Advaxis, Inc.
Form 10QSB
September 22, 2008

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

FORM 10-QSB

(Mark One)

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2008

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 000 28489

Advaxis, Inc.
(Exact name of small business issuer as specified in its charter)

Delaware	02-0563870
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

The Technology Centre of New Jersey, 675 Route 1, Suite B113, North Brunswick, NJ 08902
(Address of principal executive offices)

(732) 545-1590
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of July 31, 2008:

109,319,520 shares outstanding of the Company's Common Stock, par value $.001 per share

Transitional Small Business Disclosure Format (Check one): Yes o No x

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ADVAXIS, INC.
(A Development Stage Company)
July 31, 2008

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PART I

Item 1. Financial Statements

ADVAXIS, INC.
(A Development Stage Company)
Balance Sheet
(Unaudited)

		July 31, 2008
ASSETS		
Current Assets:		
Cash	$	260,596
Prepaid expenses		105,206
Total Current Assets		365,802
Property and Equipment (net of accumulated depreciation of $82,928)		100,309
Intangible Assets (net of accumulated amortization of $200,927)		1,224,882
Other Assets		3,876
Total Assets	$	1,694,869
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$	900,459
Accrued expenses		406,804
Deferred revenue		6,596
Interest payable		18,579
Notes payable - current portion		64,832
Total Current Liabilities		1,397,270
Notes payable - net of current portion		8,685
Total Liabilities		1,405,955
Shareholders' Equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding		-
Common Stock - $0.001 par value; authorized 500,000,000 shares, issued and outstanding 109,319,520 shares		109,320
Additional Paid-In Capital		16,540,857
Deficit accumulated during the development stage		(16,361,263)
Total Shareholders' Equity		288,914
Total Liabilities and Shareholders' Equity	$	1,694,869

The accompanying footnotes are an integral part of these financial statements.

ADVAXIS, INC.
(A Development Stage Company)
Statement of Operations
(Unaudited)

	3 Months Ended July 31, 2008	3 Months Ended July 31, 2007	9 Months Ended July 31, 2008	9 Months Ended July 31, 2007	Period from March 1, 2002 (Inception) to July 31, 2008
Revenue	$ 28,045	$ -	$ 68,404	$ 154,201	$ 1,327,840
Research & Development Expenses	657,286	372,434	2,004,324	1,397,033	7,380,468
General & Administrative Expenses	605,319	448,492	2,349,439	2,296,393	9,322,326
Total Operating expenses	1,262,605	820,926	4,353,763	3,693,426	16,702,794
Loss from Operations	(1,234,560)	(820,926)	(4,285,359)	(3,539,225)	(15,374,954)
Other Income (expense):					
Interest expense	(1,773)	(108,952)	(5,705)	(474,488)	(1,078,924)
Other Income	2,599	3,168	46,427	41,140	246,255
Gain on note retirement	-	-	-	319,967	1,532,477
Net changes in fair value of common stock warrant liability and embedded derivative liability	-	2,044,825		1,598,147	(1,642,232)
Net (loss) Income	(1,233,734)	1,118,115	(4,244,637)	(2,054,459)	(16,317,379)
Dividends attributable to preferred shares	-	-	-	-	43,884
Net (loss) Income applicable to Common Stock	$ (1,233,734)	$ 1,118,115	$ (4,244,637)	$ (2,054,459)	$ (16,361,263)
Net (loss) Income per share, basic	$ (0.01)	$ 0.02	$ (0.04)	$ (0.05)	
Net (loss) Income per share, diluted	$ (0.01)	$ 0.02	$ (0.04)	$ (0.05)	
Weighted average number of shares outstanding, basic	109,157,170	45,825,888	108,513,191	43,568,150	
Weighted average number of shares outstanding, diluted	109,157,170	54,773,193	108,513,191	43,568,150	

The accompanying footnotes are in integral part of these financial statements.

