Advaxis, Inc.
Form 10QSB
September 13, 2006

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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, 2006

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from to _____ to

Commission file number 000 28489

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

Delaware	841521955
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

The Technology Center of New Jersey, 675 Route 1, Suite 119, North Brunswick, NJ 08902
(Address of principal executive offices)

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

Great Expectations and Associates Inc.
(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

State the number of shares outstanding of each of the issuer's classes of common equity, as of July 31, 2006:

39,150,100 shares outstanding of the Company's Common Stock, par value $.001 per share

Transitional Small Business Disclosure Format (Check one): Yes o Nox

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

ADVAXIS, INC.
(A Development Stage Company)
July 31, 2006

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PART I

Item 1. Financial Statements

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

		July 31, 2006 (Unaudited)
ASSETS		
Current Assets:		
Cash	$	3,347,222
Prepaid expenses		34,973
Total Current Assets		3,382,195
Property and Equipment (net of accumulated depreciation of $20,037)		66,944
Intangible Assets (net of accumulated amortization of $81,798)		908,323
Deferred Financing Costs (net of accumulated amortization of $39,019)		220,981
Other Assets		19,216
TOTAL ASSETS	**$**	4,597,659
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$	800,541
Accrued expenses		339,981
Notes payable - current portion		60,568
Total Current Liabilities		1,201,090
Interest payable		78,037
Notes payable - net of current portion		443,000
Convertible Secured Debentures		2,266,799
Embedded Derivative Liability		562,716
Common Stock Warrants Liability		266,370

Total Liabilities		4,818,012
Shareholders' Equity:		
Common Stock - $0.001 par value; authorized 500,000,000 shares, issued and outstanding 39,150,100		39,150
Additional Paid-In Capital		5,652,963
Deficit accumulated during the development stage		(5,912,466)
Total Shareholders' Equity		(220,353)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**$**	4,597,659

See accompanying notes to condensed financial statements.

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

	3 Months Ended July 31, 2006	3 Months Ended July 31, 2005	9 Months Ended July 31, 2006	9 Months Ended July 31, 2005	Period from March 1, 2002 (Inception) to July 31, 2006
Revenue	$ -	$ 440,851	$ 397,312	$ 440,851	$ 1,070,586
Research & Development Expenses	262,257	401,278	1,098,190	965,783	2,942,074
General & Administrative Expenses	426,497	444,628	1,444,068	847,605	3,710,800
Total Operating expenses	688,754	845,906	2,542,258	1,813,388	6,652,874
Loss from Operations	(688,754)	(405,055)	(2,144,946)	(1,372,537)	(5,582,288)
Other Income (expense):					
Interest expense	(151,100)	(1,008)	(265,109)	(6,299)	(293,837)
Other Income	27,928	17,459	63,290	31,371	108,813
Net changes in fair value of common stock warrant liability and embedded derivative liability	128,652	-	(101,271)	-	(101,271)
Net loss	(683,274)	(388,604)	(2,448,036)	(1,347,465)	(5,868,583)
Dividends attributable to preferred shares					43,884
Net loss applicable to Common Stock	$ (683,274)	$ (388,604)	$ (2,448,036)	$ (1,347,465)	$ (5,912,467)
Net loss per share, basic and diluted	$ (0.02)	$ (0.01)	$ (0.06)	$ (0.04)	$ (0.25)
Weighted average number of shares outstanding basic and diluted	38,880,998	37,319,731	38,294,316	35,180,722	24,008,053

See accompanying notes to condensed financial statements.

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

	9 Months ended July 31, 2006	9 Months ended July 31, 2005	Period from March 1 2002 (Inception) to July 31, 2006
OPERATING ACTIVITIES			
Net loss	$ (2,448,036)	$ (1,347,467)	$ (5,868,582)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash charges to consultants and employees for options and stock	326,108	42,527	582,102
Amortization of deferred financing costs	39,019	-	39,019
Non-cash interest expense	144,614	159,982	144,614
Accrued interest on notes payable	81,028	11,299	93,336
Loss on change in value of warrants and embedded derivative	101,271		101,271
Value of penalty shares issued		117,498	117,498
Depreciation expense	12,605	3,442	20,037
Amortization expense of intangibles	32,311	24,248	84,969
Increase in prepaid expenses	(34,973)		(34,973)
Increase in other assets	(14,616)	(4,600)	(19,216)
Increase (decrease) in accounts payable	148,654	(200,145)	1,115,747
Increase in accrued expenses	339,981	-	339,981
Net cash used in operating activities	(1,272,034)	(1,193,216)	(3,284,197)
INVESTING ACTIVITIES			
Cash paid on acquisition of Great Expectations	-	(44,940)	(44,940)
Purchase of property and equipment	(6,404)	(79,028)	(86,981)
Cost of intangible assets	(189,546)	(221,166)	(906,211)
Net cash used in Investing Activities	(195,950)	(345,134)	(1,038,132)
FINANCING ACTIVITIES			
Proceeds from convertible secured debenture	3,000,000	-	3,000,000
Cash paid for deferred financing costs	(260,000)	-	(260,000)
Proceeds from notes payable			671,224
Net proceeds of issuance of Preferred Stock			235,000
Net proceeds of issuance of Common Stock		4,023,327	4,023,327
Net cash provided by Financing Activities	2,740,000	4,023,327	7,669,551
Net increase in cash	1,272,016	2,484,977	3,347,222
Cash at beginning of period	2,075,206	32,279	0.00
Cash at end of period	$ 3,347,222	$ 2,517,256	$ 3,347,222

