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

FORM 10-Q/A
Amendment No. 1

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

For the quarterly period ended September 30, 2010

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.)**

11975 El Camino Real, Suite 101 San Diego, CA 92130
(Address of principal executive offices) (Zip Code)

(858) 792-6300
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 ☒ No ☐

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

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

Large accelerated filer	☐	Non-accelerated filer	☒
Accelerated filer	☐	Smaller reporting entity	☐

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

As of October 31, 2010 the number of shares outstanding of the issuer's common stock, $0.00000002 par value, was 7,346,324.

Explanatory Note

This Amendment No. 1 on Form 10-Q/A (this "Amendment") amends our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, that was filed with the Securities and Exchange Commission ("SEC") on November 10, 2010 (the "Original Filing"). We are filing this Amendment to correct typographical errors contained in Note 5 "Related Party Transactions", of the consolidated financial statements under the section heading "License Agreement for NV-128", which resulted when preparing the document for filing.

Except for these corrections as set forth in Part I below and the required attachment of currently dated certifications of the Company's principal executive officer and principal financial officer, no other changes are made to the Original Filing. Unless expressly stated, this Amendment does not reflect events occurring after the filing of the Original Filing. Throughout this report, references to the "Company", "we", "our", or "us" refer to Marshall Edwards, Inc. ("MEI"), including its wholly-owned subsidiary Marshall Edwards Pty Ltd ("MEPL"), unless the context otherwise indicates.

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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)

	September 30, 2010 (unaudited)	June 30, 2010 (Note 1)
ASSETS		
Current assets		
Cash and cash equivalents	**$ 7,479**	$ 9,031
Prepaid expenses and other current assets	**91**	102
Total current assets	**7,570**	9,133
Plant and equipment, net	**48**	3
Total assets	**$ 7,618**	$ 9,136
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	**$ 765**	$ 529
Accrued expenses	**837**	925
Amount due to related company	**274**	301
Total current liabilities	**1,876**	1,755
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: 7,346,324 at September 30, 2010 and 7,346,324 at June 30, 2010	—	—
Additional paid-in capital	**78,308**	78,188
Deficit accumulated during development stage	**(72,566)**	(70,807)
Total stockholders' equity	**5,742**	7,381
Total liabilities and stockholders' equity	**$ 7,618**	$ 9,136

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 September 30,		Period from December 1, 2000 (Inception) through September 30,
	2010	**2009**	**2010**
Revenues:			
Dividends received	**$ 57**	$ —	$ 57
Interest and other income	**14**	26	2,744
Total revenues	**71**	26	2,801
Operating expenses:			
Research and development	**(685)**	(503)	(37,759)
License fees	**—**	(1,500)	(21,500)
Selling, general and administrative	**(1,145)**	(431)	(16,100)
Total operating expenses	**(1,830)**	(2,434)	(75,359)
Loss from operations	**(1,759)**	(2,408)	(72,558)
Income tax expense	**—**	—	(8)
Net loss arising during development stage	**$ (1,759)**	$ (2,408)	$ (72,566)
Net loss per common share:			
Basic and diluted	**$ (0.24)**	$ (0.33)	
Weighted average number of common shares outstanding	**7,346,324**	7,346,324	

See accompanying notes to the consolidated financial statements.

MARSHALL EDWARDS, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended September 30, 2010	2009	Period from December 1, 2000 (Inception) through September 30, 2010
Operating activities			
Net loss arising during development stage	**$(1,759)**	$ (2,408)	$ (72,566)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Share based payments	**120**	—	1,916
Depreciation	**3**	—	3
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	**11**	235	(91)
Accounts payable	**236**	534	765
Accrued expenses	**(88)**	(2,256)	837
Amounts due to related company	**(27)**	61	274
Net cash used in operating activities	**(1,504)**	(3,834)	(68,862)
Investing activities			
Purchases of plant and equipment	**(48)**	—	(51)
Net cash used in investing activities	**(48)**	—	(51)
Financing activities			
Net proceeds from issuance of common stock	—	—	76,392
Net cash provided by financing activities	—	—	76,392
Net (decrease)/increase in cash and cash equivalents	**(1,552)**	(3,834)	7,479
Cash and cash equivalents at beginning of period	**9,031**	19,067	—
Cash and cash equivalents at end of period	**$ 7,479**	$15,233	$ 7,479

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 *(shares)*	Additional paid in capital	Deficit accumulated during development stage	Total
Balance at June 30, 2010	**7,346,324**	**$ 78,188**	**$ (70,807)**	**$ 7,381**
Net loss arising during development stage	**—**	**—**	**(1,759)**	**(1,759)**
Comprehensive Loss				**(1,759)**
Share-based payments (refer Note 6)	**—**	**120**	**—**	**120**
Balance at September 30, 2010	**7,346,324**	**$ 78,308**	**$ (72,566)**	**$ 5,742**

See accompanying notes to the consolidated financial statements.