ADVAXIS, INC.
(A Development Stage Company)
Statement of Cash Flows
(Unaudited)

	9 Months ended July 31, 2008	9 Months ended July 31, 2007	Period from March 1, 2002 (Inception) to July 31, 2008
OPERATING ACTIVITIES			
Net loss	$ (4,244,637)	$ (2,054,459)	$ (16,317,379)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash charges to consultants and employees for options and stock	311,806	826,769	1,809,672
Amortization of deferred financing costs	-	97,122	260,000
Non-cash interest expense	3,002	264,886	513,280
Accrued interest on notes payable		107,868	
Loss on change in value of warrants and embedded derivative	-	(1,598,147)	1,642,232
Value of penalty shares issued	31,778	-	149,276
Depreciation expense	26,975	23,011	82,928
Amortization expense of intangibles	51,795	40,077	204,098
Gain on note retirement	-	(319,967)	(1,532,477)
Decrease (Increase) in prepaid expenses	94,711	(5,815)	(105,206)
Decrease (Increase) in other assets	-	725	(3,876)
Increase in accounts payable	113,162	428,901	1,337,665
Increase (Decrease) in accrued expenses	101,781	(213,122)	390,617
Increase in interest payable	-	-	18,291
Increase (Decrease) in deferred revenue	6,596	(20,350)	6,596
Net cash used in Operating Activities	(3,503,031)	(2,422,503)	(11,544,283)
INVESTING ACTIVITIES			
Cash paid on acquisition of Great Expectations	-	-	(44,940)
Purchase of property and equipment	(10,842)	(32,873)	(137,657)
Cost of intangible assets	(178,542)	(183,781)	(1,503,932)
Net cash used in Investing Activities	(189,384)	(216,654)	(1,686,529)
FINANCING ACTIVITIES			
Proceeds from convertible secured debenture	-		960,000
Cash paid for deferred financing costs		-	(260,000)
Principal payment on notes payable	(10,960)	-	(103,047)
Proceeds from notes payable	-	(6,648)	1,271,224
Net proceeds of issuance of Preferred Stock	-	-	235,000
Payment on cancellation of warrants	-	-	(600,000)
Proceeds of issuance of Common Stock; net of issuance costs	(78,013)	-	11,988,231
Net cash (used in) provided by Financing Activities	(88,973)	(6,648)	13,491,408
Net (Decrease) Increase in cash	(3,781,388)	(2,645,805)	260,596
Cash at beginning of period	4,041,984	2,761,166	-
Cash at end of period	$ 260,596	$ 115,361	$ 260,596

The accompanying footnotes are an integral part of these financial statements.

Supplemental Schedule of Noncash Investing and Financing Activities

	9 Months ended July 31, 2008	9 Months ended July 31, 2008	Period from March 1, 2002 (Inception) to July 31, 2008
Equipment acquired under capital lease	-	$ 45,580	$ 45,580
Common Stock issued to Founders	-	-	$ 40
Notes payable and accrued interest converted to Preferred Stock	-	-	$ 15,969
Stock dividend on Preferred Stock	-	-	$ 43,884
Notes payable and accrued interest converted to Common Stock	-	$ 700,000	$ 2,602,322
Intangible assets acquired with notes payable	-	-	$ 360,000
D Debt discount in connection with recording the original value of the embedded derivative liability	-	-	$ 512,865
Allocation of the original secured convertible debentures to warrants	-		$ 214,950
Warrants issued in connection with issuances of common stock	-	-	1,505,550

The accompanying footnotes are an integral part of these financial statements.

ADVAXIS, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Business description

We are a development stage biotechnology company utilizing multiple mechanisms of immunity with the intent to develop cancer vaccines that are more effective and safe than existing vaccines. To that end, we have licensed rights from the University of Pennsylvania ("Penn") to use a patented system to engineer a live-attenuated Listeria monocytogenes bacteria (the "Listeria System") to secrete a protein sequence containing a tumor-specific antigen. Using the Listeria System, we believe we will force the body's immune system to process and recognize the antigen as if it were foreign, creating the immune response needed to attack the cancer. Our licensed Listeria System, developed at Penn over the past 10 years, provides a scientific basis for believing that this therapeutic approach induces a significant immune response to a tumor. Accordingly, we believe that the Listeria System is a broadly enabling platform technology that can be applied to many types of cancers. In addition, we believe there may be useful applications in infectious diseases and auto-immune disorders. The therapeutic approach that comprises the Listeria System is based upon the innovative work of Yvonne Paterson, Ph.D., Professor of Microbiology at Penn, involving the creation of genetically engineered Listeria that stimulate the innate immune system and induce an antigen-specific immune response involving humoral and cellular components. On July 1, 2002 (effective date) we entered into an exclusive 20-year license 9 patents/dockets from Penn to exploit the Listeria System, subject to meeting various royalty and other obligations (the "Penn License") which was amended and restated on February 13, 2007. The First Amendment to the Amended and Restated Patent License Agreement was entered into on March 26, 2007 to exercise its option to license an additional Listeria-Based and LLO-Based Vaccine patent/docket for $43,788. We have agreed in principle to license 12 other patents/dockets for $297,322 however as of September 12, 2008 this Second Amendment has not been finalized and this amount is not reflected on the financial statement enclosed herein.

