As filed with the Securities and Exchange Commission on October 31, 2003

Registration No. 333-109129

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

AMENDMENT NO. 1

to

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Marshall Edwards, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**2834**	**51-0407811**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. employer Identification Number)*

Marshall Edwards, Inc.

140 Wicks Road
North Ryde NSW 2113
Australia
(011) 61 2 8877 6196
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

The Corporation Trust Company

The Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
(302) 658-7581
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

David R. Seaton	**Steven A. Navarro, Esq.**	**Robert B. Murphy, Esq.**
Secretary	**Stephanie M. Gulkin, Esq.**	**Raymond A. Miller, Esq.**
Marshall Edwards, Inc.	**Morgan, Lewis & Bockius LLP**	**Pepper Hamilton LLP**
140 Wicks Road	**101 Park Avenue**	**600 Fourteenth Street, N.W.**
North Ryde NSW 2113	**New York, New York 10178**	**Washington, D.C. 20005-2004**
Australia	**(212) 309-6000**	**(202) 220-1200**
(011) 61 2 8877 6196		

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information contained in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in Australia or in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 31, 2003

PROSPECTUS

Marshall Edwards, Inc.

2,000,000 Common Stock Units

This is our initial public offering in the United States. This prospectus covers the sale of up to an aggregate of 2,000,000 common stock units. Each common stock unit consists of:

- one share of our common stock; and
- one warrant to purchase a share of our common stock at an exercise price equal to 120% of the initial public offering price.

The estimated initial public offering price for the common stock units is between $4.50 and $6.50 per unit.

As part of this offering, we are offering up to an aggregate of 1,500,000 common stock units at the initial public offering price to U.S. holders of ordinary shares and American Depositary Receipts of Novogen Limited, our parent company, who owned their shares or receipts as of the close of business on October 20, 2003, and to our U.S. stockholders, excluding Novogen, who owned their shares as of the close of business on October 20, 2003. See the section entitled “Plan of Distribution — Directed Share Subscription Program.”

Upon completion of this offering, Novogen will own approximately 91.6% of our outstanding common stock.

We have applied to list our common stock on The Nasdaq SmallCap Market under the symbol “**MSHL**.” Our common stock is listed on the Alternative Investment Market of the London Stock Exchange plc under the symbol “MSH.” We will apply to list the shares of common stock being offered hereby on the Alternative Investment Market. The last reported sale price on the Alternative Investment Market on October 20, 2003 was £3.90 per share, or approximately $6.53 per share based on the noon buying rate for sterling of £1.00 = $1.6749 on that date.

The shares of common stock and warrants comprising the units will separate immediately upon completion of this offering. The warrants will not be listed on any national securities exchange, automated quotation system or on the Alternative Investment Market.

Investment in the common stock units involves a high degree of risk. See “Risk Factors” beginning on page 8.

Underwritten Public Offering

	Public Offering Price	Underwriting Discounts and Commissions	Proceeds to Marshall Edwards, Inc.
Per Common Stock Unit	$	$	$
Total	$	$	$

Directed Share Subscription Program

	Public Offering Price	Management Fee	Proceeds to Marshall Edwards, Inc.
Per Common Stock Unit	$	$	$
Total	$	$	$
Aggregate Offering Proceeds			$

We have granted the underwriter an option to purchase up to an additional 300,000 common stock units at the public offering price, solely to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Janney Montgomery Scott LLC

The date of this prospectus is , 2003.

TABLE OF CONTENTS

TABLE OF CONTENTS

PROSPECTUS SUMMARY

This summary highlights key aspects of our business and our offering of common stock units that are described more fully elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making an investment decision. You should read the entire prospectus carefully, including the Risk Factors section beginning on page 8 and our consolidated financial statements and related notes beginning on page F-1 before making an investment decision.

References to "we," "us," or "our" refer to Marshall Edwards, Inc. and its consolidated subsidiary, Marshall Edwards Pty Limited. References to "Novogen" refer to Novogen Limited and its consolidated subsidiaries, other than Marshall Edwards, Inc. and its subsidiary. Unless specifically stated otherwise, the information in this prospectus assumes no exercise of the underwriter's over-allotment option. We have attached as Annex A a glossary of technical and scientific terms that we use in this prospectus.

Our Company

We are a developmental stage pharmaceutical company and our business purpose is the development and commercialization of drugs for the treatment of cancer We are presently engaged in the clinical development and commercialization of a drug candidate called phenoxodiol that we believe may have broad application against a wide range of cancers. Phenoxodiol appears to target a number of key components involved in cancer cell survival and proliferation with little or no effect on normal cells based on the emerging field of signal transduction regulation, which is the regulation of the chemical signals within cells that control specific cell functions.

Our strategy is to undertake further clinical development and testing of phenoxodiol leading ultimately to its commercialization and wide scale distribution. Pre-clinical testing has shown phenoxodiol to have broad anti-cancer action against an extensive library of human cancer cell lines, including prostate, ovarian and squamous cell carcinoma, or SCC. Phenoxodiol commenced Phase I clinical studies in Australia in 2000 and is currently undergoing Phase Ib/IIa and Phase II studie in intravenous dosage form in the United States and Australia. A Phase I clinical trial is generally the first trial of a drug in humans which tests for safety and dosage tolerance and a Phase II clinical trial tests for efficacy and adverse effects of a drug. An investigational new drug application (IND) became effective for phenoxodiol in the intravenous dosage form in January 2001 and for phenoxodiol in the oral dosage form in June 2003. An IND must be submitted to the U.S. Food and Drug Administration (the FDA) and become effective before human clinical trials on a new drug can commence in the United States.

We were incorporated in December 2000 as a wholly-owned subsidiary of Novogen Limited, an Australian registered company, and commenced operations in May 2002. Novogen's ordinary shares trade on the Australian Stock Exchange under the symbol "NRT", and American Depositary Receipts (ADRs) trade in the United States under the symbol "NVGN" on the Nasdaq National Market. In May 2002, we sold 2,523,000 shares of our common stock and warrants to purchase an equal number of shares in a private placement that raised $10.1 million in gross proceeds. These shares are admitted for trading on the Alternative Investment Marke of the London Stock Exchange under the symbol "MSH." Novogen currently controls approximately 95% of our outstanding common stock.

Novogen is involved in the discovery and development of new drugs based on signal transduction regulation, which it believes offers potential for effective, well-tolerated treatment of common degenerative diseases including cancer. A subsidiary of Novogen has granted to us, through our Australian subsidiary, Marshall Edwards Pty Limited, an exclusive non-transferable license under its patent rights and intellectual property rights in its relevant know-how to develop, market and distribute all forms of administering phenoxodiol for anti-cancer uses, except topical applications. Our exclusive rights under our amended and restated license agreement continue until the date of expiration or lapsing of Novogen's last to expire patent right covering phenoxodiol as an anti-cancer agent which we expect will be no earlier than August 29, 2017. In addition, we have the exclusive first right to accept and an exclusive last right to match any proposed dealing by Novogen in its intellectual property rights with third parties for the

development of other anti-cancer drugs derived from its library of compounds, other than for topical applications.

Novogen scientists first synthesized phenoxodiol in 1997 as part of a program of drug discovery based on the structure of naturally occurring isoflavones. Isoflavones are a family of structurally related molecules found in foods such as legumes, red clover, lentils and chickpeas. Although phenoxodiol was originally identified in 1995 as a potential intermediate in the metabolism of daidzein, itself a naturally occurring isoflavone, phenoxodiol does not appear to have been isolated or identified in mammals to date.

Market Opportunity

The primary focus in the development of phenoxodiol is currently in connection with ovarian cancer, SCC of the cervix, vagina, vulva and skin, and prostate cancer, although we believe that, subject to further successful clinical research and development, phenoxodiol may have potential uses in other forms of human cancers. The cancers for which phenoxodiol is intended to be used are relatively common. The American Cancer Society (the ACS) has estimated that in 2003 there will be 220,900 new cases of prostate cancer and 28,900 people will die as a result of this cancer in the United States. The ACS has also estimated that in 2003 there will be 25,400 new cases of ovarian cancer diagnosed and 14,300 people will die as a result of this cancer in the United States. For SCC of the cervix, vagina and vulva, the ACS estimates that in the year 2003, there will be 18,200 new cases diagnosed and that there will be 5,700 deaths caused by these cancers in the United States. The ACS estimates that 2,200 deaths will occur in the United States as a result of cutaneous SCC.

Risks of Our Business

We have a limited operating history and since our inception we have incurred losses, including net losses of $3,033,000 and $123,000 for the years ended June 30, 2003 and 2002, respectively. Since our inception through June 30, 2003, we have sustained cumulative net losses of $3,156,000. We anticipate that we will incur operating losses and negative cash flow for the foreseeable future. To date we have not commercialized any products and are not certain that we will be able to do so. We are currently developing only one drug, phenoxodiol, and if we are unable to successfully develop and commercialize phenoxodiol or license other viable drug candidates, our ability to sustain future operations will be diminished. We have not received regulatory approval to commercialize phenoxodiol, and therefore we have not generated revenues from the distribution and sale of any products. Clinical trials have a high risk of failure and any failure could impair the commercial prospects for phenoxodiol. Furthermore, because we depend on Novogen for intellectual property rights, our personnel and our supply of phenoxodiol, any failure by Novogen to protect the intellectual property rights related to phenoxodiol, to meet our staffing needs or to supply sufficient quantities of phenoxodiol, may hinder ou operations and prospects for growth.

Recent Developments

An IND for the oral form of phenoxodiol became effective in June 2003. This action will permit the commencement of a study in collaboration with Yale University School of Medicine in patients with cancer of the cervix, vulva and vagina where phenoxodiol will be used daily in patients on a monotherapy basis for periods of up to four weeks prior to surgery or radiotherapy.