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

1. Basis of Presentation and Summary of Significant Accounting Policies

Marshall Edwards, Inc. ("MEI"), including its wholly-owned 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"). As of the date of this Quarterly Report, Novogen owns approximately 71.3% of the outstanding shares of the Company's common stock.

The Company's financial statements have been prepared in accordance with U.S. generally accepted accounting principles or "GAAP" for the interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934, as amended. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. We believe all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included herein. Operating results for the three months ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending June 30, 2011 or any other future period. The balance sheet at June 30, 2010 has been derived from the audited financial statements at that date. You should read these financial statements and notes in conjunction with the audited financial statements for the year ended June 30, 2010 which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

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 GAAP, 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

Interest on cash balances is recognized on an accruals basis.

Dividends

Dividend revenue is recognized when the right to receive the payment is established.

Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits is stated at its 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 U.S., 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. Cash deposits held in Australian banks are guaranteed by the Australian Government up to a maximum amount of A$1 million per account.

Income Taxes

Income taxes have been provided for using the liability method. 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 deferred tax assets.

The Company accounts for any uncertain tax position by using a two step approach. 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. Additionally, tax positions for which the timing of the ultimate resolution is uncertain are recognized as long term liabilities.

The Company's major tax jurisdictions are the U.S. 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. All cash and cash equivalents are classified as level 1 as defined by the fair value hierarchy.

Foreign Currency Translation

The financial statements of MEPL have been translated into U.S. dollars. 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 to the cost of development, manufacture of clinical supplies and cost of conducting human clinical and pre-clinical research of the licensed cancer compounds. Research and development costs are charged to earnings in the period incurred.

Clinical development costs are a significant component of research and development 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 statements.

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.

The license agreements with Novogen may be cancelled without penalty by MEPL by giving three months' notice. Therefore license fees due under these license agreements are recognised as an expense when a milestone event, as defined in the respective agreements, occurs.

Stock-Based Compensation

The Company's 2008 Stock Omnibus Equity Compensation 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.

The Company 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

In computing basic earnings or loss per share, the dilutive effect of stock options and warrants is excluded, whereas for diluted earnings or loss per share they are included unless the effect is anti-dilutive.

Plant and Equipment

Plant and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 2.5 to 7 years. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the respective assets or the lease term, whichever is shorter.

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 sheet date and it is probable that the capital raising will be successfully completed after balance sheet 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 September 30,	
	2010	2009
	(In Thousands, except share and per share data)	
Numerator		
Net loss arising during development stage	(1,759)	(2,408)
Numerator for diluted earnings per share	$ (1,759)	$ (2,408)
Denominator		
Denominator for basic earnings per share:		
Weighted average number of shares used in computing net loss per share, basic and diluted	7,346,324	7,346,324
Dilutive potential common shares	7,346,324	7,346,324
Basic and diluted earnings per share	$ (0.24)	$ (0.33)

During the period presented, the Company had warrants and stock options 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 and stock options consist of the following potential common shares:

	As at September 30, 2010	2009
	(Number of shares redeemable under warrants or options)	
Warrants exercisable prior to July 11, 2010 at an exercise price of $43.50	—	281,525
Warrants exercisable prior to August 6, 2012 at an exercise price of $36.00	218,559	218,559
Warrants exercisable prior to August 6, 2012 at an exercise price of $30.00	24,836	24,836
Warrants exercisable prior to July 30, 2013 at an exercise price of $21.70	4,608	4,608
Options exercisable prior to January 28, 2014 at an exercise price of $6.30	5,000	5,000
Options exercisable prior to April 23, 2015 at an exercise price of $5.05	110,195	—
Options exercisable prior to June 7, 2015 at an exercise price of $1.86	110,195	—
Options exercisable prior to June 18, 2015 at an exercise price of $1.52	73,463	—
Options exercisable prior to September 1, 2015 at an exercise price of $0.77	82,232	
Common shares issuable upon exercise of outstanding warrants or options	629,088	534,528

