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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

OR

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

For the transition period from _____ to _____.

Commission File Number: 000-50484

Marshall Edwards, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE	**51-0407811**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

140 Wicks Road, North Ryde, NSW, 2113 Australia
(Address of principal executive offices) (Zip Code)

(011) 61 2 8877- 6196
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 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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Non-accelerated filer	x
Accelerated filer	o	Smaller reporting entity	o

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

As of April 30, 2008 the number of shares outstanding of the issuer’s common stock, $0.00000002 par value, was 68,854,938.

MARSHALL EDWARDS, INC.

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PART I FINANCIAL INFORMATION

Item 1: Financial Statements

MARSHALL EDWARDS, INC.

(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31 2008	June 30, 2007
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	**$ 22,902**	**$ 16,158**
Deferred offering costs	**52**	**25**
Prepaid expenses and other current assets	**244**	**107**
Total current assets	**23,198**	**16,290**
Total assets	**$ 23,198**	**$ 16,290**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	**$ 1,066**	**$ 1,197**
Accrued expenses	**1,552**	**984**
Amount due to related company	**644**	**332**
Total current liabilities	**3,262**	**2,513**
Stockholders' equity:		
Preferred stock, $0.01 par value, authorized 100,000 shares, none outstanding	-	-
Common stock, $ 0.00000002 par value, 113,000,000 authorized shares; shares issued and outstanding: 68,854,938 at March 31, 2008 and 63,390,937 at June 30, 2007	-	-
Additional paid-in capital	**68,266**	**53,098**
Deficit accumulated during development stage	**(48,330)**	**(39,321)**
Total stockholders' equity	**19,936**	**13,777**
Total liabilities and stockholders' equity	**$ 23,198**	**$ 16,290**

See accompanying notes to the consolidated financial statements.

MARSHALL EDWARDS, INC.

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,		Period from December 1, 2000 (Inception) through March 31,
	2008	**2007**	**2008**	**2007**	**2008**
Revenues:					
Interest and other income	**$ 149**	$ 171	**$ 582**	$ 489	$ 2,326
Total revenues	**149**	171	**582**	489	2,326
Operating expenses:					
Research and development	**(1,860)**	(1,446)	**(6,631)**	(4,179)	(22,572)
License fees	**(1,000)**	-	**(1,000)**	(5,000)	(18,000)
Selling, general and administrative	**(620)**	(447)	**(1,957)**	(3,087)	(10,078)
Total operating expenses	**(3,480)**	(1,893)	**(9,588)**	(12,266)	(50,650)
Loss from operations	**(3,331)**	(1,722)	**(9,006)**	(11,777)	(48,324)
Income tax expense	**(1)**	(1)	**(3)**	(1)	(6)
Net loss arising during development stage	**$ (3,332)**	$ (1,723)	**$ (9,009)**	$ (11,778)	$ (48,330)
Net loss per common share:					
Basic and diluted	**$ (0.05)**	$ (0.03)	**$ (0.13)**	$ (0.19)	
Weighted average number of common shares outstanding	**68,854,938**	63,390,937	**68,119,782**	63,131,878	

See accompanying notes to the consolidated financial statements.

MARSHALL EDWARDS, INC.

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended March 31,		Period from December 1, 2000 (Inception) through March 31,
	2008	**2007**	**2008**
Operating activities			
Net loss arising during development stage	**$ (9,009)**	$ (11,778)	$ (48,330)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Share based payments	-	1,642	1,642
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	**(137)**	165	(244)
Accounts payable	**(131)**	440	1,066
Accrued expenses	**568**	815	1,552
Amounts due to related company	**312**	18	644
Net cash used in operating activities	**(8,397)**	(8,698)	(43,670)
Financing activities			
Net proceeds from issuance of common stock *	**15,193**	16,915	66,624
Deferred offering costs	**(52)**	-	(52)
Net cash provided by financing activities	**15,141**	16,915	66,572
Net increase (decrease) in cash and cash equivalents	**6,744**	8,217	22,902
Cash and cash equivalents at beginning of period	**16,158**	10,054	-
Cash and cash equivalents at end of period	**$ 22,902**	$ 18,271	$ 22,902

* Deferred offering costs of $25,000 from the year ended June 30, 2007 have been offset against net proceeds from the issuance of common stock in the nine months to March 31, 2008.

See accompanying notes to the consolidated financial statements.

MARSHALL EDWARDS, INC.

(A Development Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(In thousands, except share data)

(Unaudited)

	Common Stock	Additional paid in capital	Deficit accumulated during development stage	Total
	(shares)			
Balance at June 30, 2007	**63,390,937**	**$ 53,098**	**$ (39,321)**	**$ 13,777**
Net loss arising during development stage	-	-	**(9,009)**	**(9,009)**
Comprehensive Loss				**(9,009)**
Common Stock issued August 6, 2007	**5,464,001**	**14,727**	-	**14,727**
Warrants issued as share-based payment (refer Note 6)	-	**441**	-	**441**
Balance at March 31, 2008	**68,854,938**	**$ 68,266**	**$ (48,330)**	**$ 19,936**

See accompanying notes to the consolidated financial statements.

MARSHALL EDWARDS, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The Company and Summary of Significant Accounting Policies

Marshall Edwards, Inc. ("MEI") including its subsidiary Marshall Edwards Pty Ltd ("MEPL") (together the "Group or the "Company") is a development stage company incorporated in December 2000 as a wholly-owned subsidiary of Novogen Limited ("Novogen"). The Company commenced operations in May 2002 and its business purpose is the development and commercialization of drugs for the treatment of cancer. The Company is presently engaged in the clinical and pre-clinical development of the anti-cancer drugs phenoxodiol, triphendiol (formally NV-196) and NV-143. Novogen's subsidiary has granted to MEPL, worldwide non-transferable licenses under its patent right and patent applications and its relevant know-how to conduct clinical trials and commercialize and distribute all forms of phenoxodiol, triphendiol and NV-143 for uses in the field of prevention, treatment, and cure of cancer in humans, except topical applications. As at the date of this report, Novogen owns approximately 71.9% of the outstanding shares of the Company's common stock.

The Company's main focus since commencing operations has been to undertake human clinical testing of phenoxodiol. Operations have now expanded to include the additional licensed drug candidates triphendiol and NV-143. During fiscal year 2007, the Company commenced the OVATURE Phase III clinical trial for phenoxodiol (known as "OVATURE"). The Company has reached agreement under the Special Protocol Assessment process with the United States Food and Drug Administration (the "FDA") on the design of its OVATURE pivotal study protocol for phenoxodiol. The trial is designed to test the ability of phenoxodiol to restore sensitivity of late-stage ovarian cancers to carboplatin, a standard form of therapy for ovarian cancer. During fiscal year 2008, the Company has continued to recruit patients into the OVATURE trial, continued its preclinical trials for triphendiol and completed a Phase Ia study for triphendiol.

Principles of Consolidation

The consolidated financial statements include the accounts of MEI and its wholly-owned subsidiary, MEPL. Significant intercompany accounts and transactions have been eliminated on consolidation.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Interest

The only revenue earned to date is interest on cash balances, which is recognized on an accruals basis.

Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at their nominal value. The Company considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. Highly liquid investments with stated maturities of greater than three months are classified as short-term investments. The Company's cash, held in the United States, is deposited in financial institutions that are FDIC insured. These deposits are in excess of the FDIC insurance limits. The Company also holds cash with Australian financial institutions.

Income Taxes

Income taxes have been provided for using the liability method in accordance with FASB Statement No. 109, "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are recognized and measured using enacted tax rates in effect for the year in which the differences are expected to be recognized. Valuation allowances are established against the recorded deferred income tax assets to the extent that management believes that it is more likely than not that a portion of the deferred income tax assets are not realizable. There is a full valuation allowance against net operating losses.

Effective July 1, 2007, the Company adopted Financial Accounting Standards Interpretation 48 (FIN 48), "Accounting for Uncertainty in Income Taxes – an interpretation of FASB No 109". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a company's income tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 utilizes a two step approach for evaluating uncertain tax positions accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes" (SFAS 109). Step one, recognition, requires a company to determine if the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. Step two, measurement, is based on the largest amount of benefit, which is more likely than not to be realized upon ultimate settlement. The cumulative effect of adopting FIN 48 on July 1, 2007 is recognized as a change in accounting principle, recorded as an adjustment to the opening balance of accumulated deficit on the adoption date. As a result of the implementation of FIN 48, the Company did not recognise any increase or decrease in the liability for unrecognized tax benefits related to tax positions taken in prior periods, therefore, there was no corresponding adjustment in accumulated deficit. Additionally, FIN 48 specifies that tax positions for which the timing of the ultimate resolution is uncertain should be recognized as long term liabilities. The Company's total amount of net tax losses carried forward as of July 1, 2007 adoption date was $45 million.

The Company's major tax jurisdictions are the United States and Australia and its tax years since inception remain subject to examination by the appropriate governmental agencies in those jurisdictions due to its tax loss position.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents and accounts payable, approximate fair value.

Foreign Currency Translation

The financial statements of MEPL have been translated into U.S. dollars in accordance with FASB Statement No. 52, "Foreign Currency Translation." Assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Income statement amounts have been translated using the average exchange rate for the periods. Realized gains and losses from foreign currency transactions are reflected in the consolidated statements of operations.

Translation of MEPL's financial statements into U.S. dollars does not have a material impact on the Company's financial position.

Research and Development Expenses

Research and development expenses relate primarily to the cost of conducting human clinical and pre-clinical trials of phenoxodiol, triphendiol and NV-143. Research and development costs are charged to earnings in the period incurred.

License Fees

Costs incurred related to the acquisition or licensing of products that have not yet received regulatory approval to be marketed, or that are not commercially viable and ready for use or have no alternative future use, are charged to earnings in the period incurred.

Stock-Based Compensation

The Company's stock option plan provides for the grant of options to the Company's directors, employees, employees of the Company's affiliates and certain of the Company's contractors and consultants. To date, no options have been issued under the plan.

Other stock-based payments have been accounted for in accordance with SFAS No. 123R "Share-Based Payments". The Company therefore recognizes the cost of goods acquired or the expense for services received in a share-based payment transaction when it obtains the goods or as services are received. The Company recognizes a corresponding increase in equity or a liability depending on the classification of the share-based instrument granted.

Basic and Diluted Loss Per Share

Basic and diluted earnings or loss per share is calculated in accordance with FASB Statement No. 128, "Earnings Per Share." In computing basic earnings or loss per share, the dilutive effect of stock options and warrants are excluded, whereas for diluted earnings per share they are included unless the effect is anti-dilutive.

Stockholders' Equity

Ordinary share capital is recognized at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of shares are recognized directly in equity as a reduction in the share proceeds received.

Deferred Offering Costs

Where costs associated with a capital raising have been incurred at balance date and it is probable that the capital raising will be successfully completed after balance date, such costs are deferred and offset against the proceeds subsequently received from the capital raising.

2. Loss Per Share

The following table sets forth the computation of basic and diluted net loss per common share:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2008	2007	2008	2007
	(In Thousands, except share and per share data)			
Numerator				
Net loss arising during development stage	(3,332)	(1,723)	(9,009)	(11,778)
Effect of dilutive securities	-	-	-	-
Numerator for diluted earnings per share	$ (3,332)	$ (1,723)	$ (9,009)	$ (11,778)
Denominator				
Denominator for basic earnings per share:				
Weighted average number of shares used in computing net loss per share, basic and diluted	68,854,938	63,390,937	68,119,782	63,131,878
Effect of dilutive securities	-	-	-	-
Dilutive potential common shares	68,854,938	63,390,937	68,119,782	63,131,878
Basic and diluted earnings per share	$ (0.05)	$ (0.03)	$ (0.13)	$ (0.19)

During the period presented, the Company had warrants outstanding that could potentially dilute basic earnings per share in the future, but were excluded from the computation of diluted net loss per share as the effect would have been anti-dilutive. Since the Company has a loss for all periods presented, diluted and basic earnings per share are the same. The outstanding warrants consist of the following potential common shares:

	As at March 31, 2008	2007
	(Number of warrant shares)	
Warrants exercisable prior to July 11, 2010 at an exercise price of $4.35	2,815,258	2,815,258
Warrants exercisable prior to August 6, 2012 at an exercise price of $3.60	2,185,598	-
Warrants exercisable prior to August 6, 2012 at an exercise price of $3.00	248,364	-
Common shares issuable upon exercise of outstanding warrants	5,249,220	2,815,258

During July 2006, the Company issued 6,452,937 shares of common stock and 2,815,258 warrants in connection with a PIPE capital raising and to secure a standby equity distribution agreement entered into between the Company and YA Global, L.P. (formerly Cornell Capital Partners, L.P.) as of July 11, 2006. For further details see Note 6 “Equity”.

During August 2007, the Company issued 5,464,001 shares of common stock and warrants exercisable for 2,433,962 shares of common stock in connection with a PIPE capital raising. For further details see Note 6 “Equity”.

3. Expenditure Commitments

At March 31, 2008, the Company had contractual obligations for the conduct of clinical trials, pre-clinical research and development and manufacturing process development of approximately $16,980,000. Of the expenditure commitments, clinical trial amounts are based on the assumption that all patients enrolled in clinical trials will complete the maximum number of allowed treatment cycles. The amounts, assuming all treatment cycles are completed, are expected to be incurred as follows:

(In thousands)		Payment due by period			
Contractual Obligations	**Total**	less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Purchase Obligations	$ 16,980	$ 8,830	$ 6,076	$ 2,074	$ -
Total	$ 16,980	$ 8,830	$ 6,076	$ 2,074	$ -

No amounts have been included for future payments to Novogen which may arise in connection with the Phenoxodiol License Agreement, the License Agreement for Triphendiol and NV-143, the Services Agreement or the Manufacturing License and Supply Agreement as future payments under the terms of the agreements are subject to termination provisions. The terms of the agreements, including future payments, are detailed in Note 5 “Related Party Transactions.”

The Company is not currently a party to any material legal proceedings.

The Company’s certificate of incorporation provides that it will indemnify Novogen in connection with certain actions brought against Novogen by any of the Company’s stockholders or any other person.