A Phase II study of the intravenous dosage form of phenoxodiol in women with ovarian cancer commenced at Yale University School of Medicine in October 2002. The clinical trial is based on laboratory studies at Yale University that showed phenoxodiol to be effective at killing ovarian cancer cells, including those resistant to all standard anti-cancer drugs. The study is fully enrolled using 40 patients with advanced, metastatic ovarian cancer that has become unresponsive to at least two standard chemotherapies.

Our Address and Telephone Number

Our principal executive office is located at 140 Wicks Road, North Ryde NSW 2113, Australia, and our telephone number is 011-61-2-8877-6196. Our Internet web site address is http://www.marshalledwardsinc.com. The information contained on our web site shall not be deemed to constitute a part of this prospectus.

This Offering	
Securities Offered	2,000,000 common stock units, each unit consisting of one share of common stock and one warrant to purchase a share of our common stock
Offering Price	$ per common stock unit
Warrant Terms	Each warrant is exercisable for the purchase of one share of our common stock at an exercise price of $ per share. The warrants are immediately exercisable and expire three years from their date of issuance. The expiration date may not be extended without further action by us and the warrant agent. We do not have the right to call or otherwise redeem the warrants.
Plan of Distribution:	
Directed Share Subscription Program	Up to 1,500,000 common stock units will be offered by subscription to U.S. holders of our common stock who owned their shares on October 20, 2003, except Novogen, and to U.S. holders of Novogen's ordinary shares and ADRs who owned their shares or receipts on October 20, 2003. Janney Montgomery Scott LLC will act as our dealer manager in connection with our directed share subscription program. The common stock units being offered under our directed share subscription program are being offered concurrently with the common stock units to be sold in the underwritten offering.
Underwritten Offering	500,000 common stock units will be sold on a firm commitment basis by Janney Montgomery Scott LLC, as underwriter, along with any units not purchased in the directed share subscription program. The closing of the directed share subscription program and the underwritten offering are not conditioned upon one another and will occur concurrently.
Shares Outstanding After this Offering	54,032,000 shares (54,332,000 shares if the underwriter exercises the over-allotment option in full), not including the 2,000,000 shares (2,300,000 shares of the underwriter exercises the over-allotment option in full) of common stock underlying the warrants offered hereby and 2,514,000 shares issuable under previously issued warrants.
Use of Proceeds	We intend to use approximately $1.1 million to commence Phase II clinical trials of phenoxodiol as a monotherapy in earlier stage cancers, and we intend to use approximately $4.2 million to commence Phase II clinical trials of phenoxodiol in combinational therapy with other anti-cancer drugs for late stage chemo-resistant tumors. Actual amounts spent on these planned clinical trials may change subject to satisfactory results of ongoing clinical trials. We intend to use the balance for other corporate purposes, including potential payments to Novogen under the terms of the license agreement, potential licensing of other cancer compounds developed by Novogen and potential expansion of the clinical trial program for phenoxodiol to include other forms of cancer.

Proposed Nasdaq Symbol	MSHL
Listing on AIM	Our common stock is listed on the Alternative Investment Market of the London Stock Exchange (the AIM) under the symbol “MSH”. We will apply to list the shares of common stock being offered hereby on the AIM. The AIM is the London Stock Exchange’s global market for small growing companies.
Risk Factors	Investment in our securities involves a high degree of risk and could result in a loss of your entire investment. See “Risk Factors” beginning on page 8 to read about factors you should consider before buying our common stock units

Information Agent

Innisfree M&A Incorporated will act as our information agent to respond to any questions that our U.S. stockholders and U.S. holders of ordinary shares and ADRs of Novogen may have about subscribing for common stock units in connection with the directed share subscription component of this offering. Any questions or requests for assistance concerning the method of subscribing for common stock units or for additional copies of this prospectus can be directed to the information agent at (877) 456-3510.

The Information Agent for the directed share subscription component of this offering is:

501 Madison Avenue, 20th Floor

New York, New York 10022
Banks and Brokers Call Collect: (212) 750-5833

All Others Call Toll-Free: (877) 456-3510

Summary Historical Consolidated Financial Data

We are a development stage company. The following table sets forth our summary historical consolidated financial data derived from our audited consolidated financial statements as of June 30, 2003 and 2002, included in this prospectus. These financial statements have been audited by Ernst & Young LLP, independent auditors. The summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	Year Ended June 30,		Period from December 1, 2000 through June 30,
	2003	2002	2003
	(in thousands, except share and per share data)		
Statement of Operations Data:			
Interest and other income	$ 145	$ 7	$ 152
Net loss arising during development stage	$ (3,033)	$ (123)	$(3,156)
Net loss per common share.	$ (0.06)	$ (0.00)	
Weighted average shares used to calculate loss per share	52,023,247	49,769,581	
Common stock outstanding at year end	52,032,000	52,023,000	

	June 30,	
	2003	2002
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$7,244	$9,164
Total assets	7,286	9,185
Stockholders' equity	5,933	8,899

RISK FACTORS

Investors should carefully consider the following risks, as well as the other information contained in this prospectus before investing in our common stock units. If any of the following risks actually materializes, our business could be harmed, the price of our shares of common stock could decline and investors might lose all or part of their investment.

Risks Related to Our Business

We have a limited operating history, and we are likely to incur operating losses for the foreseeable future.

Investors should consider our prospects in light of the risks and difficulties frequently encountered by early stage and developmental companies. Although we were incorporated in December 2000, we have only been in operation since May 2002. In May 2002, we raised $10.1 million in a private placement of shares of common stock and warrants. We have incurred net losses since our inception, including net losses of $3,033,000 and $123,000 for the years ended June 30, 2003 and 2002, respectively. We anticipate that we will incur operating losses and negative cash flow for the foreseeable future. We have not yet commercialized any products and cannot be sure that we will ever be able to do so, or that we may ever become profitable. We expect to expand our clinical trials significantly, which will result in increasing losses, and may continue to incur substantial losses even if we begin to generate revenues from the distribution and sale of phenoxodiol.

If we are unable to successfully develop and commercialize phenoxodiol or license other viable drug candidates, our ability to sustain future operations will be significantly diminished.

We are currently developing only one drug, phenoxodiol. We cannot guarantee that phenoxodiol will be successful. Although we have rights to potentially develop other related compounds discovered and developed by Novogen under the terms of our amended and restated license option deed with Novogen, our rights under the license agreement are limited to the commercialization of phenoxodiol as an anti-cancer agent and these rights specifically exclude phenoxodiol in a topical application. If we are unable to develop successfully and commercialize phenoxodiol or other viable drug candidates, we may be required to cease or reduce our operations.

If we do not receive regulatory approval for phenoxodiol or such approval is withdrawn, we will not be able to commercialize phenoxodiol.

We need regulatory approval in order to commercialize phenoxodiol. We may never receive regulatory approval or if we do receive regulatory approval, it will be limited to those disease states and conditions for which phenoxodiol has proven to be safe and effective. Phenoxodiol is currently in Phase II clinical trials in intravenous dosage form to treat late stage ovarian cancer. Phenoxodiol has received IND status in the United States for the oral dosage form. The oral dosage form is also in clinical trials in Australia to treat prostate cancer and SCC. Product approval, if granted, can be withdrawn for failure to comply with regulatory requirements or upon the occurrence of adverse events following commercial introduction. In addition, our ability to market phenoxodiol in overseas countries is contingent upon receiving the required regulatory approvals in those countries. If we cannot commercialize phenoxodiol, we may be required to cease or reduce our operations. While we have not encountered any material delays, difficulties or adverse events in the regulatory process to date, we cannot assure you that such delays or adverse events will not be encountered in the future.

Our ability to achieve profitability is dependent on a number of factors, many of which are beyond our control.

Our ability to achieve profitability is dependent on a number of factors including:

- completing our clinical trial program and receiving regulatory approval. Clinical testing is a prerequisite to the receipt of the regulatory approval necessary to commercialize phenoxodiol. We cannot control the outcome of our testing program or whether we receive regulatory approval. We will not be able to generate sales revenues until we receive regulatory approval;

- establishing strategic partnerships to market and sell phenoxodiol. Our negotiating position with potential strategic partners will be affected by the success of our clinical program. If we are unable to attract partners and negotiate favorable terms, we may have difficulty generating revenues from our commercialization of phenoxodiol;

- maintaining a low cost operation and scalable supply of phenoxodiol capable of meeting the demands of the commercial market. We have contracted with Novogen for the supply of phenoxodiol and Novogen has fully complied with the terms of our amended and restated manufacturing license and supply agreement. Under the terms of the manufacturing license and supply agreement, the supply of phenoxodiol is charged to us on a cost-plus basis. We do not have direct control over the manufacturing costs of phenoxodiol. We cannot control Novogen's ability to expand its production capabilities to produce the large quantities that may be required by the commercial market. If our costs for the supply of phenoxodiol rise or if Novogen fails to supply sufficient quantities of phenoxodiol, our profitability could be adversely affected; and

- our ability to license from Novogen rights to commercialize new cancer compounds. We may license from Novogen the rights to other cancer compounds under the terms of the license option deed. If development of phenoxodiol is unsuccessful or if we choose to expand to the development of additional compounds, our success may depend on controlling the costs of developing such new compounds and negotiating a favorable license agreement with Novogen. The availability of new compounds to commercialize and the cost to develop these compounds is outside of our direct control.

We have no direct control over the costs of manufacturing phenoxodiol and increases in these costs would increase the costs of conducting clinical trials and could adversely affect future profitability if these costs increase significantly.