3. Expenditure Commitments

At September 30, 2010, the Company had contractual obligations for the conduct of clinical trials, pre-clinical research and development, manufacturing process development and corporate purchase commitments of approximately $560,000. 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. At September 30, 2010, the Company also had contractual obligations in respect of operating leases of approximately $306,000. The contracted obligations 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
Operating Lease Obligations	$306	$ 121	$120	$ 65	$ —
Purchase Obligations	$560	$ 560	$—	$—	$ —
Total	$866	$ 681	$120	$ 65	$ —

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 restated 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 the clinical development and commercialization of its licensed cancer compounds. The business contains two major segments based on geographic location.

	Three Months Ended September 30, 2010		Three Months Ended September 30, 2009	
	(In Thousands)			
	USA	Australia	USA	Australia
Loss from operations	$ (772)	$ (987)	$ (20)	$(2,388)
Segment assets	6,695	923	11,689	3,598

5. Related Party Transactions

License Agreement for Phenoxodiol, as amended

In September 2003, the Company entered into a license agreement pursuant to which Novogen 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 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 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 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 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. 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 private placement, or PIPE, transaction 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 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 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 license agreement, infringe in any country in the geographical territory covered by the license agreement by doing in that country any of the things set out in the license agreement.

2. In addition to the amounts above, the Phenoxodiol License Agreement was amended in June 2006 and April 2007 to provide that upon the earliest receipt by MEPL of the first:

(i) approval by the U.S. Food and Drug Administration (the “FDA”) of a New Drug Application (“NDA”) for phenoxodiol;

(ii) approval or authorization of any kind to market phenoxodiol in the U.S.; or

(iii) approval or authorization of any kind by a government agency in any other country to market phenoxodiol,

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 September 30, 2010.

License Agreement 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 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 was 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. The amount of $2,000,000 was paid to Novogen on June 30, 2009 under the terms of this agreement;

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.

The license agreement may be cancelled without penalty by MEPL by giving three months notice. Therefore license fees due under the license agreement are recognised as an expense when the milestone event occurs.

License Agreement for NV-128

On August 4, 2009, the Company entered into a license agreement with Novogen pursuant to which Novogen granted to MEPL an exclusive, worldwide, non-transferable license under its patents and patent applications and in the intellectual property rights related to its know how to conduct clinical trials, commercialize and distribute NV-128 (the "NV-128 Licence Agreement"). NV-128 is an investigational cancer compound which has been shown in pre-clinical laboratory studies to promote cancer cell death by targeting a pro-survival regulatory pathway (the AKT-mTOR pathway). The NV-128 License Agreement covers the use of NV-128 in the field of prevention, treatment and cure of cancer in humans delivered in all forms except topical applications. The NV-128 License Agreement remains in effect until (i) the expiration or lapsing of the last relevant patents or patent applications in the world or (ii) Novogen's assignment to MEPL of the last relevant patents or patent applications in the world so that MEPL may assume the filing, prosecution and maintenance of such patents or patent applications. Thereafter, the license becomes a non-exclusive, perpetual and irrevocable license covering any remaining intellectual property rights related to the know how with respect to NV-128.

1. The Company paid $1,500,000 to Novogen Research in August 2009, which was the first lump sum license fee payment under the terms of the license agreement.

2. Future amounts payable to Novogen upon the achievement of certain milestones are as follows:

i) $1,000,000 on the date an 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 December 31, 2011 then this amount will be due on this date;

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 December 31, 2012, 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, 2014, 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, 2017, 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.

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.

The license agreement is able to be cancelled without penalty by MEPL by giving three months' notice.

No license fees have been accrued in respect of NV-128 at September 30, 2010.

Amended and Restated License Option Deed

On September 24, 2003, MEPL and Novogen 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"). Under the terms of the Services Agreement, Novogen Limited 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 currently expects to discontinue using the services provided by Novogen under the Services Agreement with effect from December 31, 2010, as a result of the strategic decision to base the Company out of the newly established offices in San Diego.