We have focused our initial development efforts on five lead compounds. In February 2006 we commenced a Phase I clinical study of Lovaxin C, a vaccine with a potential for treatment of cervical cancer. We completed this clinical study in the fourth fiscal quarter 2007 after 15 patients with end-stage cervical cancer were dosed with Lovaxin-C. This study was conducted in Mexico, Serbia and Israel. The objective of this trial was to establish a range of safe doses up to a maximally tolerated dose, which was achieved.

Based upon the outcome of our Phase I trial in advanced cervical cancer, we plan on undertaking a Phase II trial in Stage 2/3 Cervical Intraepithelial Neoplasia (CIN). Stage 3 CIN is carcinoma *in situ*, and is a non-invasive form of cervical cancer. Grades 1 and 2 CIN are commonly called cervical dysplasia. Thus CIN is the name of the disease that can increase in severity to become invasive cervical cancer. While CIN frequently regresses spontaneously, over 250,000 surgical procedures are performed in the US annually to prevent progression from CIN to invasive cancer. We have filed an Investigational New Drug ("IND") with the U.S. Food and Drug Administration on May 16, 2008. This application includes a Phase II protocol for Lovaxin C, Advaxis' lead drug candidate, for the treatment of CIN to be conducted in the U.S. The CIN study is scheduled to begin as soon as the FDA releases the Trial from clinical hold following the completion of the IND review.

On July 23, 2008 we received the FDA's first written response letter which addressed preclinical, manufacturing, microbiologic, immunologic and clinical questions concerning Lovaxin C and its therapeutic use in CIN caused by the sexually transmitted human papilloma virus ("HPV"). The FDA also requested additional justification for the proposed Phase II study in this indication and the potential risks and benefits of the proposed therapy relative to the current surgical standard therapy. The proposed Phase II study is on clinical hold as we work closely with the FDA to address their questions.

The accompanying unaudited interim financial statements include all adjustments (consisting only of those of a normal recurring nature) necessary for a fair statement of the results of the interim period. These interim Financial

Statements should be read in conjunction with the Company's Financial Statements and Notes for the year ended October 31, 2007 filed on Form 10-KSB. We believe these financial statements reflect all adjustments (consisting only of normal, recurring adjustments) that are necessary for a fair presentation of our financial position and results of operations for the periods presented. Results of operations for the interim periods presented are not necessarily indicative of results to be expected for the year.

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. There is a working capital deficiency and recurring losses that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments to the carrying amount and classification of recorded assets and liabilities should we be unable to continue operations.

Since our inception until July 31, 2008, the Company has reported accumulated net losses of $16,361,263 and recurring negative cash flows from operations. In order to maintain sufficient cash and investments to fund future operations, we are seeking to raise additional capital in the fourth quarter of fiscal year 2008 through various financing alternatives. If additional capital were raised through the sale of equity or convertible debt securities, the issuance of such securities would result in additional dilution to our existing stockholders. A special committee of our Board of Directors recommended and the majority of our Board approved a Senior Promissory Note for up to $800,000 from our CEO Thomas Moore with the following terms: (i) an interest rate accruing at 12% per annum, compounded quarterly, on the outstanding principal payable, (ii) one warrant for each dollar of the note drawn down to be issued at the price and the terms of the next raise with the warrants to be issued and registered with the warrants issued with the next raise and (iii) a late payment fee of 0.1% per day on any unpaid balance. The outstanding principal and the interest are payable at the earlier of the close of the next raise of a minimum of $5 Million or February 15, 2009. On September 22, 2008 our CEO Thomas Moore agreed to these terms. We believe that our current cash and the proceeds of the note should sustain our plan of operations until January, 2009. However, the company cannot provide assurances that our plans will not change, or that changed circumstances will not result in the depletion of capital resources more rapidly than anticipated. If we are unable to obtain additional sources of financing or generate sufficient cash flows from sufficient capital, on or before January 31, 2009 it could create a material adverse effect on future operating prospects of the Company or cease our operations.