We do not intend to manufacture phenoxodiol ourselves and we will be relying on third parties for our supplies of phenoxodiol both for clinical trials and for commercial quantities in the future. We have contracted with Novogen to manufacture and supply us with our requirements of phenoxodiol. The cost of manufacturing phenoxodiol is charged to us on a cost-plus markup basis. We have no direct control over the costs of manufacturing phenoxodiol. If the costs of manufacturing phenoxodiol increase or if the cost of the materials used to make phenoxodiol increase, these costs will be passed on to us by Novogen making the cost of conducting clinical trials more expensive. If, in the future, a third party other than Novogen manufactures and supplies us with phenoxodiol, we will not have direct control over those manufacturing costs. Once we are able to commercialize phenoxodiol, increases in manufacturing costs could adversely affect our future profitability.

Final approval by regulatory authorities of phenoxodiol for commercial use may be delayed, limited or prevented, any of which would adversely affect our ability to generate operating revenues.

Any of the following factors may serve to delay, limit or prevent the final approval by regulatory authorities of phenoxodiol for commercial use:

- phenoxodiol is in the early stages of clinical development and we will need to conduct significant clinical testing to prove safety and efficacy before applications for marketing can be filed with the FDA, or with the regulatory authorities of other countries, to approve phenoxodiol for final use;

- data obtained from pre-clinical and clinical tests can be interpreted in different ways, which could delay, limit or prevent regulatory approval;
- it may take us many years to complete the testing of phenoxodiol or any other drug candidates, and failure can occur at any stage of this process;
- negative or inconclusive results or adverse medical events during a clinical trial could cause us to delay or terminate our development efforts;
- there is relatively limited scientific understanding of the means by which cells respond to chemical signals that reach them through the bloodstream, which we refer to as multiple signal transduction regulation or MSTR, the class of drug compounds to which phenoxodiol belongs; and
- the commercialization of phenoxodiol may be delayed if the FDA or another regulatory authority requires us to expand the size and/or scope of the clinical trials.

While we have not encountered any material delays or adverse events from the factors described above to date, we cannot assure you that such delays or adverse events will not be encountered in the future.

We may not be able to establish the strategic partnerships necessary to market and distribute phenoxodiol.

A key part of our business plan is to establish relationships with strategic partners. We must successfully contract with third parties to package, market and distribute phenoxodiol. We have not yet established any strategic partnerships. Potential partners may not wish to enter into agreements with us due to Novogen's current equity position as our majority stockholder or our contractual relationships with Novogen. Similarly, potential partners may be discouraged by our limited operating history. Additionally, our relative attractiveness to potential partners and consequently, our ability to negotiate acceptable terms in any partnership agreement will be affected by the results of our clinical program. For example, if phenoxodiol is shown to have high efficacy against a broad range of cancers, we may generate greater interest from potential partners than if phenoxodiol was demonstrated to be less effective or applicable to a narrower range of cancers. There is no assurance that we will be able to negotiate commercially acceptable licensing or other agreements for the future exploitation of phenoxodiol, including the continued clinical development, manufacture or marketing of phenoxodiol. If we are unable to successfully contract for these services, or if arrangements for these services are terminated, we may have to delay our commercialization program for phenoxodiol, which will adversely affect our ability to generate operating revenues.

We may not be able to secure and maintain suitable research institutions to conduct our clinical trials.

We rely on suitable research institutions, of which there are many, to conduct our clinical trials. While we have not previously experienced problems with third parties upon whom we rely for research or clinical trials, our reliance upon research institutions, including hospitals and cancer clinics, provides us with less control over the timing and cost of clinical trials and the ability to recruit patients than if we had conducted the trials on our own. Further, there is a greater likelihood that disputes may arise with these research institutions over the ownership of intellectual property discovered during the clinical trials. If we are unable to retain suitable research institutions on acceptable terms, or if any resulting agreement is terminated and we are unable to quickly replace the applicable research institution with another qualified institution on acceptable terms, the research could be delayed and we may be unable to complete development of, or commercialize, phenoxodiol, which will adversely affect our ability to generate operating revenues.

Any failure in our clinical trials could impair the commercial prospects for phenoxodiol.

Clinical trials have a high risk of failure. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier trials. While we have not had any material delays in our clinical

testing program, if we experience delays in the testing or approval process or need to perform more or larger clinical trials than originally planned, our commercial prospects for phenoxodiol or any other drug candidates may be impaired and we may be required to cease or reduce our operations.

We will need to raise additional funds to complete Phase III clinical trials and commercialize phenoxodiol, and the actual amount of funds we will need will be determined by a number of factors, some of which are beyond our control.

Based on our current plans, we believe that the net proceeds of this offering will provide sufficient funds to complete the current Phase Ib/IIa and Phase II clinical trials and to commence Phase II clinical trials of phenoxodiol as a monotherapy in earlier stage cancers and to commence Phase II clinical trials of phenoxodiol in combinational therapy with other anti-cancer drugs for late stage chemo-resistant tumors. We will require additional funds, however, to further the evaluation beyond these current objectives, including the completion of any Phase III clinical trials for phenoxodiol, and to pursue the commercialization of phenoxodiol.

The actual amount of funds that we will need will be determined by many factors, some of which are beyond our control. As a result, we may need additional funds sooner than we currently anticipate. These factors include:

- the progress of research activities;
- the number and scope of research programs;
- the progress of pre-clinical and clinical development activities;
- the progress of the development efforts of Novogen or any other parties with whom we enter into research and development agreements;
- our ability to establish and maintain current and new research and development and licensing arrangements;
- our ability to achieve milestones under licensing arrangements;
- the costs involved in enforcing or defending patent claims and other intellectual property rights; and
- the costs and timing of regulatory approvals.

If our capital resources are insufficient to meet future capital requirements, we will have to raise additional funds. If we are unable to obtain additional funds on favorable terms we may be required to cease or reduce our operations. Also, if we raise more funds by selling additional shares of our common stock or securities convertible into or exercisable for shares of our common stock, your ownership interests may be diluted.

Our commercial opportunity will be reduced or eliminated if competitors develop and market products that are more effective, have fewer side effects or are less expensive than phenoxodiol.

The development of phenoxodiol or drug candidates is highly competitive. A number of other companies have products or drug candidates in various stages of pre-clinical or clinical development to treat prostate cancer, ovarian cancer, SCC and other cancers that are the current focus of phenoxodiol. Some of these potential competing drugs are further advanced in development than phenoxodiol and may be commercialized earlier. Even if we are successful in developing effective drugs, phenoxodiol may not compete successfully with products produced by our competitors.

Iressa, a signal transduction inhibitor manufactured by AstraZeneca, is a potential competing treatment that has recently been granted FDA approval for use in the treatment of advanced stage non-small cell lung cancer in patients who have already received specific chemotherapy. Other potential competition might arise from the development of drugs with a related chemical heritage to phenoxodiol. Genistein and flavopiridol™ are two chemicals with an underlying flavonoid chemical structure with known

anti-cancer activity which are undergoing clinical development as anti-cancer agents. Our understanding is that genistein is in Phase II clinical studies, while we believe flavopiridol™, under development by Aventis, is in Phase III clinical testing.

Our competitors include pharmaceutical companies and biotechnology companies, as well as universities and public and private research institutions. In addition, companies active in different but related fields represent substantial competition for us. Many of our competitors, including Aventis and AstraZeneca, have significantly greater capital resources, larger research and development staffs and facilities and greater experience in drug development, regulation, manufacturing and marketing than us. These organizations also compete with Novogen, our services provider, to recruit qualified personnel, and with us to attract partners for joint ventures and license technologies that are competitive with ours. As a result, our competitors may be able to more easily develop technologies and products that would render our technologies or our drug candidates obsolete or non-competitive.

We depend on a number of key personnel whose services are provided by Novogen under our amended and restated services agreement. If we are not able to procure these services in the future, the strategic direction of the clinical development program would be disrupted, causing a delay in phenoxodiol's commercialization.

We currently rely on Dr. Graham Kelly, our Chairman and phenoxodiol program director, Professor Alan Husband, Novogen Research Director, and Mr. Chris Naughton, our President and CEO, to provide the strategic direction for the clinical development of phenoxodiol. If we are unable to secure the ongoing services of these key personnel, the commercialization program for phenoxodiol will be disrupted and will cause delays in obtaining marketing approval. Novogen has entered into employment agreements and maintains key man life insurance policies for each of these persons.

Our right to develop and exploit phenoxodiol is subject to the terms and conditions of certain agreements with Novogen and such rights may be terminated under circumstances pursuant to those agreements, some of which may be beyond our control.

We have licensed the intellectual property in the phenoxodiol technology from Novogen. All forms of administering phenoxodiol for the treatment of cancer are licensed to us, excluding topical applications. If we fail to meet our obligations under our license agreement, the manufacturing license and supply agreement or the services agreement with Novogen, any or all of these agreements may be terminated by Novogen and we could lose our rights to develop phenoxodiol. See "Certain Relationships and Related Transactions" for a description of our principal obligations under our agreements with Novogen. As of the date of this prospectus, we have no reason to believe that we will be unable to satisfy our obligations under these agreements. In addition, each of these agreements may be terminated immediately by Novogen in the event that we undergo a change of control without the consent of Novogen. A "change of control" means a change in control of more than half the voting rights attaching to the shares of our subsidiary, a change in control of more than half of the issued shares of our subsidiary (not counting any share which carries no right to participate beyond a specified amount in the distribution of either profit or capital) or a change in control of the composition of the board of directors of our subsidiary. Each of these agreements may also be terminated if we become the subject of certain bankruptcy proceedings or cease for any reason to be able to lawfully carry out all the transactions required by each respective agreement.

Our license rights are fundamental to our business and therefore a loss of these rights will likely cause us to cease operations.