Expenditures amounting to $503,000 and $683,000, were incurred under the Services Agreement with Novogen during the three months ended September 30, 2010 and 2009, respectively. Of these amounts, $358,000 and $487,000 related to service fees paid to Novogen for research and development services provided in the three months ended September 30, 2010 and 2009, respectively, reflecting the time spent by Novogen research staff on the development of phenoxodiol, triphendiol, NV-143 and NV-128. Additionally, $145,000 and $196,000 of the total expenditures during the three months ended September 30, 2010 and 2009, respectively, related to costs incurred for administration and accounting services provided by Novogen.

At September 30, 2010 and 2009, $274,000 and $282,000, respectively, was due and owing to Novogen under the Services Agreement and is included in amount due to related company.

Amended and Restated Manufacturing License and Supply Agreement

On September 24, 2003, MEPL and 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 an exclusive, non-transferable sub license to manufacture and supply phenoxodiol in its primary manufactured form. Novogen 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 by charged at cost plus a 50% markup.

There were no transactions under the Manufacturing License and Supply Agreement with Novogen during the three months ended September 30, 2010 and 2009, respectively.

At September 30, 2010 and September 30, 2009 no amount was due and owing to Novogen under the Manufacturing License and Supply Agreement.

Novogen has taken the strategic decision not to manufacture large scale Active Pharmaceutical Ingredients for cancer drugs, including phenoxodiol, as these can be more economically supplied by third parties with particular expertise in this area.

Agreement to acquire Novogen's isoflavone-related intellectual portfolio

On September 8, 2010, the Company announced that it had reached an agreement in principle with Novogen to acquire Novogen's entire isoflavone-related intellectual property portfolio in a stock-based transaction.

The agreement in principle was negotiated by an independent committee of the Board of Directors of both companies. The closing of the transaction is subject to, among other things, due diligence, the execution of a definitive agreement, an independent fairness opinion and shareholder approvals.

The foregoing description of the agreement in principle between the Company and Novogen does not constitute an offer of any securities for sale or a solicitation of offers to purchase securities.

6. Equity

On March 31, 2010, the Company effected a reverse stock split of its outstanding common stock on a 1-for-10 split adjusted basis in order to correct a bid price listing requirement for continued inclusion on the Nasdaq Global Market under Nasdaq Rule 5450(a)(1). For the purpose of this report we have adjusted all share data presented retrospectively to incorporate the 1-for-10 reverse stock split.

In January 2009, the Company filed a registration statement on Form S-8 (File No. 333-156985) with the SEC registering 700,000 shares of common stock eligible for issuance under the Marshall Edwards, Inc. 2008 Stock Omnibus Equity Compensation Plan.

In January 2009, the Company issued a stock option exercisable for 5,000 shares of common stock to Associate Professor Gil Mor of Yale University in recognition of his contribution to the development of phenoxodiol under the Marshall Edwards, Inc. 2008 Stock Omnibus Equity Compensation Plan. The options have an exercise price of $6.30. The options were fully exercisable upon issuance and expire five years from the date of issue.

Pursuant to the terms of the Employment Letter Agreement dated April 23, 2010 between Daniel P. Gold (the "Gold Employment Letter"), Dr. Gold has received options to purchase 220,390 shares of the Company's common stock in two separate tranches. The first tranche of options to purchase 110,195 shares of common stock of the Company was granted to Dr. Gold upon his appointment as President and Chief Executive Officer on April 23, 2010, with an exercise price of $5.05 per share equal to the closing price of the Company's common stock on April 23, 2010. The second tranche of options to purchase 110,195 shares of common stock of the Company was granted to Dr. Gold on June 7, 2010 following the public release of the Company's OVATURE study results, with an exercise price of $1.86 per share equal to the closing price of the Company's common stock on June 7, 2010. Of Dr. Gold's options, 25% will vest one year from the effective date of the Gold Employment Letter and, thereafter, the remaining 75% of Dr. Gold's options will vest in equal monthly installments over the following thirty-six (36) months. Both tranches of options have a term of five years from the date of each grant. In the event of a Change in Control of the Company, as defined in the Gold Employment Letter, Dr. Gold's options will become fully vested. Dr. Gold's options are issued outside the Company's 2008 Stock Omnibus Equity Compensation Plan.