See accompanying notes to condensed financial statements.

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Supplemental Schedule of Noncash Investing and Financing Activities

	9 Months ended July 31, 2006	9 Months ended July 31, 2005	Period from March 1, 2002 (Inception) to July 31, 2006
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	$ 150,000	$ 613,158	$ 763,158
Intangible assets acquired with notes payable			$ 360,000
Debt discount in connection with recording the original value of the embedded derivative liability	$ 512,865		$ 512,865
Allocation of the original secured convertible debentures to warrants	$ 214,950		$ 214,950

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 safer 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. We have obtained an exclusive 20-year license from Penn to exploit the Listeria System, subject to meeting various royalty and other obligations (the "Penn License").

The accompanying unaudited interim consolidated 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, 2005 filed on form 10-KSB.

Since inception through July 31, 2006, all of the Company's revenue has been from grants. For the three and nine-month periods ended July 31, 2006, all of the revenue was received from three National Institute of Health ("NIH") grants.

2. Stock-based Employee Compensation Expense

Effective November 1, 2005, the Company adopted the fair value based method of accounting for stock-based employee compensation under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), *Accounting for Stock-Based Payment* ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors for employee stock options based on estimated fair values. SFAS 123(R) supersedes the Company's previous accounting under the Accounting Principles Board Option No. 25, Accounting for Stock Issued to Employees" ("APB 25") for periods beginning in fiscal 2006. The adoption of SFAS 123R may materially impact our future results of operations, although it will have no impact on our overall liquidity.

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of November 1, 2005, the first day of the Company's fiscal year 2006. The Company's Condensed Financial Statements for the nine months ended July 31, 2006 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company's Condensed Financial Statements for prior periods have not been restated to reflect, and do not include the impact of SFAS 123(R). Stock-based compensation expense for the three and nine months ended July 31, 2006 was $12,656 and $46,766, respectively which consists of stock-based compensation expense related to employee and director stock options. Stock-based compensation expense was not reflected for the three months and nine months ended July 31, 2005 for employee stock based awards in which goods or services were the consideration received for the equity instrument issued based on the fair value of the equity instrument in accordance with the previous accounting standard.

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The Company began recognizing expense, in an amount equal to the fair value of share-based payments (stock option awards) on their date of grant, over the vesting period of the awards. Under the modified prospective method, compensation expense for the Company is recognized for all share based payments granted and vested on or after November 1, 2005 and all awards granted to employees prior to November 1, 2005 that were unvested on that date but vested in the period. Prior to the adoption of the fair value method, the Company accounted for stock-based compensation to employees under the intrinsic value method of accounting set forth in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Therefore, compensation expense related to employee stock options was not reflected in operating expenses in any period prior to the first quarter of 2006 and prior period results have not been restated. In the three months and nine months ended July 31, 2005, had the Company adopted the fair value based method of accounting for stock-based employee compensation under the provisions of SFAS No. 123, Stock Option Expense would have totaled $52,701 and $136,702 respectively, and the effect on the Company's net income and net income per share would have been as follows:

	Three Months Ended July 31, 2005	Nine Months Ended July 31, 2005
Net loss, as reported	$ (388,604)	$ (1,347,465)
Add: Stock based compensation expense included in recorded net income	20,748	42,527
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards	(52,701)	(136,702)
Net loss, as reported		
Pro forma net loss	$ (420,557)	$ (1,441,640)
Net loss per share amounts; basic and diluted:		
As reported	$ (0.01)	$ (0.03)
Pro forma	$ (0.01)	$ (0.04)