The rights granted to us under our license agreement, the manufacturing license and supply agreement and the license option deed with Novogen are fundamental to our business.

The license agreement grants us the right to make, have made, market, distribute, sell, hire or otherwise dispose of phenoxodiol products in the field of prevention, treatment or cure of cancer in humans by pharmaceuticals delivered in all forms except topical applications. Our business purpose is to develop

and commercialize cancer drugs including phenoxodiol, which we would be unable to pursue without the rights granted to us under the license agreement.

Under the manufacturing license and supply agreement, we have granted to Novogen an exclusive sub-license to manufacture and supply phenoxodiol to us in its primary manufactured form and Novogen has agreed to manufacture for us our required quantities of phenoxodiol. This agreement enables us to protect the licensed intellectual property rights used in the manufacturing process while securing the services of a manufacturing partner, in Novogen, which through its equity position in the company, shares a common interest in the production of phenoxodiol.

The license option deed grants us an exclusive first right to accept and exclusive last right to match any proposed dealing by Novogen with its intellectual property rights with a third party relating to certain compounds (other than phenoxodiol) developed by Novogen and its affiliates which have applications in the field of prevention, treatment or cure of cancer in humans. The license option deed is important to our business because it allows us to maintain control over the sale by Novogen of complementary as well as potentially competitive intellectual property rights to third party competitors.

Any loss of the rights under any of these agreements will likely cause us to cease operations.

The success of phenoxodiol is largely dependent on Novogen's ability to obtain and maintain patent protection and preserve trade secrets, which cannot be guaranteed.

Patent protection and trade secret protection are important to our business and our future will depend, in part, on our ability and the ability of Novogen to maintain trade secret protection, obtain patents and operate without infringing the proprietary rights of others both in the United States and abroad. Litigation or other legal proceedings may be necessary to defend against claims of infringement, to enforce our patents, or to protect our trade secrets or the trade secrets of Novogen. Such litigation could result in substantial costs and diversion of our management's attention. Novogen has not been involved in any opposition, re-examination, trade secret dispute, infringement litigation or any other litigation or legal proceedings pertaining to the licensed patent rights.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. Novogen has applied for patents in a number of countries with respect to the use of phenoxodiol for the treatment, prevention or cure of cancer. We have licensed both issued patents and pending patent applications from Novogen. Novogen has issued patents in the United States, Australia and Singapore covering the use of phenoxodiol to prevent or treat skin cancer from ultraviolet damage. Novogen also has patents issued in Australia, Hong Kong, New Zealand and the United Kingdom related to phenoxodiol for the treatment of a variety of cancers and has recently received a notice of allowance in the U.S. that is also related to phenoxodiol for the treatment of a variety of cancers.

Novogen's applications may not proceed to grant or may be amended to reduce the scope of protection of any patent granted. The applications and patents may also be opposed or challenged by third parties. Our commercial success will depend, in part, on the ability of Novogen and us to obtain and maintain effective patent protection for the technologies underlying phenoxodiol and other compounds, and to successfully defend patent rights in those technologies against third-party challenges. As patent applications in the United States are maintained in secrecy until published or issued and as publication of discoveries in the scientific or patent literature often lag behind the actual discoveries, we cannot be certain that Novogen was the first to make the inventions covered by its pending patent applications or issued patents or that it was the first to file patent applications for such inventions. Additionally, the breadth of claims allowed in biotechnology and pharmaceutical patents or their enforceability cannot be predicted. We cannot be sure that any additional patents will issue from any of Novogen's patent applications or, should any patents issue, that we will be provided with adequate protection against potentially competitive products. Furthermore, we cannot be sure that should patents issue, they will be of commercial value to us, or that private parties, including competitors, will not successfully challenge our patents or circumvent our patent position in the United States or abroad.

In the event that Novogen does not comply with its obligations under a grant from the Australian government under which phenoxodiol was developed in part, our rights to use the intellectual property relating to phenoxodiol and developed by Novogen may revert back to the Australian government.

Novogen developed phenoxodiol in part using funds from the Australian government under what is known as the START Program. Under the START Program, Novogen must meet certain project development and commercialization obligations. Novogen has met the project development obligations and has received final payment thereon. Novogen believes it is currently in compliance with its commercialization schedule. Although Novogen believes that it has complied with its obligations under the START Program, if the Australian government disagrees, or if Novogen undergoes a change of control without the prior consent of the Australian Government, the Australian government has a right to demand that intellectual property created during the course of the project funded by the grant be vested back in the Australian government or demand repayment of the funds paid to Novogen under the program. The Australian government may then license the intellectual property rights related to phenoxodiol to other parties and may demand other intellectual property rights from Novogen. Any such reclamation by the Australian government could preclude our use of Novogen's intellectual property in the development and commercialization of phenoxodiol and we may have to compete with other companies to whom the Australian government may license the intellectual property.

Claims by other companies that we infringe their proprietary technology may result in liability for damages or stop our development and commercialization efforts.

The pharmaceutical industry is highly competitive and patents have been applied for by, and issued to, other parties relating to products competitive with phenoxodiol. Therefore, phenoxodiol and any other drug candidates may give rise to claims that they infringe the patents or proprietary rights of other parties existing now and in the future. Furthermore, to the extent that we or Novogen or our respective consultants or research collaborators use intellectual property owned by others in work performed for us or Novogen, disputes may also arise as to the rights in such intellectual property or in resulting know-how and inventions. An adverse claim could subject us to significant liabilities to such other parties and/or require disputed rights to be licensed from such other parties.

We cannot be sure that any license required under any such patents or proprietary rights would be made available on terms acceptable to us, if at all. If we do not obtain such licenses, we may encounter delays in product market introductions, or may find that the development, manufacture or sale of products requiring such licenses may be precluded. We have not conducted any searches or made any independent investigations of the existence of any patents or proprietary rights of other parties.

We may be subject to substantial costs stemming from our defense against third-party intellectual property infringement claims.

Third parties may assert that we or Novogen are using their proprietary information without authorization. Third parties may also have or obtain patents and may claim that technologies licensed to or used by us infringe their patents. If we are required to defend patent infringement actions brought by third parties, or if we sue to protect our own patent rights, we may be required to pay substantial litigation costs and managerial attention may be diverted from business operations even if the outcome is not adverse to us. In addition, any legal action that seeks damages or an injunction to stop us from carrying on our commercial activities relating to the affected technologies could subject us to monetary liability and require us or Novogen or any third party licensors to obtain a license to continue to use the affected technologies. We cannot predict whether we or Novogen would prevail in any of these types of actions or that any required license would be made available on commercially acceptable terms or at all.

The enforcement of civil liabilities against our officers and directors may be difficult.

All of our officers and directors are residents of jurisdictions outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon our officers and directors or to enforce judgments obtained against our officers and directors or us in United States courts.

Our revenue is affected by fluctuations in currency exchange rates.

Much of our expenditures and potential revenue will be spent or derived outside of the United States. As a result, fluctuations between the United States dollar and the currencies of the countries in which we operate may increase our costs or reduce our potential revenue. At present, we do not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the U.S. dollar.

We are authorized to issue a class of blank check preferred stock, which could adversely affect the holders of our common stock.

Our certificate of incorporation allows us to issue a class of blank check preferred stock with rights potentially senior to those of our common stock without any further vote or action by the holders of our common stock. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to the holders of our common stock or could adversely affect the rights and powers, including voting rights, of such holders. In certain circumstances, such issuance could have the effect of decreasing the market price of our shares, or making a change in control of us more difficult.

Risks Related to Our Relationship with Novogen

As our majority stockholder, Novogen will have the ability to determine the outcome of all matters submitted to our stockholders for approval and Novogen's interests may conflict with our's or our other stockholders' interests.

Upon completion of this offering, Novogen will beneficially own approximately 91% of our outstanding shares of common stock assuming no additional warrants are exercised. As a result, Novogen will have the ability to effectively determine the outcome of all matters submitted to our stockholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets.

Novogen will have the ability to effectively control our management and affairs. Novogen's interests may not always be the same as that of our other stockholders. In addition, this concentration of ownership may harm the market price of our shares by:

- delaying, deferring or preventing a change in control;
- impeding a merger, consolidation, takeover or other business combination involving us;
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us; or
- selling us to a third party.

A majority of our directors are officers and/or directors of Novogen which may create a conflict of interest.

Four of our six existing board members, including our Chairman, currently serve as board members of Novogen. Our President and Chief Executive Officer, Christopher Naughton, is the Managing Director of Novogen. Our Chief Financial Officer and Secretary, David Ross Seaton, is the Chief Financial Officer of Novogen. Simultaneous service as a Novogen director or officer can create, or appear to create, a conflict of interest, when such directors or officers are presented with decisions that could have different implications for us and for Novogen.

Novogen can compete with us.

We have no contract, arrangement or understanding with Novogen to preclude it from developing a product which may be competitive with phenoxodiol or to use phenoxodiol for any uses other than anti-cancer applications. Novogen has reserved the intellectual property rights and know-how rights relating to topical applications of phenoxodiol even in the field of cancer. There can be no assurance that Novogen or its subsidiaries will not pursue alternative technologies or product candidates either on its own or in collaboration with others, as a means of developing treatments for the conditions targeted by phenoxodiol or any other product candidate which we seek to exploit.

We are dependent on Novogen for our personnel.

We have no employees. We rely on Novogen to provide or procure the provision of staff and other financial and administrative services under our services agreement with Novogen. Novogen has fully complied with the terms of our services agreement. To successfully develop phenoxodiol, we will require ongoing access to the personnel who have, to date, been responsible for the development of phenoxodiol. The services agreement does not specify a minimum amount of time that Novogen employees must devote to our operations. If we are unable to secure or if we lose the services of these personnel, the ability to develop phenoxodiol could be materially impaired. Moreover, if our business experiences substantial and rapid growth, we may not be able to secure the services and resources we require from Novogen or from other persons to support that growth.