Pursuant to the terms of the Employment Letter Agreement dated June 18, 2010 between the Company and Thomas M. Zech (the "Zech Employment Letter"), Mr. Zech has received options to purchase 73,463 shares of the Company's common stock. These options were granted on June 18, 2010, with an exercise price of $1.52 per share equal to the closing price of the Company's common stock on June 18, 2010. Of Mr. Zech's options, 25% will vest one year from the effective date of the Zech Employment Letter and, thereafter, the remaining 75% of Mr. Zech's options will vest in equal monthly installments over the following thirty-six (36) months. The options have a term of five years from the date of grant. Mr. Zech's options are issued under the Company's 2008 Stock Omnibus Equity Compensation Plan.

In September 2010, options were issued to staff, under the Company's 2008 Stock Omnibus Equity Compensation Plan, to purchase an aggregate amount of 82,232 shares of the Company's common stock. These options were granted on September 1, 2010, with an exercise price of $0.77 per share equal to the closing price of the Company's common stock at grant date. Of these staff options, 25% will vest one year from the grant date and, thereafter, the remaining 75% of options will vest in equal monthly installments over the following thirty-six (36) months. The options have a term of five years from grant date.

7. Contingent Liabilities

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.

8. Significant Events After Balance Sheet Date

The subsequent events information has been evaluated up to November 9, 2010.

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 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 us, 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 required additional 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, triphendiol, NV-143 and NV-128;
- our failure to successfully commercialize our product candidates;
- costs and delays in the clinical development program and/or receipt of 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 development, manufacture, commercialization, marketing, sales and distribution of any products;
- our inability to control the costs of manufacturing our products;
- 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 defense against third party intellectual property infringement claims;

- general economic conditions;
- the failure of any products to gain market acceptance;
- technological changes;
- government regulation generally and the receipt of regulatory approvals;
- changes in industry practice; and
- one-time events.

These risks are not exhaustive. Other sections of this Quarterly Report on Form 10-Q may include additional factors which could adversely impact our 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, 2010. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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 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 Quarterly Report on Form 10-Q.

Overview

Our initial focus since commencing operations was to undertake human clinical testing of phenoxodiol. Our operations were expanded to include the additional licensed drug candidates triphendiol and NV-143, and, most recently, NV-128.

Our business purpose is the development and commercialization of drugs for the treatment of cancer. We presently have two oncology programs under development. The first and most advanced is a NADH oxidase inhibitor program that includes lead drug candidate NV-143. The second is a mitochondrial inhibitor program that includes NV-128 and its next-generation candidates. We currently have exclusive worldwide rights for our oncology compounds from a subsidiary of Novogen Limited (Novogen Limited and/or its subsidiaries are referred to herein as “Novogen”).

We believe that our existing cash balances of approximately $7.5 million will be sufficient to satisfy our current operating plan until late 2011. Changes in our research and development plans or other changes affecting our operating expenses may affect actual future use of existing cash resources. In any event, however, we will need additional financing to fund our operations in the future including the continued development of triphendiol, NV-143 and NV-128. We intend to pursue capital raising transactions to further develop our drug candidates.

As of September 30, 2010, we had accumulated losses of $72,566,000.

We have not generated any revenues from operations since inception other than interest on cash assets and dividends received. We have incurred losses since inception and expect to incur operating losses and generate negative cash flows from operations for the foreseeable future.

Expenses to date have consisted primarily of costs associated with conducting the clinical trials of phenoxodiol, including the Phase III OVATURE clinical trial, costs incurred under the Phenoxodiol License Agreement, as amended, the License Agreement for Triphendiol and NV-143, the License Agreement for NV-128, 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.

As at the date of the Quarterly Report, Novogen owns approximately 71.3% of the outstanding shares of our common stock.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with GAAP 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.

Clinical Trials 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 statements.

Generally the costs, and therefore estimates, associated with clinical trial contracts are based on the number of patients in each trial, the service contracts associated with clinical sites, service providers and drug development contracts. The length of time before actual amounts can be determined will vary depending on length of the drug administration cycles and the timing of the invoices by the clinical trial partners and contractors.

Clinical trial expenses of $501,000 have been accrued at September 30, 2010. These estimates are based on the number of patients in each trial, the drug administration cycle and the submission of clinical data.

Stock Based Compensation

On December 9, 2008, we adopted the Marshall Edwards Inc. 2008 Stock Omnibus Equity Compensation Plan (the “Plan”) and cancelled the Marshall Edwards, Inc. Share Option Plan. No options were issued under the Marshall Edwards Inc. Share Option Plan. The Plan provides for the issuance of a maximum of 700,000 shares of common stock in connection with the grant of options and/or other stock-based or stock-denominated awards to our non-employee directors, officers, employees and advisors. To date, we have issued options exercisable for 160,695 shares of common stock under the Plan.