Pursuant to the terms of a Guarantee and Indemnity Agreement, the Company has guaranteed the payment and performance of the obligations of MEPL to Novogen and its subsidiaries,

Novogen Laboratories Pty Limited and Novogen Research Pty Limited, under the Phenoxodiol License Agreement, the Manufacturing License and Supply Agreement and the Services Agreement. Novogen has guaranteed the performance of the obligations of Novogen Research Pty Limited under the Phenoxodiol License Agreement and the obligations of Novogen Laboratories Pty Limited under the Manufacturing License and Supply Agreement to MEPL. Each of the Company and Novogen's obligations in the Guarantee and Indemnity Agreement are absolute, unconditional and irrevocable.

4. Segment Information

The Company's focus is to continue the clinical and pre-clinical program currently underway for the development and commercialization of phenoxodiol, NV-143 and triphendiol. The business contains two major operating segments based on geographic location.

	Three Months Ended March 31, 2008		Three Months Ended March 31, 2007	
	(In Thousands)			
	USA	Australia	USA	Australia
Loss from operations	$ (55)	$ (3,277)	$ (21)	$ (1,702)
Segment assets	22,428	770	14,971	3,381

	Nine Months Ended March 31, 2008		Nine Months Ended March 31, 2007	
	(In Thousands)			
	USA	Australia	USA	Australia
Loss from operations	$ (230)	$ (8,779)	$ (1,875)	$ (9,903)

5. Related Party Transactions

License Agreement for Phenoxodiol

In September 2003, the Company entered into a license agreement pursuant to which Novogen's subsidiary, Novogen Research Pty Limited, granted to MEPL a worldwide non-transferable license under its patents and patent applications and in its know-how to conduct clinical trials and commercialize and distribute phenoxodiol products (the "Phenoxodiol License Agreement"). The Phenoxodiol License Agreement covers uses of phenoxodiol in the field of prevention, treatment or cure of cancer in humans delivered in all forms except topical applications. The license is exclusive until the expiration or lapsing of the last relevant Novogen patents or patent applications in the world and thereafter is non-exclusive. MEPL may terminate the Phenoxodiol License Agreement by giving three months notice to Novogen. MEPL paid $5,000,000 to Novogen in February 2004 which was the first lump sum license fee payment due under the terms of the Phenoxodiol License Agreement. Also, MEPL paid $2,000,000 to Novogen in January 2005 and $4,000,000 in January 2006 which were the annual milestone license fee payments due under the Phenoxodiol License Agreement. The Company paid a second lump sum license fee of $5,000,000 to Novogen in July 2006 following the raising of funds in a private placement or PIPE. This license fee was due on the later of November 1, 2003 or such later date when the cumulative total of all funds received from debt or equity issuances and revenue received from commercialization (income other than sales) and sales of phenoxodiol products exceeded $50,000,000. Following the PIPE

capital raising which closed on July 11, 2006, the funds received from equity issuances exceeded $50,000,000 which triggered this license fee payment. Future amounts payable to Novogen under terms of the Phenoxodiol License Agreement are as follows:

1. Until the expiration of the exclusivity period of the license, MEPL must pay Novogen 2.5% of all net sales and 25% of commercialization income. After the exclusivity period of the license, 1.5% of net sales must be paid to Novogen. The preconditions to such payments have not yet occurred.

The “Exclusivity Period” ends on the later of:

(a) the date of expiration or lapsing of the last patent right in the patents and patent applications set out in the Phenoxodiol License Agreement with Novogen; or

(b) the date of expiration or lapsing of the last licensed patent right which MEPL would, but for the license granted in the Phenoxodiol License Agreement, infringe in any country in the geographical territory covered by the Phenoxodiol License Agreement by doing in that country any of the things set out in the Phenoxodiol License Agreement.

2. In addition to the amounts above, beginning in 2006, an $8,000,000 annual milestone license fee is payable under the amended terms of the Phenoxodiol License Agreement for each calendar year ending December 31 during the exclusivity period of the license. The annual milestone license fees have been deferred under the License Amendment Deed for Phenoxodiol and the Further Amended and Restated License Agreement which are discussed below.

License Amendment Deed for Phenoxodiol

In June 2006, the Company entered into an amendment deed to the Phenoxodiol License Agreement (the “License Amendment Deed for Phenoxodiol”). Pursuant to the original term of the Phenoxodiol License Agreement, the Company was required to pay an $8,000,000 license milestone fee to Novogen Research Pty Limited in December 2006. The License Amendment Deed for Phenoxodiol extends the date that the $8,000,000 license milestone fee is payable until the earliest receipt by MEPL of the first:

(i) approval by the FDA of a New Drug Application (“NDA”) for phenoxodiol;
(ii) approval or authorization of any kind to market phenoxodiol in the United States; or
(iii) approval or authorization of any kind by a government agency in any other country to market phenoxodiol.

Upon receipt of any of the above (the “Approval Date”), the Company must pay to Novogen, $8,000,000, together with interest on that amount from (and including) December 31, 2006, calculated at the bank bill rate. This milestone replaces the $8,000,000 December 31, 2006 milestone fee.

Further Amended and Restated License Agreement

Following agreement in March 2007, MEPL and Novogen Research Pty Limited entered into another amendment deed to the Phenoxodiol License Agreement for the purpose of further amending and restating the Phenoxodiol License Agreement (the "Further Amended and Restated License Agreement").

The combined result of the License Amendment Deed for Phenoxodiol and the Further Amended and Restated License Agreement will be that upon the Approval Date, MEPL will be required to pay Novogen Research Pty Limited $8,000,000, together with interest on such amount from (and including) December 31, 2006 to (but excluding) the Approval Date. Thereafter, MEPL will be required to make license milestone fee payments of $8,000,000 to Novogen Research Pty Limited on December 31 of the year of the Approval Date and on December 31 of each year thereafter during the exclusivity period under the Phenoxodiol License Agreement.

No license fees have been accrued in respect of phenoxodiol at March 31, 2008.

License Agreement for Triphendiol and NV-143

In May 2006, the Company entered into a second license agreement with Novogen for two oncology compounds, triphendiol and NV-143 (the "License Agreement for Triphendiol and NV-143"). Triphendiol is being developed initially in oral form for the treatment of pancreatic and bile duct cancer and is currently in Phase I human testing. NV-143 is targeted for the treatment of melanoma, also in oral dose form, and is in the pre-clinical testing stage. The License Agreement for Triphendiol and NV-143 is an agreement under which Novogen's subsidiary, Novogen Research Pty Limited, grants to MEPL a worldwide non-transferable license under its patents and patent applications and in its know-how to conduct clinical trials and commercialize and distribute triphendiol and NV-143 products. The License Agreement for Triphendiol and NV-143 covers uses of triphendiol and NV-143 in the field of prevention, treatment or cure of cancer in humans delivered in all forms except topical applications. The license is exclusive until the expiration or lapsing of the last relevant Novogen patents or patent applications in the world and thereafter is non-exclusive. MEPL may terminate the agreement by giving three months notice to Novogen. The Company is required to make payments under the terms of the License Agreement for Triphendiol and NV-143 with Novogen as follows:

1. A lump sum license fee of $1,000,000 is payable to Novogen on the commencement date of the license in consideration of the license granted. This initial lump sum license fee was paid to Novogen in May 2006.