The fair value of each option granted from the Company's stock option plans during the three and nine months ended July 31, 2006 was estimated on the date of grant using the Black-Scholes option-pricing model. Using this model, fair value is calculated based on assumptions with respect to (i) expected volatility of the Company's Common Stock price, (ii) the periods of time over which employees and Board Directors are expected to hold their options prior to exercise (expected lives), (iii) expected dividend yield on the Company's Common Stock, and (iv) risk-free interest rates, which are based on quoted U.S. Treasury rates for securities with maturities approximating the options' expected lives. Expected volatility for a development stage biotechnology company is very difficult to estimate as such; management has based its estimate in part on actual movements in the Company's stock price (0.06% to 0.36% volatility), and used the volatility of other companies in our industry and market size for the periods. Various factors and events may have a significant impact on the market price of our common stock as such factors out of management control may lead to swings in the estimated volatility. Expected lives are based using the simplified method for estimating the expected life. The expected dividend yield is zero as the Company has never paid dividends and does not currently anticipate paying any in the foreseeable future.

	Quarter Ended	
	July 31, 2006	July 31, 2005
Expected volatility	50%	30%
Expected Life	7.8 years	10 years
Dividend yield	0	0

Risk-free interest rate	5%	3%

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that vested during the period. Stock-based compensation expense for the three and nine months ended July 31, 2006 included compensation expense for share-based payment awards granted prior to, but not yet vested as of October 31, 2005 based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123 and compensation expense for the share-based payment awards granted subsequent to October 31, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Compensation expense for all share-based payment awards granted on or prior to October 31, 2005 will continue to be recognized using SFAS 123 option approach while compensation expense for all share-based payment awards granted subsequent to October 31, 2005 is recognized using SFAS 123 (R) single-option attribution method. As stock-based compensation expense for the first nine months of 2006 is based on awards granted and vested, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company’s pro forma information required under SFAS 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred.

The Company’s 2002 Stock Option Plan, which allowed for grants up to 8,000 shares of the Company's common stock-was replaced by the Advaxis 2004 Option Plan (the “2004 Plan”), which allows for grants up to 2,381,525 shares of the Company's common stock. The board of directors and the Company’s shareholders approved and adopted the 2005 Stock Option Plan (the “2005 Plan”), which allows for grants up to an additional 5,600,000 shares of the Company's common stock. The 2004 Plan and the 2005 Plan are administered and interpreted by the Company's board of directors.

Both the 2004 and 2005 Plans provide for the grant of options to purchase shares of our common stock to employees, officers, directors and consultants. These options may be either “incentive stock options” or non-qualified options under the Federal tax laws.

Subject to a number of exceptions, the exercise price per share of common stock subject to an incentive option may not be less than the fair market value per share of common stock on the date the option is granted. The per share exercise price of the common stock subject to a non-qualified option may be established by the board of directors, but shall not, however, be less than 85% of the fair market value per share of common stock on the date the option is granted.

Under both Plans a stock option may not be transferred by an optionee (except when agreed to by the board or the administrator of the 2005 Plan upon the death or disability of the employee) other than by will or the laws of descent and distribution, and, during the lifetime of an optionee, the option will be exercisable upon death or disability of the employee only by the optionee. In the event of termination of employment or engagement other than by death or disability, the optionee will have no more than three months after such termination during which the optionee shall be entitled to exercise the option to the extent then exercisable, unless otherwise determined by the board of directors. If terminated by reason of death or permanent and total disability, the optionee’s options remain exercisable for one year to the extent the options were exercisable on the date of such termination.

Options granted under the Plans must be made by November 11, 2014 under the 2004 Plan and December 31, 2014 under the 2005 Plan. Under both Plans, the holders of incentive stock options, subject to a number of exceptions, cannot exercise these options more than ten years from the date of grant. Options granted under the Plan generally provide for the payment of the exercise price in cash or by delivery of shares of common stock already owned by the optionee having a fair market value equal to the exercise price of the options being exercised, or by a combination of these methods. Therefore, if it is permitted in an optionee’s option, the optionee may tender shares of common stock to purchase additional shares of common stock and may theoretically exercise all of his stock options with no additional investment to the purchase of his original shares.

Any unexercised options that expire or that terminate upon an employee’s ceasing to be employed by us become available again for issuance under the Plan.

A summary of the grants, cancellations and expirations (none were exercised) of the Company's outstanding options for the nine months ended July 31, 2006 is as follows:

	Shares	Weighted Average Exercise Price	Remaining Life In Years	Aggregate Intrinsic Value
Outstanding as of October 31, 2005	4,842,539	$ 0.27		
Granted	1,933,179	$ 0.23		
Cancelled or Expired	(116,641)	$ 0.37		
Exercised	—	—		
Outstanding as of July 31, 2006	6,659,077	$ 0.25	7.8	$ -0-
Vested & Exercisable at July 31, 2006	3,504,933	$ 0.25	7.6	$ -0-

At July 31, 2006, the weighted average price and weighted-average remaining contractual life of outstanding options were $0.25 and 7.8 years, respectively.