We account for stock based payments by estimating the fair value of the options issued. 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. Stock options representing 5,000 shares of common stock were issued to Associate Professor Gil Mor of Yale University on January 28, 2009, in recognition of his contribution to the development of phenoxodiol under the Plan. Pursuant to the terms of the Gold Employment Letter, Dr. Gold has received options to purchase 220,390 shares of the Company’s common stock in two separate tranches, as an inducement to become a new employee of the Company, which in accordance with Nasdaq Rule 5635(c), does not require stockholder approval. The first tranche of options to purchase 110,195 shares of common stock of the Company was granted to Dr. Gold upon his appointment as President and Chief Executive Officer on April 23, 2010, and the second tranche of options to purchase 110,195 shares of common stock of the Company was granted to Dr. Gold on June 7, 2010 following the public release of the Company’s OVATURE study results. Dr. Gold’s options are issued outside the Plan. Pursuant to the terms of the Zech Employment Letter, Mr. Zech has received options to purchase 73,463 shares of the Company’s common stock, under the Plan, which were granted on June 18, 2010. On September 1, 2010, options were issued under the Plan to employees to purchase an aggregate amount of 82,232 shares of the Company’s common stock.

With respect to the fair value of the stock based compensation described above the following assumptions were used:

Grant date	January 28, 2009	April 23, 2010	June 7, 2010	June 18, 2010	September 1, 2010
Dividend yield	0%	0%	0%	0%	0%
Expected volatility	111%	132%	135%	136%	136%
Historical volatility	111%	132%	135%	136%	136%
Risk-free interest rate	1.70%	2.61%	1.95%	2.04%	1.41%
Expected life	5 years	5 years	5 years	5 years	5 years
Fair value	$5.00	$4.38	$1.63	$1.33	$0.67

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 stock based compensation 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.

Results of Operations

Three Months Ended September 30, 2010 and 2009

We recorded a consolidated loss of $1,759,000 and $2,408,000 for the three months ended September 30, 2010 and 2009, respectively.

Revenues: We received interest on cash assets and cash equivalents and short term investments of $14,000 for the three months ended September 30, 2010 compared to $26,000 for the three months ended September 30, 2009. The decrease was due to lower cash balances and lower interest rates earned by our cash deposits. We also received dividends of $57,000, from a small investment, for the three months ended September 30, 2010 which have not previously been received in prior periods.

Research and Development: Research and development expenses increased $182,000 to $685,000 for the three months ended September 30, 2010 compared to $503,000 for the three months ended September 30, 2009. The increase results from finalization work associated with the OVATURE Phase III clinical trial combined with additional costs associated with NV-143 development.

Selling, General and Administrative: Selling, general and administrative expenses increased by $714,000 to $1,145,000 for the three months ended September 30, 2010 compared to $431,000 for the three months ended September 30, 2009. The increase primarily relates to costs associated with setting up the U.S. office including employee wages and related expenses. Additional costs have also been incurred in relation to the agreement in principle with Novogen to acquire Novogen’s entire isoflavone-related intellectual property portfolio.

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. However, exchange rates are volatile in the current market resulting from the global financial crisis and there is a possibility that foreign exchange gains/losses may have a material impact in future periods. At September 30, 2010, we had not established a foreign currency hedging program. Net foreign exchange losses during the three months ended September 30, 2010 were $72,000 compared with foreign exchange losses of $90,000 during the three months ended September 30, 2009.

Liquidity and Capital Resources

At September 30, 2010, we had cash resources of $7,479,000 compared to $9,031,000 at June 30, 2010. The decrease was due to the expenditures in the clinical trial and drug development programs and other corporate expenses incurred in the period. Funds are invested in short term money market accounts, pending use.

In January 2009, we issued a stock option exercisable for 5,000 shares of common stock to Associate Professor Gil Mor of Yale University in recognition of his contribution to the development of phenoxodiol under the Plan. The option has an exercise price of $6.30 per share of common stock. The options were fully exercisable on the date of issuance and expire five years from the date of grant, on January 28, 2014.