2. In further consideration of the license granted, MEPL must pay to Novogen the following milestone license fees upon the occurrence of the corresponding milestone as set forth below;

a) the first license product containing triphendiol to reach a milestone as set forth below; and
b) the first licensed product containing NV-143 to reach a milestone as set forth below.

The milestone license fees are:

i) $1,000,000 on the date an investigational new drug application ("IND") for the licensed product goes into effect or the equivalent approval of a government agency is obtained in another country. If this event does not occur before March 31, 2008 then this amount will be due on this date. The amount of $1,000,000 was paid to Novogen on March 31, 2008 under the terms of this agreement;

ii) $2,000,000 on the date of enrollment of the first clinical trial subject in a Phase II clinical trial of the licensed product. If this event does not occur before June 30, 2009, then this amount will be due on this date;

iii) $3,000,000 on the date of enrollment of the first clinical trial subject in a Phase III clinical trial of the licensed product. If this event does not occur before December 31, 2011, then this amount will be due on this date; and

iv) $8,000,000 on the date of first receipt of a NDA for the licensed product from the FDA or equivalent approval from a government agency in another country. If this event does not occur before December 31, 2013, then this amount will be due on this date.

3. MEPL must pay Novogen royalties of 5.0% of all net sales and 25% of commercialization income for the term of the license. The royalty rate is reduced by 50% if the licensed patent rights in any country or territory expire, lapse, are revoked, do not exist or are assigned to MEPL and the product is entirely manufactured and supplied in such country.

4. Minimum royalties of $3,000,000 per year are payable following the date of first receipt of an NDA for a licensed product from the FDA (or equivalent approval from a government agency in any other country) until the expiration of the term.

No license fees have been accrued in respect of triphendiol or NV-143 at March 31, 2008.

Amended and Restated License Option Deed

On September 24, 2003, MEPL and Novogen Research Pty Limited entered into an Amended and Restated License Option Deed (the “License Option Deed”). The License Option deed grants MEPL an exclusive right to accept and an exclusive right to match any proposed dealing by Novogen of its intellectual property rights with a third party relating to synthetic compounds (other than phenoxodiol) that have known or potential applications in the field of prevention, treatment or cure of cancer in humans in all forms other than topical applications.

Amended and Restated Services Agreement

On September 24, 2003, the Company, Novogen and MEPL entered into an Amended and Restated Services Agreement (the “Services Agreement”). The Company does not currently intend to directly employ any staff. Under the terms of the Services Agreement, Novogen or its subsidiaries have agreed to provide services reasonably required by the Company relating to the development and commercialization of phenoxodiol and other licensed products, including triphendiol and NV-143. Novogen has agreed to provide these services at cost plus a 10% mark-up. The Company may terminate the agreement on three months written notice to Novogen.

Transactions giving rise to expenditures amounting to $2,137,000 and $1,653,000 were made under the Services Agreement with Novogen during the nine months ended March 31, 2008 and 2007, respectively. Of these amounts, $1,408,000 and $1,051,000 related to service fees paid to Novogen for research and development services provided in the nine months ended March 31, 2008 and 2007, respectively, reflecting the time spent by Novogen research staff

on the development of phenoxodiol, triphendiol and NV-143. Additionally, $729,000 and $602,000 of the total expenditures during the nine months ended March 31, 2008 and 2007, respectively, related to costs incurred for administration and accounting services provided by Novogen.

At March 31, 2008 and 2007, $560,000 and $199,000, respectively, were due and owing to Novogen under the services agreement and are included in amounts due to related company in the balance sheet.

Manufacturing License and Supply Agreement

On September 24, 2003, MEPL and Novogen Laboratories Pty Limited, a subsidiary of Novogen, entered into an amended and restated manufacturing license and supply agreement (the "Manufacturing License and Supply Agreement"). Under the terms of the Manufacturing License and Supply Agreement, MEPL has granted to Novogen Laboratories Pty Limited an exclusive, non-transferable sub license to manufacture and supply phenoxodiol in its primary manufactured form. Novogen Laboratories Pty Limited has agreed to supply phenoxodiol to MEPL for the clinical trial development program and phenoxodiol's ultimate commercial use. Phenoxodiol supplied by Novogen under the terms of this agreement will be charged at cost plus a 50% markup.

Transactions giving rise to expenditures amounting to $31,000 and $130,000 were made under the Manufacturing License and Supply Agreement with Novogen during the nine months ended March 31, 2008 and 2007, respectively.

At March 31, 2008 and 2007, $7,000 and $21,000, respectively, were due and owning to Novogen under the Manufacturing License and Supply Agreement and are included in amounts due to related company in the balance sheet.

Novogen has taken the strategic decision not to manufacture large scale Active Pharmaceutical Ingredients ("API") for cancer drugs, including phenoxodiol, as these can be more economically supplied by third parties with particular expertise in this area. The Company has entered into contracts with third parties to ensure that sufficient quantities of phenoxodiol can be manufactured in compliance with cGMP (Current Good Manufacturing Practices), to supply the necessary quantities of API for the OVATURE trial and to complete the analytical and stability work necessary for an NDA submission.

6. Equity

MEI is a development stage company incorporated in December 2000. MEI commenced operations in May 2002 coinciding with its listing on the London Stock Exchange's Alternative Investment Market (the "AIM").

In May 2002, the Company sold 2,523,000 shares of its common stock and 2,523,000 warrants, raising proceeds of $9,022,000, net of $1,070,000 of transaction costs. The warrants were exercisable prior to November 30, 2003 at an exercise price of $4.00 per share. The common stock was listed for trading on the AIM. Following the listing, Novogen retained 95.1% of the Company's common stock.

In June 2003, 9,000 warrants were exercised at an exercise price of $4.00 per share, resulting in proceeds to the Company of $36,000. In November 2003, the remaining 2,514,000 warrants were exercised at an exercise price of $4.00 per share with proceeds to the Company of $10,056,000.

In December 2003, the Company sold 2,392,000 common stock units at a public offering price of $7.50 per unit. Each common stock unit consisted of:

- one share of common stock; and
- one warrant to purchase a share of common stock, exercisable prior to December 18, 2006 at an exercise price equal to $9.00.

The 2,392,000 warrants exercisable prior to December 18, 2006 have expired. No shares of common stock have been issued as a result of exercise of any of these warrants.

In connection with the December 2003 offering, the Company's common stock and warrants commenced trading separately on the Nasdaq Global Market. The Company received proceeds of $15.5 million, net of $2.4 million transaction costs in the December 2003 offering. Following the offering, Novogen retained 86.9% of the Company's common stock.

In January 2006, the Company voluntarily cancelled the trading of its common stock on the AIM.

On July 11, 2006, the Company entered into a securities subscription agreement with certain accredited investors providing for the placement of 6,329,311 shares of the Company's common stock and warrants exercisable for 2,215,258 shares of the Company's common stock at a purchase price of $2.90 per unit. Each unit consisted of one share of common stock and 0.35 of a warrant to purchase one share of common stock. The warrants have an exercise price of $4.35 per share, subject to certain adjustments. The exercise price and number of shares issuable upon exercise of such warrants are subject to adjustment in the event of stock dividends, stock splits and other similar events. The warrants may be exercised no less than six months from the closing date and will expire four years from the date of issuance, or July 11, 2010. The Company closed the private placement, or PIPE, on July 11, 2006. In connection with the PIPE, the Company received proceeds of $16.8 million net of $1.5 million commissions and other costs.