We are largely dependent on Novogen for our supply of phenoxodiol and, should Novogen be unable to supply commercial quantities of phenoxodiol, it may be difficult to secure an alternative source.

It is currently intended that phenoxodiol will be supplied to us in its primary manufactured form by Novogen under the manufacturing license and supply agreement. As the manufacturing process for phenoxodiol has not been tested in the quantities needed for commercial sales, we may be unable to receive the necessary quantities in a timely manner. In addition, in order for Novogen to supply commercial quantities of phenoxodiol in due course, it will need to build a new manufacturing plant. To build a new manufacturing plant, Novogen will need to scale up its current pilot plant. If the plant proves difficult to scale up or requires significant redesign, our ability to commercialize phenoxodiol could be delayed. Our larger manufacturing plant will also have to comply with the FDA's current Good Manufacturing Practices, or cGMPs. Also, significant additional capital will be required to build the plant. Such capital may not be available to Novogen.

If Novogen materially and persistently fails to supply us with the quantities of phenoxodiol that we require, the manufacturing license and supply agreement permits us, and we would consider, contracting with third party manufacturers for the production of phenoxodiol. Any third party manufacturer would have to satisfy cGMPs and would have to meet our quality assurance standards. In addition, it may be difficult to negotiate acceptable terms with any third party manufacturer.

Risks Related to this Offering

An active trading market for shares of our common stock may not develop following their admission to the Nasdaq SmallCap Market.

Prior to this offering, there has not been a public trading market for our common stock in the United States. An active, liquid trading market for our common stock may not develop or be maintained following this offering. As a result, you may not be able to sell your shares quickly or at the market price. The initial public offering price of our common stock units was determined by negotiation between us and the underwriter based on a number of factors, which may not be indicative of prices that will prevail in the U.S. trading market. The market price of our common stock on the Nasdaq SmallCap Market may decline below the initial offering price, and you may not be able to resell your shares of our common stock at or above the initial offering price.

There may not be a market for the warrants and you may have difficulty selling your warrants.

There is currently no public market for the warrants that are being offered by this prospectus. We do not intend to list the warrants on any national securities exchange, automated quotation system or on the Alternative Investment Market of the London Stock Exchange. No assurance can be given that an active trading market will develop or as to the liquidity or sustainability of any such market. Accordingly, you may not be able to sell your warrants.

The trading price of the shares of our common stock could be highly volatile, your investment could decline in value, and we may incur significant costs from class action litigation.

The trading price of our common stock could be highly volatile in response to various factors, many of which are beyond our control, including:

- developments concerning phenoxodiol;
- announcements of technological innovations by us or our competitors;
- new products introduced or announced by us or our competitors;
- changes in financial estimates by securities analysts;
- actual or anticipated variations in operating results;
- expiration or termination of licenses, research contracts or other collaboration agreements;
- conditions or trends in the regulatory climate and the biotechnology, pharmaceutical and genomics industries;
- changes in the market valuations of similar companies;
- the liquidity of any market for our securities;
- trading prices of our common stock on the Alternative Investment Market of the London Stock Exchange; and
- additional sales by us or Novogen of shares of our common stock.

In addition, equity markets in general, and the market for biotechnology and life sciences companies in particular, have experienced substantial price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies traded in those markets. In addition, changes in economic conditions in the United States, Europe or globally, could impact upon our ability to grow profitably. Adverse economic changes are outside our control and may result in material adverse impacts on our business or our results of operations. These broad market and industry factors may materially affect the market price of our shares of common stock, regardless of our development and operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted against that company. Such litigation, if instituted against us could cause us to incur substantial costs and divert management's attention and resources.

Future sales of our common stock may depress our stock price.

The market price of our common stock could decline as a result of sales of substantial amounts of our common stock in the public market after this offering, or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future equity offerings. There will be 54,032,000 shares of our common stock outstanding immediately after this offering. This does not include any shares of our common stock that may be issued upon exercise of warrants that will be outstanding after this offering.

All of the shares of our common stock sold in this offering will be freely transferable by persons other than our affiliates without restriction or further registration under the Securities Act. The remaining shares of common stock outstanding will be "restricted securities" as defined in Rule 144 of the Securities Act.

These shares may be sold in the future without registration under the Securities Act to the extent permitted by Rule 144 or other exemptions under the Securities Act. See “Shares Eligible for Future Sale.”

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

If you purchase common stock units in this offering, you will in effect pay more for your shares of common stock than the amounts paid by existing stockholders for their shares. As a result, you will incur immediate and substantial dilution of $ per share, representing the difference between our pro forma net tangible book value per share after giving effect to this offering and the initial public offering price. In addition, purchasers of our common stock units in this offering will have contributed approximately % of the aggregate price paid by all purchasers of our common stock, but will own only approximately % of the shares outstanding after this offering based on the number of shares of our common stock outstanding as of June 30, 2003. Further, if the holders of the currently outstanding warrants exercise those warrants at prices below the initial public offering price, you will experience further dilution. We may also acquire other companies or technologies or finance strategic alliances by issuing equity, which may result in additional dilution to our stockholders.

You will not be able to exercise the warrants offered hereby if we do not maintain the effectiveness of the registration statement and a current prospectus.

If we do not maintain an effective registration statement and a current prospectus or comply with applicable state securities laws, you may not be able to exercise the warrants offered hereby. In order for you to be able to exercise the warrants, the shares underlying the warrants must be covered by an effective registration statement and a current prospectus and be qualified for sale or exempt from qualification under the applicable securities laws of the state in which you reside. Although we cannot assure you that we will actually be able to do so, we will use our best efforts to:

- maintain an effective registration statement and a current prospectus covering the shares of our common stock underlying the warrants at all times when the market price of the common stock exceeds the exercise price of the warrants until the expiration of the warrants, and

- maintain the registration of such shares under the securities laws of the states in which we initially qualify the common stock units for sale in this offering.

There can be no assurance that the trading price of our common stock will exceed the exercise price of the warrants being sold in this offering.

The warrants will entitle the holders to purchase one share of our common stock at an exercise price equal to 120% of the initial public offering price anytime after issuance until the warrants expire on the third anniversary of their issuance. There can be no assurance that the trading prices of our common stock will exceed the exercise price of the warrants. As a result, your warrants could expire and have no value.

We will have broad discretion over the use of the proceeds to us from this offering.

We will have broad discretion to use the net proceeds to us from this offering, and you will be relying on the judgment of our board of directors and management regarding the application of these proceeds. Although we expect to use a substantial portion of the net proceeds from this offering for general corporate purposes, including potential payments to Novogen under the terms of the license agreement, potential licensing of other cancer compounds developed by Novogen under the license option deed and potentially expanding the clinical trial program for phenoxodiol to include other forms of cancer, we have not allocated these net proceeds for specific purposes.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our 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 our 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 described in "Risk Factors" and elsewhere in this prospectus, including, among other things:

- receipt of regulatory approvals;
- successful completion of clinical trials;
- continued cooperation and support of Novogen, our parent;
- future expenses and financing requirements; and
- competition and competitive factors.

These risks are not exhaustive. Other sections of this prospectus may include additional factors which could adversely impact our business and financial performance. 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.

USE OF PROCEEDS

We expect to receive approximately $ million in net proceeds from this offering ($ if the underwriter exercises its over-allotment option in full), assuming an initial public offering price of $ per common stock unit, the midpoint of the range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses.

We intend to use the net proceeds from this offering as follows:

Use of Proceeds	Allocation	
We intend to use approximately $1.1 million to commence Phase II clinical trials of phenoxodiol as a monotherapy in early-stage prostate cancer, SCC of the cervix, vagina and vulva, and possibly other tumors such as breast cancer where diagnosis of early stage disease is available;	$1.1 million	%
We intend to use approximately $4.2 million to commence Phase II clinical trials of phenoxodiol in combinational therapy with standard anti-cancer drugs for late-stage, chemo-resistant ovarian cancer, and possibly other tumors such as renal cancer; and	$4.2 million	%
We intend to use the remainder for general corporate purposes, including: • potential payments to Novogen under the terms of the license agreement, • potential licensing of other cancer compounds developed by Novogen under the license option deed and • potentially expanding the clinical trial program for phenoxodiol to include other forms of cancer. See “Certain Relationships and Related Transactions — The Amended and Restated License Agreement — Fees, Charges and Costs” for a description of our potential payments to Novogen under the license agreement.	remainder	%
Total	$	100%

DETERMINATION OF OFFERING PRICE

Prior to this offering, there has been no trading market for our common stock in the United States. Our common stock is listed on the Alternative Investment Market of the London Stock Exchange. The initial public offering price will be determined by negotiation between us and the underwriter based on a number of factors, including the historic trading prices of our common stock on the AIM, that may not be indicative of prices that will prevail in the trading market for our common stock in the United States. Other factors that will be considered in our negotiations with the underwriter include the history and the prospects for the industry in which we compete, an assessment of our management, our prospects, the general condition of the securities markets at the time of this offering, the recent market prices of, and the demand for, publicly traded securities of generally comparable companies and certain other factors as are deemed relevant.

PRICE RANGE OF OUR COMMON STOCK

Our common stock has traded on the AIM since May 2002 under the symbol “MSH”. The following table sets forth, for the periods indicated, the high and low closing sale prices for our common stock as reported by the London Stock Exchange. The trading price for our shares of common stock on the AIM are quoted in sterling (£), the lawful currency of the United Kingdom. The following table also shows the high and low closing sales price of our common stock expressed in dollars based upon the average noon buying rate for sterling for the periods indicated.