The following table summarizes significant ranges of outstanding and exercisable options as of July 31, 2006 (in thousands, except years and per-share amounts):

	Options Outstanding				Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (in Years)	Weighted-Average Exercise Price per Share	Aggregate Intrinsic Value	Number Exercisable	Weighted-Average Exercise Price per Share	Aggregate Intrinsic Value
$0.19-0.21	2,608	6.7	$ 0.20	$ 0	1,825	$ 0.20	$ 0
0.24-0.26	760	9.7	0.26	0	25	0.26	0
0.28-0.29	2,970	8.5	0.29	0	1,333	0.29	0
0.35-0.43	322	6.6	0.37	0	322	0.37	0
Total	6,659	7.8	$ 0.25	$ 0	3,505	$ 0.25	$ 0

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on options with an exercise price less than the Company's closing stock price of $0.18 as of July 31, 2006, which would have been received by the option holders had those option holders exercised their options as of that date.

A summary of the status of the Company's nonvested shares as of July 31, 2006, and changes during the nine months ended July 31, 2006 are presented below:

	Number of Shares	Weighted Average Exercise Price at Grant Date	Weighted-Average Remaining Contractural Term (in years)
Non-vested shares at October 31, 2005	2,386,542	$ 0.29	8.5
Options granted	1,517,119	$ 0.24	9.5
Options vested	(749,517)	$ 0.28	8.8
Options forfeited or expired	-	$ -	-
Non-vested shares at July 31, 2006	3,154,144	$ 0.26	9.1

As of July 31, 2006, there was approximately $384,000 of unrecognized compensation cost related to non-vested stock option awards, which is expected to be recognized over a remaining average vesting period of 3.0 years.

3. Secured Convertible Debenture:

Pursuant to a Securities Purchase Agreement dated February 2, 2006, 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, and five year Warrants to purchase 4,200,000 shares of Common Stock at the price of $0.287 per share and five year B Warrants to purchase 300,000 shares of Common Stock at a price of $0.3444 per share.

The Debentures are convertible at a price equal to the lesser of (i) $0.287 per share ("Fixed Conversion Price"), or (ii) 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion ("Market Conversion Price"). Interest is payable at maturity at the rate of 6% per annum in cash or shares of Common Stock valued at the conversion price then in effect.

Cornell has agreed that (i) it will not convert the Debenture or exercise the Warrants if the effect of such conversion or exercise would result in its and its affiliates' holdings of more than 4.9% of the outstanding shares of Common Stock, (ii) neither it nor its affiliates will maintain a short position or effect short sales of the Common Stock while the Debentures are outstanding, and (iii) no more than $300,000 principal amount of the Debenture may be converted at the Market Conversion Price during a calendar month.

The Company may call the Debentures for redemption at the Redemption Price at any time or from time to time but not more than $500,000 principal amount may be called during any 30 consecutive day period. The Redemption Price will be 120% of the principal redeemed plus accrued interest. The Company has also granted the holder an 18-month right of first refusal assuming the Debentures are still outstanding with respect to the Company's issuance or sale of shares of capital stock, options, warrants or other convertible securities. Pursuant to a Registration Rights Agreement, the Company has registered at its expense under the Securities Act of 1933, as amended (the "Act") shares of Common Stock which may be received upon conversion or exercise for reoffering by the holders of the Debentures and of the A Warrants and B Warrants.

The Company has granted the holders a first security interest on its assets as security for payment of the Company's obligations.

The Company has also agreed that as long as there is outstanding at least $500,000 principal amount of Debentures it would not, without the consent of the Debenture holder, issue or sell any securities at a price or warrants, options or convertible securities with an exercise or conversion price less than the bid price, as defined, immediately prior to the issuance; grant a further security interest in its assets or file a registration statement on Form S-8.