In connection with the securities subscription agreement described above the Company entered into a registration rights agreement pursuant to which the Company is obligated to file a resale registration statement with the Securities and Exchange Commission (the "SEC") covering the shares of common stock issued in connection with the securities subscription agreement, in addition to the shares of common stock underlying the warrants issued in connection with the securities subscription agreement. The Company filed the registration statement on August 9, 2006. The resale registration statement was declared effective September 5, 2006.

On July 11, 2006, the Company entered into a standby equity distribution agreement (the "SEDA"), with YA Global Investments, L.P. ("YA Global," formerly Cornell Capital Partners, L.P.). The SEDA was subsequently terminated in August 2007. Under the SEDA,

the Company may have issued and sold to YA Global shares of its common stock for a total purchase price of up to $15 million, once a resale registration statement was in effect. Commencing as of the effective date of the registration statement and continuing for up to 24 months thereafter, the Company had sole discretion whether and when to sell shares of its common stock to YA Global. YA Global would have been irrevocably bound to purchase shares of common stock from the Company after the Company sent a notice that it intended to sell shares of its common stock to YA Global. Each advance under the SEDA was limited to a maximum of $1.5 million.

In connection with the SEDA, the Company paid YA Global a commitment fee of 123,626 shares of its common stock and warrants to purchase 600,000 shares of its common stock which expire on July 11, 2010. The warrants have an exercise price of $4.35 per share, subject to certain adjustments. The exercise price and number of shares issuable upon exercise of such warrants are subject to adjustment in the event of stock dividends, stock splits and other similar events. The commitment fee, comprising shares and warrants, is a share-based payment and has been accounted for in accordance with FAS123R "Share-based Payment". The fair values of shares and warrants issued have been recognized directly as equity in the balance sheet and as selling, general and administration expenses in the income statement in the quarter ended September 30, 2006.

On August 1, 2007, the Company entered into a securities subscription agreement with certain accredited investors providing for the placement of 5,464,001 shares of its common stock at a purchase price of $3.00 per share. The investors in the transaction also received a warrant to purchase an additional 4 shares of common stock for every block of 10 shares of common stock purchased. All of the warrants have an exercise price of $3.60 per share. The warrants may be exercised beginning February 6, 2008 and will expire five years from the date of issuance, or August 6, 2012. The Company also issued 62,091 warrants to Blue Trading, LLC, which acted as the placement agent in the private placement, as part of the placement fee. The warrants issued to Blue Trading, LLC have an exercise price of $3.00 per share and each warrant is convertible for 4 shares of common stock. These warrants may be exercised immediately and will expire five years from the date of issuance, on August 6, 2012. The Company closed the private placement, or PIPE, on August 6, 2007. In connection with the PIPE, the Company received proceeds of $15.2 million net of $1.2 million in commissions and other costs.

The Company entered into a registration rights agreement with the investors party to the securities subscription agreement and Blue Trading, LLC, and agreed to file a resale registration statement with the SEC registering the common stock and the common stock issuable upon exercise of the warrants sold pursuant to the securities subscription agreement for resale thereunder. The Company filed the registration statement on October 2, 2007. The resale registration statement was declared effective October 19, 2007.

Under the terms of the July 11, 2006 and the August 1, 2007 PIPEs, the Company is required to maintain effective registration statements covering the resale shares of common stock issued in the PIPEs and the shares of common stock issuable upon exercise of the warrants issued in the PIPEs. In relation to the July 11, 2006 PIPE, at the date of issuance, the Company assessed the terms of the registration rights agreement, and as the penalty for not maintaining the registration of common stock is less than the difference between the value of registered shares and unregistered shares, the equity has been classified as permanent equity.

The August 1, 2007 PIPE has been assessed as permanent equity under FASB Staff Position No. EITF 00-19-2, described below.

On January 1, 2007 the Company adopted FASB Staff Position No. EITF 00-19-2 (FSP 00-19-2). FSP 00-19-2 requires the contingent obligation to make future payments under the registration rights agreements be recognized separately in accordance with FASB Statement No. 5, Accounting for Contingencies and the underlying warrants be recognized without regard to the contingent obligation. The adoption of FSP 00-19-2 had no effect on the Company's financial statements as the warrants issued in connection with the PIPEs will remain classified as permanent equity and management does not currently believe that it is probable a payment will be made under either of the registration rights agreements.

Following the PIPE closed in August 2007, Novogen retained approximately 71.9% of the Company's common stock.

The Company filed a shelf registration statement with the SEC in March 2008. The shelf registration statement was declared effective by the SEC on April 3, 2008. The shelf registration statement permits the Company to sell, from time to time, up to $75,000,000 of common stock, preferred stock and warrants or any combination of the foregoing. Pursuant to SEC regulations, however, the Company cannot sell securities from the shelf registration statement which represent more than one third of the Company's public float during any 12-month period.

7. Contingent Liabilities

On July 11, 2006, the Company entered into a registration rights agreement, in connection with the PIPE capital raising closed in July of that year, which provides for liquidated damages if the Company does not maintain an effective resale registration statement.

On August 1, 2007, in connection with the PIPE capital raising closed in August of that year, the Company entered into a registration rights agreement pursuant to which it is obligated to maintain an effective resale registration statement. The resale registration statement will cover the shares of common stock issued in connection with the securities subscription agreement as well as the shares of common stock underlying the warrants issued in connection with the securities subscription agreement. The resale registration statement also covers the shares underlying the warrants issued to Blue Trading, LLC, which acted as placement agent in the PIPE, as part of its placement fee.

In the event that the resale registration statements covering the registrable securities issued in the July 2006 PIPE and August 2007 PIPE cease to be effective or usable at any time while shares of common stock covered by them remain unsold or may only be sold subject to certain volume limitations, or investors are not permitted to utilize the prospectus in connection with the resale registration statements to resell shares of common stock covered by the resale registration statements, the Company will be obligated to pay investors who purchased shares of common stock in the PIPEs liquidated damages equal to 1% of the aggregate purchase price paid by each investor pursuant to the applicable securities subscription agreement for any shares of common stock, shares of common stock issuable upon exercise of warrants or warrants then held by each investor per month (pro rated for any

period less than a month) until the resale registration statements are effective or the investors are permitted to utilize the prospectus in connection with the resale registration statements to resell shares of common stock covered by the resale registration statements. Effective resale registration statements have been maintained at the date of this report.

Liquidated damages paid to each investor in the PIPEs may not exceed more than 10% of the purchase price paid by such investor for shares of common stock purchased under the securities subscription agreements.