Pursuant to the terms of the Gold Employment Letter, Dr. Gold has received options to purchase 220,390 shares of the Company's common stock in two separate tranches. The first tranche of options to purchase 110,195 shares of common stock of the Company was granted to Dr. Gold upon his appointment as President and Chief Executive Officer on April 23, 2010, with an exercise price of $5.05 per share equal to the closing price of the Company's common stock on April 23, 2010. The second tranche of options to purchase 110,195 shares of common stock of the Company was granted to Dr. Gold on June 7, 2010 following the public release of the Company's OVATURE study results, with an exercise price of $1.86 per share equal to the closing price of the Company's common stock on June 7, 2010. Of Dr. Gold's options, 25% will vest one year from the effective date of the Gold Employment Letter and, thereafter, the remaining 75% of Dr. Gold's options will vest in equal monthly installments over the following thirty-six (36) months. Both tranches of options have a term of five years from the date of each grant. In the event of a Change in Control of the Company, as defined in the Gold Employment Letter, Dr. Gold's options will become fully vested. Dr. Gold's options are issued outside the Plan.

Pursuant to the terms of the Zech Employment Letter, Mr. Zech has received options to purchase 73,463 shares of the Company's common stock under the Plan. These options were granted on June 18, 2010, with an exercise price of $1.52 per share equal to the closing price of the Company's common stock on June 18, 2010. Of Mr. Zech's options, 25% will vest one year from the effective date of the Zech Employment Letter and, thereafter, the remaining 75% of Mr. Zech's options will vest in equal monthly installments over the following thirty-six (36) months. The options have a term of five years from the date of grant.

In September 2010, options were issued to staff, under the Plan, to purchase an aggregate amount of 82,232 shares of the Company's common stock. These options were granted on September 1, 2010, with an exercise price of $0.77 per share, equal to the closing price of the Company's common stock at the date of grant. Of these staff options, 25% will vest one year from the grant date and, thereafter, the remaining 75% of options will vest in equal monthly installments over the following thirty-six (36) months. The options have a term of five years from the date of grant.

Source and Uses of Cash

Cash Used in Operating Activities

Cash used in operating activities for the three months ended September 30, 2010 was $1,504,000 compared to $3,834,000 for the same period in 2009.

Cash Requirements

We intend to allocate our current funds of approximately $7.5 million to continue the development of our two oncology programs. Specifically we intend to:

- Commence the clinical development of the drug candidate NV-143;
- Continue the pre-clinical development of NV-128 and its next-generation candidates necessary to file an IND with the FDA.

Ongoing operations, including the conduct of the pre-clinical and clinical trial program, will continue to consume cash resources without generating revenues. We will require additional financing to fund our operations in the future. We cannot assure you that we will be able to raise the funds, necessary to fund our programs, on favorable terms to us or at all.

Payments to Novogen

Future payments to Novogen under the terms of the Phenoxodiol License Agreement, as amended and the License Agreement for Triphendiol and NV-143 and the License Agreement for NV-128 are detailed in Note 5 of the financial statements "Related Party Transactions" beginning on page 13 of this Quarterly Report on Form 10-Q.

Also, we may be required to make payments to Novogen under the Services Agreement and Manufacturing License and Supply Agreement if future clinical supplies of drug product are sourced from Novogen.

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 September 30, 2010 see Note 3 to the financial statements “Expenditure Commitments” on page 12 of this Quarterly Report on Form 10-Q.

Corporate Developments

On May 18, 2010 we received a notice from Nasdaq indicating that the Company failed to comply with the minimum stockholders’ equity requirement set forth in Nasdaq Listing Rule 5450(b)(1)(A) for continued listing of its common stock on the Nasdaq Global Market because our stockholders’ equity as of March 31, 2010 as set forth in our quarterly report on Form 10-Q for the period ended March 31, 2010 of $9.16 million was below the $10 million minimum stockholders’ equity requirement. The notice also stated we would be provided 45 calendar days, or until July 2, 2010, to submit a plan to regain compliance.

We responded to Nasdaq on July 2, 2010. The response included our plans to satisfy the listing requirements with respect to the maintaining a minimum $10 million Shareholders’ equity value. We stated our intention to pursue a capital raising transaction within the time provided by Nasdaq rules if market conditions permit, to further fund development of our product candidates 1) triphendiol or its primary active metabolite NV-143, a potentially more potent, second generation analog of phenoxodiol, and 2) NV-128.

On August 5, 2010, the Company received a letter from Nasdaq indicating that, based on the Company’s plan, Nasdaq has determined to grant the Company an extension, through November 15, 2010, to regain compliance with the Rule by establishing stockholders’ equity of at least $10,000,000.