In the event of a Debenture default the Debenture shall, at the holder's election, become immediately due and payable in cash or, at the holder's option, may be converted into shares of Common Stock. Events of default include failure to pay principal when due or interest within five days following due date; failure to cure breaches or defaults of covenants, agreements or warrants within 10 days following written notice of such breach or default; the entry into a change of control transaction meaning (A) the acquisition of effective control of more than 50% of the outstanding voting securities by an individual or group (not including the holder or its affiliates), or (B) the replacement of more than one-half of the Directors not approved by a majority of the Company's directors as of February 2, 2006 or by directors appointed by such directors or (C) the Company entering into an agreement to effect any of the foregoing; bankruptcy or insolvency acts; breach or default which results in acceleration of the maturity of other debentures, mortgages or credit facilities, indebtedness or factor agreements involving outstanding principal of at least $100,000; breach of the Registration Rights Agreement as to the maintaining effectiveness of the registration statement which results in an inability to sell shares by holder for a designated period; failure to maintain the eligibility of the Common Stock to trade on at least the Over-the-Counter Bulletin Board, and failure to make delivery within five trading days of certificates for shares to be issued upon conversion or the date the Company publicly announces its intention not to comply with requests for conversion in accordance with the Debenture terms.

The Company paid Yorkville Advisor, LLC $240,000 as a structuring fee and due diligence fees of $15,000 and $5,000, respectively. The amounts paid to Yorkville Advisor, LLC was capitalized and charged to interest expense over the three-year term of the Debentures since Yorkville is related to the holders of the Debentures by virtue of common ownership. The amounts charged as interest for the three month and nine month periods ended July 31, 2006 were $21,977 and $39,019, respectively.

The net proceeds after deducting legal and accounting fees and other expenses, will be used for working capital including Phase I and initiation of Phase II testing of its Lovoxin C, its first Listeria cancer immunotherapy in cervical cancer patients, and acceleration of pre-clinical testing for several pipeline vaccines including Lovaxin B and Lovaxin S for breast and ovarian cancer, respectively.

In accounting for the Debentures and the warrants described above the Company considered the guidance contained in EITF 00-19, "Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled In, a Company's Own Common Stock," and SFAS 133 “Accounting for Derivative Instruments and Hedging Activities.” In accordance with the guidance provided in EITF 00-19, the Company determined that the conversion feature of the convertible debentures represents an embedded derivative since the debenture is convertible into a variable number of shares based upon the conversion formula and the conversion clause allowing cash or shares of common stock in payment to the debenture holders. Accordingly, the convertible debentures are not considered to be “conventional” convertible debt under EITF 00-19 and thus the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability.

The Company is required to measure the fair value of the warrants and the embedded conversion feature to be calculated using the Black-Scholes valuation model on the date of each reporting period until the debt is extinguished. The Company allocated from the proceeds of the sale of the Debentures the relative fair values at the date of origination of the sale for the warrants, embedded derivative and the debenture principal. The fair value of the warrants was calculated by using the Black-Scholes valuation model with the following assumptions: (i) 4,200,000 warrants at market price of common stock on the date of sale of $0.21 per share, and exercise price of $0.287 and (ii) 300,000 warrants at the market price of common stock of $0.21 per share, and exercise price of $0.3444, both at risk-free interest rate of 4.5%, expected volatility of 30% and expected life of five years. The fair value of the warrants of $214,950 was recorded as a reduction to the Debenture liability and will be amortized over the loan period and charged to interest expense. The portion of the fair value of the warrants charged to interest expense for the three and nine months period ended July 31, 2006 was $17,912 and $35,825, respectively.

The fair value of the embedded conversion feature at the date of origination allocated to the Debentures liability was based on the Black-Scholes valuation model with the following assumptions: (i) the conversion price equal to 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion, or $0.2293 during the quarter ending April 30, 2006 (most beneficial conversion rate), (ii) the conversion price of $0.287, (iii) the risk free interest rate of 4.5%, (iv) expected volatility of 30% and (v) expected life of three years. The fair value of the embedded conversion feature of $512,865 was recorded as a reduction to the Debenture liability and will be amortized over the loan period and charged to interest expense. The portion of the fair value of the embedded conversion feature charged to interest expense for the three and nine months period ended July 31, 2006 was, $40,408 and $108,790, respectively.

Convertible Secured Debenture due February 1, 2009: 6% per annum	$	3,000,000
Common Stock Warrant liability		($214,950)
Embedded derivative liability		($512,865)
Convertible Debenture as the date of sale	$	2,272,185
Amortization of discount on warrants & embedded feature as of July 31, 2006	$	144,614
Conversion by Cornell Capital Partners LP		($150,000)
Convertible Secured Debenture Liability as of July 31, 2006	$	2,266,799

On the following dates Cornell Capital Partners LP converted the convertible notes into shares of the Company’s Common Stock as follows:

April 20, 2006 and May 9, 2006 - $50,000 into 212,947 shares on each date at an average share price of $0.2348/share.

July 6, 2006 - $25,000 into 112,918 shares at an average share price of $0.2214/share.