Under the terms of the license agreements with Novogen, milestone license fee payments are payable upon achieving certain milestones. Details of the payments due under these agreements are detailed in Note 5 “Related Party Transactions.” The license agreements are subject to termination provisions.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operation

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained in this quarterly report, including statements regarding the future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. We have based these forward-looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, among other things:

- our inability to obtain additional required financing or financing available to us on acceptable terms;
- our inability to maintain or enter into, and our dependence upon, collaboration or contractual arrangements necessary for the clinical development of phenoxodiol and other drug candidates;
- our limited operating history;
- our failure to successfully commercialize our product candidates;
- costs and delays in the development and/or receipt of the approval of the U.S. Food and Drug Administration (the "FDA") or other required governmental approvals, or the failure to obtain such approvals, for our product candidates;
- uncertainties in clinical trial results;
- our inability to maintain or enter into, and the risks resulting from our dependence upon, collaboration or contractual arrangements necessary for the manufacture, commercialization, marketing, sales and distribution of any products;
- our inability to control the costs of manufacturing our products;
- continued cooperation and support of Novogen Limited ("Novogen"), our parent company;
- competition and competitive factors;
- our inability to protect our patents or proprietary rights and obtain necessary rights to third party patents and intellectual property to operate our business;
- our inability to operate our business without infringing the patents and proprietary rights of others;
- costs stemming from our defence against third party intellectual property infringement claims;
- difficulties in enforcement of civil liabilities against those of our officers and directors who are residents of jurisdictions outside the United States;
- general economic conditions;
- the failure of any products to gain market acceptance;

- technological changes;
- government regulation generally and the receipt of the regulatory approvals;
- changes in industry practice; and
- one-time events.

These risks are not exhaustive. Other sections of this quarterly report may include additional factors which could adversely impact business and financial performance. In addition, our business and financial performance may be affected by the factors that are discussed under “Risk Factors” in the Annual Report on Form 10-K for the year ended June 30, 2007. Moreover, we operate in a very competitive and rapidly changing environment.

You should not rely upon forward-looking statements as predictions of future events. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or will occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

The following discussion is qualified in its entirety by, and should be read in conjunction with, the more detailed information set forth in the financial statements and the notes thereto appearing elsewhere in this report.

Overview

Our main focus since commencing operations is to undertake human clinical testing of phenoxodiol. Our operations have now expanded to include the additional licensed drug candidates triphendiol and NV-143. During fiscal year 2007, we commenced the Phase III clinical trial (known as “OVATURE”). We have reached agreement under the Special Protocol Assessment process with the FDA on the design of our OVATURE pivotal study protocol for phenoxodiol. The trial is designed to test the ability of phenoxodiol to restore sensitivity of late-stage ovarian cancers to carboplatin, a standard form of therapy for ovarian cancer. During fiscal year 2008, the Company has continued to recruit patients into the OVATURE trial, continued its preclinical trials for triphendiol and completed a Phase Ia study for triphendoil.

As at the date of the report, Novogen owns approximately 71.9% of the outstanding shares of our common stock.

We do not employ any staff directly but obtain services from Novogen under a services agreement. We have incurred losses since inception and expect to incur operating losses and generate negative cash flows from operations for the foreseeable future as we expand research and development activities and move phenoxodiol, triphendiol and NV-143 into later stages of development.

We believe that the proceeds of the private placement closed in August 2007 provide us with sufficient cash resources to fund our planned operations over the next twelve months which include progressing the Phase III OVATURE trial, the planned preclinical development of triphendiol and NV-143 and the planned human Phase I clinical program for triphendiol.

We will however need additional funds in order complete the OVATURE trial and to progress the clinical development program for triphendiol and NV-143 beyond the current objectives.

In connection with our preparation to raise additional funds, we filed a shelf registration statement with the SEC in March 2008. The shelf registration statement was declared effective by the SEC on April 3, 2008. The shelf registration statement permits us to sell, from time to time, up to $75,000,000 of common stock, preferred stock and warrants or any combination of the foregoing. Pursuant to SEC regulations, however, we cannot sell securities from the shelf registration statement which represent more than one third of our public float during any 12-month period.

As of March 31, 2008, we had accumulated losses of $48,330,000.

We have not generated any revenues from operations since inception other than interest on cash assets.

Expenses to date have consisted primarily of costs associated with conducting the clinical trials of phenoxodiol including OVATURE, costs incurred under the Phenoxodiol License Agreement, the License Agreement for Triphendiol and NV-143, the Services Agreement and the Manufacturing License and Supply Agreements with Novogen and its subsidiaries, including the costs of the clinical trial drug supplies.

To date, operations have been funded primarily through the sale of equity securities.

We expect to make quarterly and annual operating losses for the foreseeable future due to several factors including the timing and extent of research and development efforts, particularly with expected increases in expenses relating to OVATURE and the planned clinical trials of triphendiol. The extent and possible outcomes of current and future clinical trial activities makes accurate prediction of future operating results difficult or impossible.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Development Expenses

Research and development costs incurred since inception through March 31, 2008 aggregate to $22,572,000.

Research and development costs include clinical trial expenses and are expensed as they are incurred. These costs are expected to increase in the future as the phenoxodiol clinical program progresses and as we expand our research and development of triphendiol and NV-143. The OVATURE trial requires large patient numbers, resulting in significantly increased costs.

Historical research and development costs and clinical trial costs have not been documented on a project by project basis. In addition, research and development resources are supplied by Novogen across several projects. As a result, the costs incurred for each clinical project cannot be stated precisely on a project by project basis.

We expect that a large percentage of research and development expenses in the future will be incurred in support of current and future clinical development programs. These expenditures are subject to a number of uncertainties in timing and cost to completion.

The duration and cost of clinical trials may vary significantly over the life of a project as a result of:

- the number of sites included in the trials;
- the length of time required to enroll suitable patients;
- the number of patients that participate in the trials;
- the number of treatment cycles patients complete while they are enrolled in the trials;
- the indication being studied; and
- the efficacy and safety profile of the product.

Our strategy also includes the option of entering into collaborative arrangements with third parties to participate in the development and commercialization of our drug candidates. In the event third parties have control over the clinical development process, the completion date would largely be under the control of that third party.

As a result of these uncertainties, we are unable to determine the duration of, or completion costs for, research and development projects or when, and to what extent, we will receive cash inflows from the commercialization and sale of the drug candidates.

We intend to continue the clinical development of phenoxodiol as well as triphendiol and NV-143, which were licensed from Novogen. We will also continue to assess the opportunity to license other cancer drugs developed by Novogen as the opportunities arise.

Clinical Trial Expenses

Estimates have been used in determining the expense liability under certain clinical trial contracts where services have been performed but not yet invoiced. The actual costs of those services could differ in amount and timing from the estimates used in completing the financial results.

Clinical trial expenses of $831,000 have been accrued at March 31, 2008. These estimates are based on the number of patients in each trial and the number of drug administration cycles completed.

Clinical research contracts may vary depending on the clinical trial design and protocol. Generally the costs, and therefore estimates, associated with clinical trial contracts are based on the number of patients, drug administration cycles, the type of treatment and the outcome being measured. The length of time before actual amounts can be determined will vary depending on length of the patient cycles and the timing of the invoices by the clinical trial partners.

Manufacturing Scale-up Expenses

Estimates have been used in determining the expense liability under certain manufacturing scale-up contracts where services have been performed but not yet invoiced. The actual costs of those services could differ in amount and timing from the estimates used in completing the financial results.