If the Company cannot evidence compliance with the listing requirement by November 15, 2010, the Company would expect to receive a delisting notice from Nasdaq. The Company would then have the option of requesting a hearing before a Nasdaq panel, which panel would have the discretion to grant up to an additional 180 days for the Company to regain compliance. In the alternative, the Company would expect to apply to transfer the listing of its common stock from the Nasdaq Global Market to the Nasdaq Capital Market. The Company believes it currently would be in compliance with the minimum stockholders’ equity requirement and all other criteria that would be applicable for listing on the Nasdaq Capital Market.

On July 14, 2010, we received notice from Nasdaq stating that for the last 30 consecutive business days, the Market Value of Publicly Held Shares closed below the minimum $5 million required for continued listing on the Nasdaq Global Market under Nasdaq Rule 5450(b)(1)(C). Market Value of Publicly Held Shares is calculated by multiplying the publicly held shares, which is total shares outstanding less any shares held by officers, directors, or beneficial owners of 10% or more, by the consolidated closing bid price. Novogen Limited currently owns 71.3% of the outstanding common stock of the Company. Therefore, the value of Novogen Limited’s shares is excluded from the Market Value of Publicly Held Shares of the Company. According to Nasdaq's letter, we would be afforded a grace period of 180 calendar days, or until January 10, 2011, to regain compliance in accordance with Nasdaq Rule 5810(c)(3)(A).

The company has indicated (see “Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operation”) that it intends to pursue capital raising transactions to further develop its drug candidates. We believe the completion of the previously-announced agreement-in-principle to acquire Novogen’s entire isoflavone-related intellectual property portfolio in a stock-based transaction would also increase the Company’s stockholders’ equity.

Item 3: Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to market interest rates relates primarily to the investments of cash balances.

We have cash reserves held primarily in U.S. and Australian dollars and we place funds on deposit with financial institutions which are generally at call.

We do not use derivative financial instruments. We place our cash deposits with high credit quality financial institutions, and, by policy, limit the amount of credit exposure to any single counter-party. We are adverse to principal loss and we ensure the safety and preservation of our invested funds by limiting default risk, market risk and reinvestment risk.

We seek to mitigate default risk by depositing funds with high credit quality financial institutions and by constantly positioning its portfolio to respond appropriately to a significant reduction in a credit rating of any financial institution.

We have no interest rate exposure due to rate changes for long-term debt.

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

Foreign Currency Risk

We conduct a portion of our business in various currencies, primarily in U.S. dollars and Australian dollars, Euros and British pounds. At September 30, 2010, we had not established a foreign currency hedging program. Net foreign exchange losses during the three months ended September 30, 2010 were $72,000 compared with net exchange losses of $90,000 during the three months ended September 30, 2009. 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 Quarterly Report on Form 10-Q, the Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

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

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PART II OTHER INFORMATION

Item 6: 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 Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MARSHALL EDWARDS, INC.

/s/ Daniel Gold
Daniel Gold
Chief Executive Officer

Date: February 4, 2011

Exhibit 31.1

CERTIFICATION

I, Daniel Gold, certify that:

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

2. Based on my knowledge, this Quarterly 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 Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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 Quarterly 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within the entities, particularly during the period in which this Quarterly Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in the Quarterly Report our conclusions about the effectiveness of this disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and

   (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrants first fiscal quarter 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: February 4, 2011

/s/ Daniel Gold

Daniel Gold
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Thomas Zech, certify that:

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

2. Based on my knowledge, this Quarterly 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 Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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 Quarterly 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within the entities, particularly during the period in which this Quarterly Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in the Quarterly Report our conclusions about the effectiveness of this disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and

   (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrants first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant'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: February 4, 2011

/s/ Thomas Zech

Thomas Zech
Chief Financial Officer

Exhibit 32.1

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), Daniel Gold, the President and Chief Executive Officer of Marshall Edwards, Inc. (the "Registrant"), and Thomas Zech, the Chief Financial Officer of the Registrant, each hereby certifies that, to his knowledge:

1. The Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2010, (the "Form 10-Q") to which this Certification is attached as Exhibit 32.1, 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: February 4, 2011

/s/ Daniel Gold
Daniel Gold
Chief Executive Officer

/s/ Thomas Zech
Thomas Zech
Chief Financial Officer