July 19, 2006 - $25,000 in to 139,198 shares at an average share price of $0.1769/share.

The Company is required to continue to measure the fair value of the warrants and embedded conversion feature at each reporting date using the Black-Scholes valuation model based on the current assumptions at that point in time. The July 31, 2006 fair value calculation resulted in a value different than the April 30, 2006 reporting period as reported below. The decrease in the fair market value of the warrants and embedded conversion feature from the April 30, 2006 period resulted in a non-cash income reported on the other income line item in the Statement of Operations along with a corresponding decrease in the respective Warrant and Embedded Derivative Liability.

The change in fair value of the warrants from April 30, 2006 was calculated using the Black-Scholes valuation model as of the July 31, 2006 reporting date with the following assumptions: (i) 4,200,000 warrants at market price of Common Stock on the date of sale of $0.18 per share, exercise price of $0.287 and (ii) 300,000 warrants at the market price of Common Stock of $0.18 per share, exercise price of $0.3444. Both sets of options have a risk-free interest rate of 4.89%, expected volatility of 50% and expected life of 4.50 years. This change in the fair value resulted in a decrease of $88,680 from the $355,050 recorded on April 30, 2006, or a balance of $266,370, as of July 31, 2006. This decrease of the fair value of the warrants was recorded in the statement of operations as other income with the offset reducing the Common Stock Warrants Liability.

The change in fair value of the embedded derivative feature calculated using the Black Scholes valuation model as of July 31, 2006 was recorded in the Embedded Derivative Liability. On July 31, 2006 the fair value of this feature was based on the following assumptions: (i) conversion price equal to 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion, or $0.1651, on July 31, 2006, (ii) the market price, (iii) the risk free interest rate of 4.91%, (iv) expected volatility of 50% and (v) expected life of 2.5 years. The fair value of the embedded conversion feature was $562,716 as of July 31, 2006, or a decrease of $39,972 from $602,688 recorded on April 30, 2006. This decrease of the fair value of the feature was charged to the statement of operations as other income and the offset reduced the Embedded Derivative Liability.

Upon full payment of the Debentures (through repayment or conversion to equity) the fair value of the warrants on that date will be reclassified to equity.

Item 2. Plan of Operations

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 revenue growth, 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 and scope of our clinical trials, costs related to intellectual property related expense, 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 SEC. 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 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, as amended. We were a publicly traded "shell" company without any business until November 12, 2004 when we acquired Advaxis through the issuance of 15,597,723 shares of our Common Stock (the "Share Exchange"), as a result of which Advaxis become our wholly-owned subsidiary and our sole operating company. For financial reporting purposes, we have treated the Share Exchange as a recapitalization, where Advaxis was the acquirer. As a result of the foregoing as well as the fact that the Share Exchange is treated as a recapitalization of Advaxis rather than as a business combination, the historical financial statements of Advaxis on November 12, 2004 became our historical financial statements after the Share Exchange. 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.

We are a biotechnology company which utilizes 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.

We have no customers. We are in the development stage and have focused our initial development efforts on six 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.

Our revenues are primarily grants received from the NIH. For the three months ended July 31, 2006 there were no revenues. Revenues reported in the same period last year were $440,851. For the nine months ended July 31, 2006 the revenue was $397,312 or a decrease of $43,539, or 9.9% compared to the same period last year.

Research and development (R&D) expenses for the three months ended July 31, 2006 were $262,257, a decrease of $139,021, or 34.6% from those of the same period of the prior year. This decrease was primarily related to the outside costs involved in working on grants and a toxicology study that took place in the prior period and didn't recur in the current period. These decreases in cost were partially offset by additional research cost due to additional key research personnel and clinical study costs. For the nine months ended July 31, 2006 R&D expenses were $1,098,190, an increase of $132,407, or 13.7%, over those for the same prior year period. The increase in R&D expenses was primarily due to the cost associated with the employment of key research personnel in 2006 and clinical study costs partially offset by costs involved in working on grants and a toxicology study that took place in the comparable prior year period.

We anticipate a continued increase in R&D expenses as a result of expanded development and commercialization efforts related to toxicology studies, clinical trials, and product development, and expenses to be incurred in the development of strategic and other relationships required ultimately for the licensing, manufacture and distribution of our product candidates.

General and Administrative (G&A) expenses for the three months ended July 31, 2006 were $426,497, a decrease of $18,131, or 4.1%, from G&A the same period in the prior year. This decrease was primarily related to the lower offering costs involved in fund raising in the prior period, partially offset by higher consulting fees in the 2006 period. For the nine months ended July 31, 2006 G&A expenses were $1,444,068 an increase of $596,463, or 70.4%, over G&A for the same prior year period. The increase in G&A expenses was primarily due to the higher legal and consulting fees involved in raising funds than those incurred in the same period of the prior year.

