 and \$207 at September 30, 2009 and March 31, 2009, respectively	2,469	2,775
Inventories, net.....	14,484	14,480
Prepaid expenses and other current assets	<u>372</u>	<u>372</u>
Total current assets	25,941	30,118
Property and equipment, net	1,176	1,154
Intangible assets, net	2,673	2,998
Other assets	<u>62</u>	<u>67</u>
Total assets.....	<u>\$ 29,852</u>	<u>\$ 34,337</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	1,545	1,487
Accrued product warranty.....	444	702
Common stock warrant liability.....	444	-
Deferred revenue.....	198	113
Accrued expenses and other current liabilities	<u>1,803</u>	<u>2,004</u>
Total current liabilities.....	<u>4,434</u>	<u>4,306</u>
Total liabilities	<u>4,434</u>	<u>4,306</u>
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 5,000,000 shares authorized; none issued and outstanding.....	—	—
Common stock; \$0.01 par value; 50,000,000 shares authorized; 8,415,676 and 8,412,676 shares issued and outstanding at September 30, 2009 and March 31, 2009, respectively	84	84
Additional paid-in capital	127,952	128,484
Accumulated other comprehensive income (loss)	(504)	(372)
Accumulated deficit.....	<u>(102,114)</u>	<u>(98,165)</u>
Total stockholders' equity.....	<u>25,418</u>	<u>30,031</u>
Total liabilities and stockholders' equity.....	<u>\$ 29,852</u>	<u>\$ 34,337</u>

TEGAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Six Months Ended September 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue.....	\$ 3,117	\$ 2,010	\$ 4,200	\$ 6,739
Cost of sales	<u>2,269</u>	<u>989</u>	<u>3,259</u>	<u>3,391</u>
Gross profit	<u>848</u>	<u>1,021</u>	<u>941</u>	<u>3,348</u>
Operating expenses:				
Research and development expenses.....	1,170	1,145	2,411	2,280
Sales and marketing expenses.....	670	839	1,374	1,682
General and administrative expenses.....	<u>810</u>	<u>1,471</u>	<u>1,973</u>	<u>2,801</u>
Total operating expenses	<u>2,650</u>	<u>3,455</u>	<u>5,758</u>	<u>6,763</u>
Operating income (loss).....	(1,802)	(2,434)	(4,817)	(3,415)
Other income (expense), net	<u>113</u>	<u>(65)</u>	<u>521</u>	<u>125</u>
Net income (loss)	<u>\$ (1,689)</u>	<u>\$ (2,499)</u>	<u>\$ (4,296)</u>	<u>\$ (3,290)</u>
Net income (loss) per share:				
Basic.....	\$ (0.20)	\$ (0.34)	\$ (0.51)	\$ (0.45)
Diluted.....	\$ (0.20)	\$ (0.34)	\$ (0.51)	\$ (0.45)
Shares used in per share computation:				
Basic.....	8,415	7,339	8,415	7,338
Diluted	8,415	7,339	8,415	7,338

Note: Shares used in per share computation for Basic and Diluted reflect a 12 to1 reverse stock split effected by the Company on July 25, 2006