Since inception through July 31, 2008, all of the Company's revenue has been from grants. For the three and nine month period ended July 31, 2008, all of the revenue was received from the New Jersey Commission on Science and Technology.

Intangible Assets:

Intangible assets primarily consist of legal and filing costs associated with obtaining trademarks, patents and licenses. The license and patent costs capitalized primarily represent the value assigned to the Company's 20-year exclusive worldwide license agreement with Penn which are amortized on a straight-line basis over their remaining useful lives which are estimated to be twenty years from the effective date of Penn Agreement dated July 1, 2002. The value of the license and patents are based on management's assessment regarding the ultimate recoverability of the amounts paid and the potential for alternative future uses. This license includes the exclusive right to exploit 12 issued patents and the rights to exploit the majority of the 56 pending patents subject to finalization of the Second Amendment to the Amended and Restated Agreement. The Company exercised its option under the Second Amended and Restated Patent License Agreement to license a majority of these pending patents for a fee of $297,000 but has not finalized this Agreement. As of the date of this filing we are negotiating in a period of good faith on the form of payment. As of July 31, 2008, all gross capitalized costs associated with the licenses and patents filed and granted as well as and costs associated with patents pending are $1,327,493 (excluding the Second Amendment) as shown under license and patents on the table below. The $1,327,493 capitalized cost the cost of the patents and licenses issued is estimated to be $620,486 and cost of the patents pending or in process of filing is estimated to be $707,007. The expirations dates of the existing patents range from 2014 to 2020. Capitalized costs associated with patent applications that are abandoned without future value are charged to expense when the determination is made not to pursue the application. No patent applications without value were abandoned and charged to expense in the current or prior year. Amortization expense for licensed technology and capitalized patent cost is included in general and administrative expense.

Under the amended and restated agreement we are billed actual patent expenses as they are passed through from Penn. The following is a summary of the intangibles assets as of the following fiscal periods:

	October 31, 2007	July 31, 2008	Increase (Decrease)
Trademark	$ 87,857	$ 98,316	$ 10,459
License	496,127	529,915	33,788

Patents		663,283	797,578	134,295
Total intangibles		1,247,267	1,425,809	178,542
Accumulated Amortization		(149,132)	(200,927)	51,795
Intangible Assets	$	1,098,135	$ 1,224,882	$ 126,747

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition exceeds its carrying amount. The amount of impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value.

Loss Per Share:

Basic loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the periods. Diluted earnings per share gives effect to dilutive options, warrants, convertible debt and other potential common stock outstanding during the period. Therefore, the impact of the potential common stock resulting from warrants, outstanding stock options and convertible debt are not included in the computation of diluted loss per share, as the effect would be anti-dilutive.

The table sets forth the number of potential shares of common stock that have been excluded from diluted net loss per share.

	As of July 31, 2007	As of July 31, 2008
Warrants	25,009,220	94,149,587
Stock Options	8,512,841	8,812,841
Convertible Debt (1)	8,000,000	-
Total All	41,522,061	102,962,428

(1) Conversion of the outstanding principal of $2,539,164 converted at 95% of the April 30, 2007 closing price of $0.340 per share or $0.323 per share.

Uncertain Tax Provisions:

Effective November 1, 2007 the Company adopted FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes (an interpretation of FASB Statement No. 109)” (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in tax positions and requires that companies recognize in their financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The adoption of FIN 48 in the first quarter of fiscal 2008 did not have an impact on the Company’s financial condition or results of operations.

Secured Convertible Debenture:

Pursuant to a Securities Purchase Agreement dated February 2, 2006 ($1,500,000 principal amount) and March 8, 2006 ($1,500,000 principal amount) we issued to Cornell Capital Partners, LP (“Cornell”) $3,000,000 principal amount of the Company’s Secured Convertible Debentures due February 1, 2009 (the “Debentures”) at face amount, five year Warrants to purchase 4,200,000 shares of Common Stock at the price of $0.287 per share and five year Warrants to purchase 300,000 shares of Common Stock at a price of $0.3444 per share.