Manufacturing expenses of $576,000 have been accrued at March 31, 2008. These estimates are based on the milestones completed for each of the service contracts.

Stock Based Compensation

We account for stock based payments in accordance with SFAS No. 123R “Share-Based Payments”. The costs of these equity-settled transactions are determined using a binomial model to calculate the fair value at the date on which they are granted. With respect to the fair value of 600,000 warrants issued July 11, 2006, in connection with the commitment fee under the Standby Equity Distribution Agreement entered into by the Company and YA Global Investments, L.P. (formally Cornell Capital Partners, L.P.) as of July 11, 2006 (the “SEDA”) and the 62,091 warrants representing 248,364 warrant shares issued August 6, 2007 to Blue Trading, LLC as part of a placement fee, the following assumptions were used:

	July 11, 2006	August 6, 2007
Dividend yield	0%	0%
Expected volatility	76%	71%
Historical volatility	76%	71%
Risk-free interest rate	5.45%	4.13%
Expected life of warrant	4 years	5 years
Warrant fair value	$1.998	$1.777

The dividend yield reflects the assumption that the current dividend payout, which is zero, will continue with no anticipated increases. The expected life of the warrant is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The Company’s stock option plan provides for the grant of options to the Company’s directors, employees, employees of the Company’s affiliates and certain of the Company’s contractors and consultants. To date, no options have been issued under the plan.

Results of Operations

Three Months Ended March 31, 2008 and 2007

We recorded a consolidated loss of $3,332,000 and $1,723,000 for the three months ended March 31, 2008 and 2007, respectively.

Revenues: We received interest on cash assets and cash equivalents and short term investments of $149,000 for the three months ended March 31, 2008 compared to $171,000 for the three months ended March 31, 2007. The decrease was primarily due to lower interest rates in the U.S. earned by our cash deposits .

Research and Development: Research and development expenses increased $414,000 to $1,860,000 for the three months ended March 31, 2008 compared to $1,446,000 for the three months ended March 31, 2007. The increase was due primarily to the costs associated with the Phase III OVATURE clinical trial.

License Fees: Milestone license fees of $1,000,000 have been expensed in the three months ended March 31, 2008. Under the terms of the License Agreement for Triphendiol and NV-143, the milestone payment of $1,000,000 became due on March 31, 2008 or the date an Investigational New Drug Application for the licensed product goes into effect or the equivalent approval of a government agency is obtained in another country. As this event did not occur before March 31, 2008, this amount became due on this date.

Pursuant to the Further Amended and Restated License Agreement for Phenoxodiol, the annual $8,000,000 milestone payment, due to Novogen on each December 31 during the exclusivity period, will not become payable until receipt of a New Drug Application (“NDA”) for phenoxodiol or other approval to market phenoxodiol in the U.S. or abroad has been obtained.

Selling, General and Administrative: Selling, general and administrative expenses increased by $173,000 to $620,000 for the three months ended March 31, 2008 compared to $447,000 for the three months ended March 31, 2007. The increase was due to increased investor and public relation costs, increased travel costs and additional director fees.

Foreign exchange gains/(losses) are included in selling, general and administrative expenses and occur when revaluing cash denominated in foreign currencies and upon consolidation of our wholly owned subsidiary Marshall Edwards Pty Ltd (“MEPL”). MEPL uses U.S. dollars as its functional currency and also engages in transactions in foreign currencies. Further, MEPL’s accounts and financial statements are denominated in Australian dollars. Translation of MEPL’s financial statements into U.S. dollars did not have a material impact on our financial position. At March 31, 2008, we had not established a foreign currency hedging program. Net foreign exchange losses during the three months ended March 31, 2008 were $61,000 compared with $14,000 during the three months ended March 31, 2007.

Nine Months Ended March 31, 2008 and 2007

We recorded a consolidated loss of $9,009,000 and $11,778,000 for the nine months ended March 31, 2008 and 2007, respectively.

Revenues: We received interest on cash assets and cash equivalents and short term investments of $582,000 for the nine months ended March 31, 2008 versus $489,000 for the nine months ended March 31, 2007. The increase was due to higher cash balances following the capital raising in August 2007 partially offset by recent decreases in interest rates earned by our cash deposits.

Research and Development: Research and development expenses increased $2,452,000 to $6,631,000 for the nine months ended March 31, 2008 compared to $4,179,000 for the nine months ended March 31, 2007. The increase was due primarily to the costs associated with the Phase III OVATURE clinical trial.

License Fees: Milestone license fees of $1,000,000 have been expensed in the nine months ended March 31, 2008 under the terms of the License Agreement for Triphendiol and NV-143. The second lump sum license fee of $5,000,000 due under the terms of the Amended and Restated License Agreement was expensed in the nine months ended March 31, 2007.

Selling, General and Administrative: Selling, general and administrative expenses decreased by $1,130,000 to $1,957,000 for the nine months ended March 31, 2008 compared to $3,087,000 for the nine months ended March 31, 2007. The decrease was primarily due to no share based payment expense in the nine months ended March 31, 2008 compared to share based payment expense of $1,642,000 in the nine months ended March 31, 2007 which represented a fee for entering into the SEDA. This decrease in expense was partially offset by increased investor and public relation costs, increased travel costs and additional director fees. These costs increased by $377,000 in aggregate.

Foreign exchange gains/(losses) are included in selling, general and administrative expenses and occur when revaluing cash denominated in foreign currencies and upon consolidation of MEPL. MEPL uses U.S. dollars as its functional currency and also engages in transactions in foreign currencies. Further, MEPL's accounts and financial statements are denominated in Australian dollars. Translation of MEPL's financial statements into U.S. dollars did not have a material impact on our financial position. Net foreign exchange losses during the nine months ended March 31, 2008 were $159,000 compared with net foreign exchange losses of $39,000 during the nine months ended March 31, 2007.

Liquidity and Capital Resources

At March 31, 2008, we had cash resources of $22,902,000 compared to $16,158,000 at June 30, 2007. The increase was due to the capital raising in August 2007, as described below, which was partially offset by expenditures in the clinical trial program and other corporate expenses incurred in the period. Funds are invested in short term money market accounts, pending use.

On August 1, 2007, we entered into a securities subscription agreement with certain

accredited investors providing for the placement of 5,464,001 shares of our common stock at a purchase price of $3.00 per share. The investors in the transaction also received a warrant to purchase an additional 4 shares of common stock for every block of 10 shares of common stock purchased. All of the warrants have an exercise price of $3.60 per share. The warrants may be exercised beginning February 6, 2008 and will expire five years from the date of issuance, or August 6, 2012. We also issued 62,091 warrants to Blue Trading, LLC, which acted as the placement agent in the private placement or PIPE, as part of the placement fee. The warrants issued to Blue Trading, LLC have an exercise price of $3.00 per share and each warrant is convertible for 4 shares of common stock. These warrants may be exercised immediately and will expire five years from the date of issuance, on August 6, 2012. We closed the private placement on August 6, 2007 and we received proceeds of $15.2 million net of $1.2 million commissions and other costs.