Quarter Ended	High	Low	High	Low
June 30, 2002	£2.87	£2.35	$4.11	$3.36
September 30, 2002	£2.46	£2.35	$3.81	$3.64
December 31, 2002	£2.49	£2.46	$3.84	$3.79
March 31, 2003	£2.47	£2.28	$3.96	$3.65
June 30, 2003	£3.50	£2.35	$5.66	$3.80
September 30, 2003	£3.90	£3.33	$6.28	$5.36

The following table sets forth, for the period indicated, the high, low, average and period-end noon buying rate for sterling, expressed in dollars per sterling in New York City as certified for customs purposes by the Federal Reserve Bank of New York.

Quarter Ended	High	Low	Average	Period-End
June 30, 2002	$1.5285	$1.4310	$1.4615	$1.5245
September 30, 2002	$1.5800	$1.5192	$1.5497	$1.5700
December 31, 2002	$1.6095	$1.5418	$1.5714	$1.6095
March 31, 2003	$1.6482	$1.5624	$1.6025	$1.5790
June 30, 2003	$1.6840	$1.5500	$1.6183	$1.6529
September 30, 2003	$1.6718	$1.5728	$1.6107	$1.6620

On October 20, 2003, the closing sales price of our common stock as reported by the London Stock Exchange was £3.90 per share, or approximately $6.53 per share based on the noon buying rate for sterling of £1.00 = $1.6749 on October 20, 2003. On October 20, 2003, the shares of our common stock were held by approximately 20 holders of record.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain future earnings, if any, to finance the operation and expansion of our business. Therefore, we do not anticipate paying any cash dividends on our capital stock in the foreseeable future. In addition, if we were to borrow against any credit facility that we may enter into, we may be prohibited from paying cash dividends.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2003:

- on an actual basis; and
- as adjusted to reflect the effect of the sale of a total of 2,000,000 common stock units in this offering at an assumed initial public offering price of $ per unit, the midpoint of the range set forth on the cover of the prospectus.

This table should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	As of June 30, 2003	
	Actual	As Adjusted
	(in thousands)	
Short-term debt		
Current portion of long-term debt	—	—
Long-term debt		
Bank borrowings	—	—
Stockholders’ equity: preferred stock, $0.01 par value, 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.00000002 par value, 113,00,000 shares authorized, 52,032,000 shares issued and outstanding actual and 54,032,000 shares issued and outstanding as adjusted		
Additional paid-in-capital	9,058	18,914
Deficit accumulated during development stage	(3,156)	(3,156)
Accumulated other comprehensive income	31	31
Total stockholders’ equity	5,933	15,789
Total debt and stockholders’ equity	$ 5,933	$15,789

This table excludes 2,514,000 shares of our common stock issuable upon exercise of our outstanding warrants. The outstanding warrants have an exercise price of $4.00 per share and expire on November 30, 2003. This table also excludes 2,000,000 shares of our common stock that may be issued upon exercise of the warrants that are included in the units being offered by this prospectus.

DILUTION

If you invest in our common stock units, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock units (attributing no value to the warrants that are included in the common stock units) and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering. Pro forma net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the pro forma number of shares of our common stock outstanding. Investors participating in this offering will incur immediate, substantial dilution.

Our net tangible book value at June 30, 2003, before adjustment for this offering, was approximately $5,933,000, or approximately $0.11 per share. After giving effect to the sale of 2,000,000 common stock units in this offering, at an assumed initial public offering price of $5.50 per unit, the midpoint of the range set forth on the cover page of this prospectus, and after deducting the estimated offering expenses, our as adjusted net tangible book value at June 30, 2003 would have been $15,789,000 or $0.29 per share. This represents an increase in net tangible book value of $0.18 per share to our existing stockholders and an immediate dilution (i.e., the difference between the public offering price per unit, attributing no value to the warrants that are included in the common stock units, and the net tangible book value per share adjusted for this offering) at June 30, 2003 of $5.21 per share to purchasers of the common stock units offered hereby. The following table illustrates this per share dilution:

Assumed initial public offering price per unit		$5.50	100%
Net tangible book value per share at June 30, 2003	$5,933		
Increase in net tangible book value per share attributable to the new investors	9,856		
As adjusted net tangible book value per share after this offering		0.29	
Dilution per share to new investors		$5.21	94.73%

The above table excludes the possible exercise of our 2,514,000 outstanding warrants which have an exercise price of $4.00 per share and expire on November 30, 2003.

Assuming the underwriter's over-allotment option is exercised in full, the net tangible book value at June 30, 2003 would have been $17,324,000, or $0.32 per share, the immediate increase in net tangible book value of shares owned by existing stockholders would have been $0.21 per share, and the immediate dilution to purchasers of the common stock units in this offering would have been $5.29 per share.

The following table summarizes at June 30, 2003, after giving effect to the sale of 2,000,000 common stock units at an assumed initial public offering price of $5.50 per unit, the midpoint of the range set forth on the cover page of this prospectus, the number of shares of common stock purchased from us, the total consideration paid to us for those shares, attributing no value to the warrants that are included in the common stock units, and the consideration given by the existing stockholders and by the new investors assuming approximately 54,032,000 shares of our common stock are outstanding:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
	(in thousands)		(in thousands)		
Existing stockholders	52,032	96	$10,128	48	$0.19
New investors	2,000	4	11,000	52	$5.50
Total	54,032	100	$21,128	100	

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table shows selected historical financial data for the years ended June 30, 2003 and 2002. This information has been derived from our audited consolidated financial statements included in this prospectus.

The information below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Risk Factors” and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	Year Ended June 30,		Period from December 1, 2000 through June 30,
	2003	2002	2003
	(in thousands, except share and per share data)		
Statement of Operations Data:			
Interest and other income	$ 145	$ 7	$ 152
Net loss arising during development stage	$ (3,033)	$ (123)	$(3,156)
Net loss per common share	$ (0.06)	$ (0.00)	
Weighted average shares used to calculate loss per share	52,023,247	49,769,581	
Common stock outstanding at year end	52,032,000	52,023,000	

	June 30,	
	2003	2002
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$7,244	$9,164
Total assets	7,286	9,185
Stockholders’ equity	5,933	8,899

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes thereto appearing elsewhere in this prospectus. Our fiscal year ends June 30. We commenced business operations in May 2002, and as a result our financial results for fiscal 2003 represent our first full year of operations.

Results of Operations

We are a development stage company and our business purpose is the development and commercialization of drugs for the treatment of cancer. We are presently engaged in the clinical development of the anti-cancer drug phenoxodiol, which Novogen has licensed to us. Our main focus during fiscal 2003 was to undertake human clinical testing of phenoxodiol. We do not employ any staff directly but obtain services from Novogen under a services agreement.

We recorded a consolidated loss of $3,033,000 and $123,000 for the fiscal years ended June 30, 2003 and 2002, respectively. We have not generated any revenues from operations since our inception. We have, however, received interest on our cash assets of $145,000.

Consolidated operating expenses for fiscal 2003 were $3,178,000 versus $129,000 for fiscal 2002. Our major operating expenses in 2003 included $1,060,000 of costs associated with conducting the clinical trials of phenoxodiol and $1,740,000 of costs incurred under the license agreement and the services and manufacturing agreements with Novogen including the costs of the clinical trial drug supplies. All of the $1,060,000 of clinical trial expenses is included under research and development expenses in our financial statements for fiscal 2003. Of the $1,740,000 of expenses, $955,000 is included under research and development expenses, $500,000 is included under license fees expenses and $285,000 is included under selling, general and administrative expenses in our financial statements for fiscal 2003. See "Certain Relationships and Related Transactions."

Research and Development Expenses

Research and development expenses consist mainly of our clinical trial expenditures, our payments to Novogen for research support services under the terms of the services agreement and the cost of phenoxodiol used in the clinical trials supplied by Novogen under the terms of the manufacturing license and supply agreement. Research and development expenses amounted to $2,024,000 in fiscal 2003. Research and development costs incurred since inception amount to $2,093,000.

We expense our research and development costs as they are incurred and we expect our research and development costs to increase in the future as we progress the phenoxodiol clinical program.

We have not documented our historical research and development costs or our clinical trial costs on a project by project basis. In addition, we use the research and development resources supplied by Novogen across several projects. As a result, we cannot state precisely the costs incurred for each of our clinical projects on a project by project basis.

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

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

- the number of sites included in the trials;
- the length of time required to enroll suitable patients;
- the number of patients that participate in the trials; and
- the efficacy and safety profile of the product.

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

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

Selling, General and Administrative Expenses

Selling general and administrative expenses consist mainly of expenses associated with accounting and auditing, professional fees, public relations and administration fees paid to Novogen under the terms of the services agreement.

We intend to continue the clinical development of phenoxodiol and to assess the opportunity to license other cancer drugs developed by Novogen as the opportunities arise.

Liquidity and Capital Resources

At the end of fiscal 2003, we had cash resources of $7,244,000. Funds are invested in short-term money market accounts, pending use. The implementation of our business plan is dependent on our ability to maintain adequate cash resources to complete the clinical development program.

In May 2002, we raised $10,092,000 through a private placement of 2,523,000 shares of common stock in conjunction with the listing of our common stock on the Alternative Investment Market of the London Stock Exchange. Total proceeds of $9,022,000 were received, net of $1,070,000 of transaction costs. The 2,523,000 shares of our common stock, which represent 4.9% of our issued common stock, were issued at $4.00 per share. Each share has an attached warrant exercisable at any time prior to November 30, 2003 with an exercise price of $4.00 per share. These funds were sufficient to progress the clinical development program that Novogen had commenced prior to licensing phenoxodiol to us and to commence new clinical trials. At present, 9,000 warrants have been exercised.