Other Income/(Expense) for the three months ended July 31, 2006 were $5,480, a decrease in income of $10,971, or 66.7%, from that for the same period of the prior year. While the interest income for the three months ended July 31, 2006 increased by $10,469, an increase in non-cash interest expenses of ($150,092) was more than offset by $128,652 of non-cash income resulting from the recording of the change in fair values. Both interest expense and change in fair values were primarily related to the accounting for our secured convertible debenture issued in February and March 2006. The interest expenses were comprised of interest accrued on the debenture ($43,763), amortization of deferred financing costs ($21,977), amortization of the initial values of the initial warrant ($17,913) and embedded derivative ($66,051) and the recording of interest payable on the long term notes ($1,008) and other ($388). We did not incur the expense related to the debenture in prior year period. Changes in fair value are a non-cash record of the changes in fair value from the April 30, 2006 reporting period

Other Income/(Expense) for the nine months ended July 31, 2006 was $(303,090), an increase in expense of ($328,161) from that for the same period of the prior year. While by way of comparison for the two nine month periods ended July 31, 2006 and 2005, respectively interest income increased by $31,919, non-cash interest expense increased by ($258,810), and the non-cash expense recorded for the change in fair value of the warrants and embedded conversion feature increased by ($101,271). Both interest expense and changes in fair value primarily related to the accounting for our secured convertible debenture issued in February and March 2006. The interest expenses were comprised of interest accrued on the debenture ($78,037), amortization of deferred financing costs ($39,019), amortization of our initial valuation of the initial warrant ($35,825) and embedded derivative ($108,790) interest payable on the long term notes ($1,984) and other ($1,454). We did not incur the expense related to the debenture in prior year period. Changes in Fair Value are a non-cash record of the changes in fair value from the original valuation dates and as of record period July 31, 2006 of the warrant and the embedded derivative liabilities.

On July 31, 2006, our cash balance was $3,347,222, and our working capital was $2,181,105 primarily as a result of net proceeds of approximately $2,760,000 from the sale to an investor of our 6% Secured Convertible Debentures in the principal amount of $3,000,000 in February and March 2006.

We intend to use our available cash and resources during the 12 months ending July 31, 2007 to conduct Phase I clinical trials in cervical cancer using Lovaxin C, one of our lead product candidates in development using our Listeria System, expand our research and development team, to further develop Lovaxin B (our Listeria vaccine directed toward treatment of breast cancer), and Lovaxin P (our Listeria vaccine directed toward treatment of prostate cancer) as well as several additional Listeria based vaccines for the treatment of cancer, and to expand our manufacturing capabilities and strategic activities.

Off-balanceSheet Arrangements.

We are party to a license agreement, dated June 17, 2002, as amended, with The Trustees of the University of Pennsylvania, pursuant to which we agreed to pay, an aggregate of $482,000 in licensing fees in three annual installments on December 15, 2005, 2006 and 2007, respectively or upon achieving certain financing milestones. In addition, commencing with the first commercial sale of our products covered by the license product Advaxis is to pay a royalty of $525,000 over a four-year period and annual license maintenance fees ranging from $25,000 to $125,000 per year. We do not expect that the first commercial sale will occur prior to 2011.

Item 3. Controls and Procedures.

As of the end of the period covered by this report, based on an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934), the President, Chief Executive Officer and the Vice President of Finance, Principal Financial Officer of the Company has concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in its Exchange Act reports is recorded, processed, summarized and reported within the applicable time periods specified by the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the Company's internal controls or in any other factors that could significantly affect those controls subsequent to the date of the most recent evaluation of the Company's internal controls by the Company, including any corrective actions with regard to any significant deficiencies or material weaknesses.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

Sanofi Aventis filed trademark opposition proceedings in the United States Patent and Trademark Office against our trademark applications Serial Nos. 78/252527 and 78/252586 related to the trademark of “Advaxis”. In response to the opposition we agreed in August 28, 2006 to withdraw our mark, “Advaxis”.