The Company measured the fair value of the warrants and embedded conversion features at each reporting date using the Black-Scholes-Merton valuation model based on the current assumptions at that point in time. This calculation has resulted in a fair market value significantly different than the previous reporting period. The increase or decrease in the “fair market value of the warrants and embedded conversion feature at each period results in a non-cash income or expense that is recorded in “other income (expense)” in the Statement of Operations along with corresponding changes in fair value of the liability.

The Company measured the fair value of the warrants on the date of each reporting period until the debt was extinguished on October 17, 2007. Changes that occurred in the three and nine month period ending July 31, 2007 resulted in a decrease in the fair value of the warrants and embedded derivative of $2,044,825 and $1,598,147, respectively recorded in the Statement of Operations as “income to net change in fair value of common stock warrant and embedded derivative liability”.

Item 2. Management's Discussion and Analysis

The Company has included in this Quarterly Report certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 concerning the Company's business, operations and financial condition. "Forward-looking statements" consist of all non-historical information, and the analysis of historical information, including the references in this Quarterly Report to future revenues, collaborative agreements, future expense growth, future credit exposure, earnings before interest, taxes, depreciation and amortization, future profitability, anticipated cash resources, anticipated capital expenditures, capital requirements, and the Company's plans for future periods. In addition, the words "could", "expects", "anticipates", "objective", "plan", "may affect", "may depe "believes", "estimates", "projects" and similar words and phrases are also intended to identify such forward-looking statements.

Actual results could differ materially from those projected in the Company's forward-looking statements due to numerous known and unknown risks and uncertainties, including, among other things, unanticipated technological difficulties, the length, scope and outcome of our clinical trials, costs related to intellectual property, cost of manufacturing and higher consulting costs, product demand, changes in domestic and foreign economic, market and regulatory conditions, the inherent uncertainty of financial estimates and projections, the uncertainties involved in certain legal proceedings, instabilities arising from terrorist actions and responses thereto, and other considerations described as "Risk Factors" in other filings by the Company with the Securities and Exchange Commission. Such factors may also cause substantial volatility in the market price of the Company's Common Stock. All such forward-looking statements are current only as of the date on which such statements were made. The Company does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

Plan of Operations

We were originally incorporated in the state of Colorado on June 5, 1987 under the name Great Expectations, Inc. We were administratively dissolved on January 1, 1997 and reinstated June 18, 1998 under the name Great Expectations and Associates, Inc. In 1999, we became a reporting company under the Securities Exchange Act of 1934 (the "Exchange Act'). Until November 2004, we were a publicly-traded "shell" company without any business until November 12, 2004 when we acquired Advaxis, Inc., a Delaware corporation ("Advaxis"), through a Share Exchange and Reorganization Agreement, dated as of August 25, 2004 (the "Share Exchange"), by and among Advaxis, the stockholders of Advaxis and us. As a result of such acquisition, Advaxis became our wholly-owned subsidiary and our sole operating company. On December 23, 2004, we amended and restated our articles of incorporation and changed our name to Advaxis, Inc. On June 6, 2006 our shareholders approved the reincorporation of the Company from the state of Colorado to the state of Delaware by merging the Company into its wholly-owned subsidiary, which was effected on June 20, 2006. As used herein, the words "Company" and "Advaxis" refer to the current Delaware Corporation only unless the context references such entity prior to the June 20, 2006 reincorporation into Delaware. Our principal executive offices are located at Technology Centre of NJ, 675 US Highway One, North Brunswick, NJ 08902 and our telephone number is (732) 545-1590.

On July 28, 2005 we began trading on the Over-The-Counter Bulletin Board (OTC:BB) under the ticker symbol ADXS.