Based on our current plans, we believe that with the net proceeds of this offering, we will have sufficient funds to complete the current Phase Ib/IIa and Phase II clinical trial program, commence Phase II clinical trials of phenoxodiol as a monotherapy in early stage cancer, and to commence Phase II clinical trials of phenoxodiol in combinational therapy with other anti-cancer drugs for late stage chemo-resistant tumors. We believe we will have sufficient cash resources to fund our operations at least through the end of the fiscal year. Our ongoing operations through the conduct of the clinical trial program will continue to consume cash resources without generating revenues.

If the Phase III clinical program, which is a multi-center study measuring efficacy in a large number of patients, is undertaken, we will require additional funds to complete the program. We are not able to reasonably estimate at this time either the amount required or when that amount will need to be raised. This will to a large extent be influenced by the number of patients enrolled in the trial, which can only be determined accurately upon completion of Phase II trials. If the Phase II trials are successful, we will seek to raise the funds required to complete Phase III trials or enter into a collaborative arrangement with a major pharmaceutical company.

We must pay amounts to Novogen under our license agreement with Novogen when certain milestones are met, as follows:

- A lump sum license fee of $5,000,000 is payable to Novogen on the date when the cumulative total of all funds received from debt or equity issuances, revenue received from commercialization income, other than sales, and revenue from sales of phenoxodiol products exceeds $25,000,000.

- A further lump sum license fee of $5,000,000 is payable to Novogen on the later of November 1, 2003 or on the date when the cumulative total of all funds received from debt or equity issuances,

revenue received from commercialization income, other than sales, and revenue from sales of phenoxodiol products exceeds $50,000,000.

The cumulative total of funds received by us as of the date of this prospectus is $10,128,000.

In addition, we must pay annual license fees to Novogen under the license agreement for the calendar years ended December 31 as follows:

2003	$1,000,000
2004	$2,000,000
2005	$4,000,000
Each calendar year thereafter	$8,000,000

Any amounts payable to Novogen under the above annual payments will be reduced for amounts we pay under the first lump sum license fee referred to above. For the fiscal year ended June 30, 2003, $500,000 has been included as license fee expense in the consolidated statements of operations. See “Certain Relationships and Related Transactions” for more information about our license agreement with Novogen.

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

Critical Accounting Estimates

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

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

Clinical trial expenses of $1,060,000 have been included in our financial statements for the year ended June 30, 2003, of which $331,000 had been accrued at June 30, 2003. These estimates are based on the number of patients in each trial and the patient treatment cycle.

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

Recent Accounting Announcements

Accounting pronouncements issued by the Financial Accounting Standards Board or other authoritative accounting standards groups with future effective dates are either not applicable or not significant to our consolidated financial statements.

Market Risk and Risk Management Practices

We have established controls at the board level designed to safeguard our interests and ensure integrity in the reporting to stockholders. Our practices are in place to minimize risks that arise through our activities. These include practices that:

- ensure that any capital expenditure above a certain level is approved by the board;

- ensure that business risks are appropriately managed through an insurance and risk management program;

- ensure that safety, health, environmental standards and management's systems are monitored and reviewed to achieve high standards of compliance and performance; and

- ensure implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of key performance indicators.

Impact of Inflation

Although inflation has slowed in recent years it is still a factor that may affect our financial performance. We do not earn sales revenue and for the foreseeable future we will not be able to increase the price of goods sold to offset inflationary effects. Costs incurred in conducting clinical trails are affected by inflation as are other inputs. There is a risk that costs will increase over time due to inflation increasing the cost to us.

BUSINESS

We are a developmental stage pharmaceutical company and our business purpose is the development and commercialization of drugs for the treatment of cancer. We are presently engaged in the clinical development and commercialization of a drug candidate called phenoxodiol, which we believe may have broad application against a wide range of cancers. Phenoxodiol appears to target a number of key components involved in cancer cell survival and proliferation based on the emerging field of signal transduction regulation, with little or no effect on normal cells. We have attached as Annex A, a glossary of technical and scientific terms that we use in this prospectus.

Scientific Overview

Phenoxodiol belongs to a class of drugs that we refer to as Multiple Signal Transduction Regulators (MSTRs).

Signal transduction refers to the means by which cells respond to chemical signals that come from within the cell itself, from neighboring cells, and from elsewhere in the body. These signals regulate such vital functions as the growth and survival of the cell. We believe that malfunctions in key components of the signal transduction process (whereby a series of chemical signals within a cell leads to the expression of a particular function) are fundamental to degenerative diseases such as cancer, where cells respond abnormally to normal levels of signals, typically by over-responding to them with increased cell growth and survival.

We believe that identifying malfunctions in the signal transduction process and then designing drugs to block or correct them has become a basis for the development of the next generation of anti-cancer drugs. These drugs have become known as signal transduction inhibitors. These drugs are being designed to target a specific signaling pathway which typically is over-active in a tumor cell, and by blocking its progression, so to prevent or reduce the ability of the tumor cell to divide or to survive. We believe that signal transduction inhibitors, while displaying anti-tumor activity against a small number of different types of cancer, generally have failed to provide more than modest prolongation of survival of cancer patients. We believe this is because most human cancers involve errors of multiple signaling pathways, and inhibition of a single pathway by any one drug alone cannot reasonably be expected to provide more than a temporary halt to cancer progression.

Based on our clinical studies, we believe phenoxodiol increases the potency of signal transduction inhibitors by targeting multiple signaling pathways, and in particular, those pathways vital to the survival of most, if not all, human cancer cells. In the term MSTR, “multiple” refers to the fact that more than one signaling pathway is targeted by the drug, and “regulator” refers to the fact that while the drug predominantly inhibits errant signaling pathways, other signaling pathways (e.g., anti-survival pathways) can be activated.

We believe that phenoxodiol targets a number of key components involved in cancer cell survival and proliferation signal transduction processes. For example, phenoxodiol appears to target enzymes called kinases that catalyze phosphorylation of acceptor molecules. These kinases appear to be involved in signaling related to cell survival and cell growth (e.g. sphingosine kinase, a kinase believed to be important to both cell survival and cell growth). Inhibition of these targets results in increased cancer cell death and cancer cell cytostasis (the inhibition of cell growth or division).

This disrupting effect of phenoxodiol is restricted to tumor cells, with non-tumor cells remaining unaffected. A potential explanation for this selective anti-tumor effect was provided by a recent discovery of a research team at Purdue University. The research team discovered that phenoxodiol targets a particular member of the ECTO-NOX family of proteins. This family of proteins regulates fundamental biological processes at the cell surface that are vital to the survival and growth of all living matter. One of these proteins, known as constitutive NADH oxidase (CNOX) is a fundamental source of hydrogen ions for all living cells. The Purdue University studies have now shown that all forms of human cancer express a variant form of CNOX, known as tNOX. The presence of tNOX disrupts the normal pattern of behavior

of the cell, contributing to the unregulated cell growth and survival that characterizes tumor cells. This makes tNOX the first pan-cancer expressed protein, identifying it as a potentially important new target for anti-cancer drug development. Phenoxodiol appears to specifically block the action of tNOX, with the resulting inhibition of H+ influx into the cell, leading to extensive disruption to signaling pathways and to eventual apoptosis, which is the process of programmed cell death by which a cell dies naturally. Phenoxodiol has no effect on CNOX, providing an explanation of how phenoxodiol can be so selective in its action, with its cytotoxic effects being limited to cancer cells.

Laboratory studies at Yale University also have revealed that the killing effect of phenoxodiol of cancer cells occurs through the caspase enzyme pathway, and that key triggers of this proteolytic pathway are the up-regulation of production in the cancer cell of pro-apoptotic factors such as Bax and the increased degradation of anti-apoptotic factors such as c-FLIP and XIAP. The latter effect facilitates death of cancer cells via either the Fas or TRAIL death receptor mechanisms, each of which is a signaling molecule that when activated causes cell death. Some aspects of this function were published recently in the Nature journal, *Oncogene*.

Recent laboratory studies conducted by Novogen and Yale University have revealed that phenoxodiol interacts well with a number of standard anti-cancer drugs such as cisplatin, gemcitabine and taxanes. In one aspect of this effect, phenoxodiol appears to restore sensitivity to these drugs in cells such as ovarian cells that have acquired resistance to such drugs. In another aspect, pretreatment of tumor cells with phenoxodiol considerably increases the sensitivity of virgin tumor cells to the cytotoxic effects of standard chemotoxic drugs. Both of these effects are achieved without increasing the toxicity of the standard chemotoxic drugs to non-tumor cells.

Market Opportunity

The American Cancer Society, or ACS, has reported that, in the year 2003, approximately 1,344,100 new cancer cases are expected to be diagnosed in the United States and that since 1990, approximately 17 million new cancer cases have been diagnosed. The ACS has also reported that 556,500 people in the United States are expected to die from cancer this year.

The primary focus in the development of phenoxodiol is currently in connection with ovarian cancer, squamous cell carcinoma, or SCC of the cervix, vagina, vulva and skin, and prostate cancer. Subject to further successful clinical research and development, we believe that phenoxodiol may have potential uses in other forms of human cancers as well as in combinational therapy with other anti-cancer drugs.

The cancers for which phenoxodiol is intended to be used are relatively common. The ACS has estimated that in 2003 there will be 220,900 new cases of prostate cancer and 28,900 people will die as a result of this cancer in the United States. The ACS has also estimated that in 2003 there will be 25,400 new cases of ovarian cancer diagnosed and 14,300 will die as a result of this cancer in the United States. For SCC of the cervix, vagina and vulva, the ACS estimates that in the year 2003, there will be 18,200 new cases diagnosed and that there will be 5,700 deaths caused by these cancers in the United States. The ACS estimates that 2,200 deaths will occur in the United States as a result of cutaneous SCC.