We have entered into a registration rights agreement with the investors party to the securities subscription agreement and Blue Trading, LLC, and have agreed to file a registration statement with the Securities and Exchange Commission (the "SEC") for the common stock and the common stock issuable upon exercise of the warrants sold pursuant to the securities subscription agreement for resale thereunder. We filed the registration statement on October 2, 2007. The resale registration statement was declared effective on October 19, 2007.

In August 2007, we terminated the SEDA.

Source and Uses of Cash

Cash Used in Operating Activities

Cash used in operating activities for the nine months ended March 31, 2008 was $8,397,000 compared to $8,698,000 for the same period in 2007. The decrease in cash outflow of $301,000 was due primarily to license fees in the nine months ended March 31, 2008 of $1,000,000 compared to the same period last year which contained the second lump sum license fee paid to Novogen of $5,000,000, offset by increased cash outflows incurred in connection with the increased costs associated with the Phase III OVATURE trial.

Cash Requirements

We are currently conducting the OVATURE Phase III clinical study to support marketing approval of phenoxodiol for ovarian cancer and the clinical and pre clinical development of triphendiol and NV-143.

Ongoing operations through the conduct of the clinical trial program will continue to consume cash resources without generating revenues.

We believe that the proceeds of the private placement or PIPE closed in August 2007 provide us with sufficient cash resources to fund our planned operations over the next twelve months which include progressing the OVATURE trial, the planned preclinical development of triphendiol and NV-143 and the planned human Phase Ib clinical program for triphendiol.

We will, however, need additional funds in order complete the OVATURE trial and to progress the clinical development program for triphendiol and NV-143 beyond the current objectives.

In connection with our preparation to raise additional funds, we filed a shelf registration statement with the SEC in March 2008. The shelf registration statement was declared effective by the SEC on April 3, 2008. The shelf registration statement permits us to sell, from time to time, up to $75,000,000 of common stock, preferred stock and warrants or any combination of the foregoing. Pursuant to SEC regulations, however, we cannot sell securities from the shelf registration statement which represent more than one third of our public float during any 12-month period.

Payments to Novogen

Future payments to Novogen under the terms of the Phenoxodiol License Agreement, the License Amendment Deed for Phenoxodiol, the Further Amended and Restated License Agreement and the License Agreement for Triphendiol and NV-143 are detailed in Note 5 of the financial statements “Related Party Transactions” on page 12 of this report

We will also be required to make payments to Novogen under the Services Agreement and Manufacturing License and Supply Agreement.

We do not intend to incur any significant capital expenditures in the foreseeable future.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements.

Contractual Obligations

For details of our contractual obligations at March 31, 2008 see Note 3 to the financial statements “Expenditure Commitments on page 11 of this report.

Item 3: Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We place cash in “on call” deposits and short term investments with high quality financial institutions.

We do not consider the effects of interest rate movements to be a material risk to our financial condition. We do not use derivative financial instruments to hedge our risks associated with the fluctuations of interest rates.

Foreign Currency Risk

We conduct our business in various currencies, primarily in U.S. and Australian dollars. At March 31, 2008, we had not established a foreign currency hedging program. Net foreign exchange losses during the nine months ended March 31, 2008 were $159,000 compared with net foreign exchange losses of $39,000 during the nine months ended March 31, 2007. Foreign exchange gains and losses occur upon consolidation of MEPL, which uses U.S. dollars as its functional currency and also engages in transactions in foreign currencies. MEPL’s accounts are denominated in Australian dollars. Translation of MEPL’s financial statements into U.S. dollars did not have a material impact on our financial position.

We do not consider the effects of foreign currency movements to be a material risk to our financial condition.

Item 4T: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this report, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

There were no changes in our internal control over financial reporting during the period covered by this Form 10-Q that have materially affected, or are reasonably likely to affect, the Company’s internal control over financial reporting.

PART II OTHER INFORMATION

Item 1A: Risk Factors

Set forth below in this Quarterly Report on Form 10-Q and in other documents we file with the Securities and Exchange Commission, including, without limitation, our most recently filed Form 10-K, are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements in this Quarterly Report on Form 10-Q. We believe that these risks and uncertainties are the principal material risks facing the Company as of the date of this Form 10-Q. In the future, we may become subject to additional risks that are not currently known to us. If any of these risks actually occur, our business, financial condition and operating results could be seriously harmed. As a result, the trading price of our common stock could decline, and you could lose all or part of the value of your investment.

In the event that Novogen undergoes a change in control while remaining our controlling stockholder, we will become subject to the control and influence of Novogen's new controlling stockholder who may have views regarding the development of our business that differ from the development strategies we are currently pursuing.

In the event that Novogen undergoes a change in control while remaining our controlling stockholder, we will become subject to the control and influence of Novogen's new controlling stockholder who will have the ability to indirectly determine the outcome of all matters submitted to our stockholders for approval through its control of Novogen. This entity may have views regarding the development of our business that differ from the development strategies we are currently pursuing. Such controlling stockholder may cause Novogen to use its influence and voting power to change the direction in which we are developing our business. Such changes may include, but are not limited to, a decreased focus on the development of any of our current drug candidates and an increased focus on the development of alternative drug candidates, which may or may not be targeted to treat cancers. Additionally, this entity make seek to renegotiate the terms of our existing license agreements, manufacturing and supply agreement and services agreement with Novogen.

Item 6: Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit Index

Exhibits

31.1	Certification required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification required by Rule 13a-14(b) or Rule 15d-14(b) and section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C 1350).

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.

MARSHALL EDWARDS, INC.

/s/ DAVID SEATON

David R. Seaton
Chief Financial Offer
(Duly Authorized Officer and Principal Financial Officer)

Date: May 6, 2008

CERTIFICATION

I, Christopher Naughton, certify that:

1. I have reviewed this Report on Form 10-Q of Marshall Edwards, 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) 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)) 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) 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

   (c) 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.

5. The registrant's other certifying officer 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:

   (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 control over financial reporting.

Date: May 6, 2008

/s/CHRISTOPHER NAUGHTON

Christopher Naughton
Chief Executive Officer

CERTIFICATION

I, David Ross Seaton, certify that:

1. I have reviewed this Report on Form 10-Q of Marshall Edwards, 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) 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)) 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 these entities, particularly during the period in which this report is being prepared;

   (b) 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

   (c) 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 Company's internal control over financial reporting.

5. The Company's other certifying officer 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:

   (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 control over financial reporting.

Date: May 6, 2008

/s/ DAVID SEATON

David R. Seaton
Chief Financial Officer

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Christopher Naughton, the President and Chief Executive Officer of Marshall Edwards, Inc. (the "Registrant"), and David R. Seaton, the Chief Financial Officer of the Registrant, each hereby certifies that, to his or her knowledge:

1. The Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2008, to which this Certification is attached as Exhibit 32 "Form 10-Q", fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the "Form 10-Q" fairly presents, in all material respects, the financial condition of the Registrant at the end of the period covered by the "Form 10-Q and results of operations of the registrant for the period covered by the "Form 10-Q.

These certifications accompanying the Form 10-Q to which they relate, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Dated: May 6, 2008

/s/ CHRISTOPHER NAUGHTON

Christopher Naughton
Chief Executive Officer

/s/ DAVID SEATON

David R. Seaton
Chief Financial Offic