In the ordinary course of our business we may become subject to litigation regarding our products or our compliance with applicable laws, rules, and regulations. There are no material legal proceedings threatened against us except as follows:

We had received written notice from the European Patent Office that Cerus Corporation (Cerus) has filed an Opposition against European Patent Application Number 0790835 (EP 835 Patent) which was granted by the European Patent Office and which is assigned to The Trustees of the University of Pennsylvania and exclusively licensed to us. We are defending against Cerus’ allegations in the Opposition that the EP 835 Patent, which claims a vaccine for inducing a tumor specific antigen with recombinant live Listeria, is deficient because of (i) insufficient disclosure in the specifications of the granted claims, (ii) the inclusion of additional subject matter in the granted claims, and (iii) a lack of inventive steps of the granted claims of the EP 835 Patent. We plan to vigorously defend the claims and responded to their claims on February 20, 2006.

The Opposition is in the early stages and, as yet, we are unable to evaluate the merits, if any, of the Opposition. If the European Patent Office rules that the allegations are correct in whole or in part, and such ruling is upheld on appeal, our patent position in Europe may be eroded to the degree that the claims of the patent are narrowed or not allowed. The likely result of this decision will be increased competition for us in the European market for recombinant live Listeria based vaccines. Regardless of the outcome of the Opposition proceeding, we believe that our freedom to operate for our recombinant live Listeria based vaccine products will not be diminished.

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

During the nine months ended July 31, 2006, we issued 177,422 shares of Common Stock to our employees as bonuses, 52,000 shares of Common Stock to a director as fees and 556,241 shares of Common Stock to consultants and service providers in payment for their services. The recipients agreed that no transfer of the shares may be effected unless the shares registered under the Securities Act of 1933, as amended or exempt from registration.

In February and March 2006, we sold for $3,000,000 to Cornell Capital Partners LP (“Cornell”) our Secured Convertible Debenture due February 1, 2009 in the principal amount of $3,000,000 and five year warrants to purchase: 4,200,000 shares of Common Stock at a price of $0.287 per share and 300,000 shares of Common Stock at a price of $0.3444 per share. The net proceeds of $2,760,000 after deducting commission, diligence and structure fees are being used for working capital and research and development. See Item 2. “Plan of Operations”

The above sales were exempt from registration under the Act by virtue of the provisions of 4(2) thereof.

Pursuant to our agreement with Cornell, we have registered under the Act for reoffering shares which are acquired upon conversion of the Debentures and shares which are acquired upon exercise of the Warrants. The Debentures are convertible at a price equal to the lesser of (i) $0.287 per share, or (ii) 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion. Interest is payable at maturity at the rate of 6% per annum in cash or shares of Common Stock valued at the conversion price then in effect. As of July 31, 2006 Cornell Capital Partners LP converted $150,000 into 678,010 shares of common stock.

Item 4. Submission of Matters to a Vote of Security Holders

At our Annual Meeting of Stockholders held on June 6, 2006, stockholders took the following actions:

	Votes For	Votes Against
Election of Directors:		
J. Todd Derbin	28,450,225	233,990
Roni Appel	28,629,515	54,700
James Patton	28,629,515	54,700
Thomas McKearn	28,629,515	54,700
Martin Wade	28,629,515	54,700
Richard Berman	28,629,515	54,700

	Votes For	Votes Against	Abstentions	Broker Non-votes
Approved and adopted the 2005 Stock Option Plan	18,543,773	66,200	6,374,683	
Approved the reincorporation of the Company from the state of Colorado to the state of Delaware	24,966,456	6,200	7,000	
Ratified the appointment by the Board of Directors of Goldstein Golub Kessler LLP as auditor of the Company's financial statements for the year ending October 31, 2006	22,320,326	1,200	6,362,688	

Item 5. Other Information.

The merger (reincorporation) with the Parent Company was effective June 23, 2006.

Item 6. Exhibits and Reports on Form 8-K

10.1	Advaxis, Inc. 2005 Stock Option Plan (previously filed as ANNEX A to the Company's Definitive Proxy Statement filed with the Commission on May 15, 2006 and hereby incorporated by reference).
10.2	Agreement and Plan of Merger of Advaxis, Inc., a Colorado corporation, and Advaxis, Inc., a Delaware corporation (previously filed as ANNEX B to the Company's Definitive Proxy Statement filed with the Commission on May 15, 2006 and hereby incorporated by reference).
10.3	Amended and Restated Certificate of Incorporation of Advaxis, Inc. (previously filed as ANNEX C to the Company's Definitive Proxy Statement filed with the Commission on May 15, 2006 and hereby incorporated by reference).
10.4	Advaxis, Inc. Amended By-Laws (filed herewith)
31.1	Certification of Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002

No Reports in Form 8-K were filed since April 30, 2006.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Advaxis, Inc.
Registrant

Date: September 13, 2006	By:	/s/ Roni Appel Roni Appel President, Chief Executive Officer
	By:	/s/ Fred Cobb Fred Cobb Vice President Finance, Principal Financial Officer