We are a biotechnology company utilizing multiple mechanisms of immunity with the intent to develop cancer vaccines that are more effective and safer than existing vaccines. We believe that by using our licensed Listeria System to engineer a live attenuated Listeria monocytogenes bacteria to secrete a protein sequence containing a tumor-specific antigen, we will force the body's immune system to process and recognize the antigen as if it were foreign, creating the immune response needed to attack the cancer. The licensed Listeria System, developed at Penn over the past 10 years, provides scientific evidence demonstrating that this therapeutic approach induces a significant therapeutic immune response to the tumor. Accordingly, we believe that the Listeria System is a broadly enabling platform technology that can be applied in many cancers, infectious diseases and auto-immune disorders.

We have no customers. We are in the development stage and have focused our initial development efforts on five lead compounds. In February 2006 we received governmental approvals in Mexico, Israel and Serbia to commence in those countries a Phase I clinical study of Lovaxin C, a vaccine with a potential for treatment of cervical and neck cancer. We completed this clinical study in the fourth fiscal quarter 2007. The study included 15 patients with advanced cervical cancer and met our trial objectives.

The FDA's written response to our initial IND filing, received July 23, 2008 addressed preclinical, manufacturing, microbiologic, immunologic and clinical questions concerning Lovaxin C and its therapeutic use in CIN and cervical cancer caused by the sexually transmitted human papilloma virus ("HPV"). The FDA also requested additional

justification for the first proposed Phase II study in this indication and the potential risks and benefits of the proposed therapy relative to the current surgical standard therapy. On August 27, 2008 a teleconference was conducted with FDA to better understand their questions and a complete written response is planned to be filed by the end of September 2008.

Based upon the outcome of our Phase I trial in advanced cervical cancer, we plan on undertaking a Phase II trial in Stage 2/3 Cervical Intraepithelial Neoplasia (CIN). Stage 3 CIN is carcinoma *in situ*, and is a non-invasive form of cervical cancer. Grades 1 and 2 CIN are commonly called cervical dysplasia. Thus CIN is the name of the disease that can increase in severity to become invasive cervical cancer. While CIN frequently regresses spontaneously, over 250,000 surgical procedures are performed in the US annually to prevent progression from CIN to invasive cancer. We have filed an Investigational New Drug ("IND") with the U.S. Food and Drug Administration on May 16, 2008. This application includes a Phase II protocol for Lovaxin C, Advaxis' lead drug candidate, for the treatment of CIN to be conducted in the U.S. The CIN study is scheduled to begin as soon as the FDA releases the Trial from clinical hold pending the completion of the IND review.

Three months ended July 31, 2008 Compared to the three months ended July 31, 2007

Revenue. Our revenue increased by $28,045, to $28,045 for the three months ended July 31, 2008 (the "Fiscal 2008 Quarter") as compared with no revenue for the three months ended July 31, 2007 (the "Fiscal 2007 Quarter") due to the grant money received from the State of New Jersey in the Fiscal 2008 Quarter as compared to the Fiscal 2007 Quarter.

Research and Development Expenses. Research and development expenses increased by $284,852, or 77%, to $657,286 for the Fiscal 2008 Quarter as compared with $372,434 for the Fiscal 2007 Quarter, principally attributable to the following:

- Clinical trial expenses increased by $139,214, or 335%, to $180,781 from $41,567 due to our higher clinical trial activity to close out the trial in the Fiscal 2008 Quarter in preparation to file our IND.
- Wages, options and lab costs increased by $125,008, or 65% to $318,411 from $193,403 principally due to our expanded research and development efforts, the hiring of an Executive Director of Product Development, a wage increase on November 1, 2007 and an increase in the bonus accrual.
- Consulting expenses decreased by $10,024, or 52%, to $9,357 from $19,381, primarily reflecting reduced outside support in Fiscal 2008 as a result of hiring an Executive Director of Product Development.
- Subcontracted research expenses increased by $25,605, or 179%, to $39,900 from $14,295, primarily reflecting the increased subcontract work performed by Dr. Paterson at Penn, pursuant to the our sponsored research agreement in the Fiscal 2008 Quarter compared to the same period last year.
- Manufacturing expenses increased by $31,691, or 41% to $108,838 from $77,147; the result of the ongoing clinical supply program for our upcoming Phase II trial in the Fiscal 2008 Quarter compared to the start-up of a manufacturing program in the Fiscal 2007 Quarter.
- Toxicology study expenses decreased by $26,640, to $0 due to expenses incurred in the Fiscal 2007 Quarter as a result of a to