The treatment of prostate cancer depends on age, stage of the cancer, and other medical conditions of the patient. Current treatment options include surgery, radiation, hormonal therapy or chemotherapy (or a combination of these treatments) depending on the stage of the disease. Survival rates also depend on the stage of the disease. However, there is a low survival rate associated with advanced disease.

Treatment options for ovarian cancer include surgery, radiation therapy and chemotherapy. Treatment in advanced cases is associated with low survival rates.

SCC is a common type of cancer found in the skin and mucous membranes of the body. Cancers of the cervix, vagina and vulva are mostly of the SCC type and are recognized for their poor response to standard chemotherapy. Surgery remains the treatment of choice for these cancers and treatment in advanced cases is associated with low survival rates. Cutaneous SCC is a relatively common form of skin

cancer. It is most common in sun-exposed areas and if left untreated can invade locally, requiring extensive surgery.

Overall Clinical Development Strategy

Based on the clinical and pre-clinical work conducted on phenoxodiol, we believe that based on its mode of action, phenoxodiol has the potential ultimately to become a treatment option for a wide range of human cancers, and to be employed at various stages of cancer development ranging from early stage cancer through to late-stage cancer.

The immediate priority, is to focus on those therapeutic indications that will expedite drug marketing approval of phenoxodiol by regulatory bodies. To this end, we will continue our work in late-stage chemo-resistant cancers including completing our current intravenous monotherapy ovarian cancer clinical trial currently underway at Yale University. Pending the outcome of this trial we intend to expend our intravenous program to include combinational therapy using phenoxodiol in combination with standard chemotherapy drugs in cancers which have become chemo-resistant. In chemo-resistant cancers we hope to show that phenoxodiol will provide in humans what it has demonstrated in the laboratory and in animal models, that is, the restoration of chemo-sensitivity to standard chemotoxic agents. In this way, phenoxodiol will be used to “condition” the tumor cells to the more destructive effects of drugs such as cisplatin, gemcitabine and taxanes, with the combined effects of all drugs providing a potent force able to attack well-established and extensive cancer disease. In the next stage of our clinical development program for phenoxodiol in the area of chemo-resistant cancers, it is possible that other forms of cancer (such as renal carcinoma, head and neck cancer), generally regarded as unresponsive to standard drugs, will be added to this program in due course in order to maximize the opportunity for treating chemo-resistant cancers.

A secondary priority is to develop phenoxodiol for use in earlier-stage cancers. This is the basis of the planned clinical program involving oral phenoxodiol in SCC of the cervix, vagina, vulva including our planned adjuvant trial at Yale University and skin, and prostate cancer. These are all forms of cancer for which early diagnosis is commonly available, and for which a non-invasive, non-surgical drug option might be an attractive therapeutic option. In this strategy, phenoxodiol is being studied in the first instance as an oral monotherapy in the expectation that phenoxodiol alone will provide an adequate anti-cancer effect.

Specific Objectives

Our current objectives are to:

- complete the Phase Ib/IIa and Phase II clinical programs for phenoxodiol as a monotherapy currently being undertaken;
- commence a Phase II study in patients with late-stage, chemo-resistant ovarian cancer that will use phenoxodiol in combination with standard anti-cancer drugs.
- commence Phase II studies for phenoxodiol as a monotherapy, targeting early-stage cancer of the cervix, vagina and vulva, and prostate cancer;

We anticipate that with the proceeds of this offering we will have sufficient funds for these activities. The success and timing of the clinical trials could vary significantly from current estimates. A delay in any one phase of trials is likely to delay following phases. Our long-term objectives will be to:

- commence Phase III clinical trials for phenoxodiol as both a monotherapy for early-stage cancers and for use in combinational therapy for later-stage cancers;
- seek to develop relationships with strategic partners for the development, marketing and distribution of phenoxodiol as a treatment for those cancer indications for which regulatory approval is obtained;
- potentially expand the uses of phenoxodiol to treat other cancers; and
- pursue appropriate opportunities to develop and commercialize other anti-cancer compounds.

We will require additional funding in order to undertake our long-term objectives.

History of Phenoxodiol Development

In 1995, phenoxodiol was identified as a potential intermediate in the metabolism of daidzein, a naturally occurring isoflavone. Isoflavones are a family of structurally related molecules found in foods such as legumes, red clover, lentils and chickpeas. To date, phenoxodiol has not appeared to have been isolated or identified in mammals.

Novogen scientists first synthesized phenoxodiol in 1997 as part of a program of drug discovery based on the structure of naturally occurring isoflavones. When screened for anti-cancer action against human cancer cells *in vitro* (in the laboratory), phenoxodiol was found to be cytostatic and cytotoxic against a wide range of human cancer cells, but without toxicity against non-tumor cells. *In vivo* (in animals) studies in laboratory animals subsequently showed that phenoxodiol administered either orally or systemically was adequately bioavailable (absorbed into the body in useful form) and significantly retarded tumor development, in particular in athymic mice bearing xenografts of human prostate cancer. Such anti-cancer effects in animals were achieved without evidence of toxicity, and thus phenoxodiol was selected for development as a human anti-cancer drug.

Subsequent pre-clinical studies identified a range of molecular targets of phenoxodiol within human cancer cells, prompting us to classify the drug as a Multiple Signal Transduction Regulator.

The broad anti-cancer action of phenoxodiol against an extensive library of different human cancer cell lines (prostate, breast, ovarian, lung and cervical cancer, mesothelioma, melanoma, glioma and rhabdomyosarcoma), suggested potential clinical application against a wide range of types of human cancer. Further pre-clinical studies showed that phenoxodiol has a number of indirect anti-cancer effects (a potent ability as an anti-androgen, which is a process that reduces the biological impact of male sex hormones like testosterone, and an ability to induce apoptosis of hyperplastic prostate smooth muscle cells, the main type of stromal cells found in the prostate gland) that suggested prostate cancer as a particularly suitable clinical target, leading to this form of cancer being identified early as a prime potential clinical target for the drug. However, with a view to allowing further time to identify the most sensitive types of cancer to phenoxodiol, the strategy adopted was to conduct Phase I studies in patients with a wide selection of solid tumors in order to gain tentative evidence of efficacy across a range of different tumor types.

Phase Ia pharmacokinetic studies, which monitor the behavior of a drug within the body, conducted in cancer patients in May 2000 showed that phenoxodiol behaved similarly to steroidal hormones and was prone to conjugation (glucuronide and sulfates) within the body. These conjugated forms are the means by which a water-insoluble drug such as phenoxodiol is transported within the body. Conversion of these drugs to the active form requires deconjugation by relevant enzymes within end tissues to yield the bioactive (unconjugated) drug form. Bioequivalence studies showed that phenoxodiol is considerably more prone to conjugation when administered orally (greater than 99%) compared to intravenously (approximately 85%). Therefore, in the absence of definitive data on the rates of expression of deconjugating enzymes by different tumor types, it was decided to commence clinical studies with an intravenous dosage form of phenoxodiol because of the certainty of obtaining levels of unconjugated phenoxodiol in the plasma, the liquid component of blood, that were known in the laboratory to be highly cytotoxic to cancer cells.

A Phase Ib toxicity study was commenced in Australia in November 2000 and finished in March 2002. Twenty-one patients with late-stage solid cancers (any type) were given phenoxodiol by weekly bolus injections, which are intravenous injections delivered quickly (usually over several minutes), for 12 weeks. This was a dose-escalating study, with inter-patient escalation from 1 to 30 mg/kg/dose. No dose-limiting toxicity was reached and no significant toxicities other than some hypersensitivities to the drug vehicle (cyclodextrin) were encountered.

A second Phase Ib toxicity study commenced in Australia in April 2001 and concluded in 2002. Twenty-one patients with late-stage solid cancers (any type) were given phenoxodiol by continuous intravenous infusion. This was a dose-escalating study, with inter-patient escalation from 1 to 40 mg/kg/day. No dose-limiting toxicity was reached and no significant toxicities were encountered.

An IND for intravenous dosage form of phenoxodiol became effective in January 2001, allowing a third Phase Ib toxicity study to commence at The Cleveland Clinic, Ohio, in August 2001. This study concluded in 2002. Nineteen patients with late-stage solid cancers (any type) were given phenoxodiol by continuous intravenous infusion. This was a dose-escalating study, with inter-patient escalation from 0.5 to 64 mg/kg/day. No dose-limiting toxicity was reached and no significant toxicities were encountered.

Concurrent with the Phase I clinical trial program outlined above, pre-clinical studies continued with a view to better understanding the molecular targets of phenoxodiol and the most appropriate tumor types for therapy. In terms of molecular targets, a number of important actions were identified:

- that phenoxodiol has broad inhibitory activity against kinase enzymes, resulting in disruption to a wide range of signaling pathways involved in cell survival and growth;
- that phenoxodiol-induced apoptosis occurred via the caspase cascade;
- that phenoxodiol-induced apoptosis was initiated as a result of activation of death receptor (Fas, TRAIL) mechanisms and down-regulation of death receptor blockers (c-FLIP, XIAP); and
- that a key molecular target is the receptor protein, tNOX, whose inhibition leads to extensive disruption of pro-survival mechanisms.

A further key pre-clinical finding was that phenoxodiol was particularly effective against ovarian cancer, melanoma and mesothelioma cell lines that were resistant to all standard chemotoxic anti-cancer drugs, pointing to the usefulness of phenoxodiol at least in patients with these cancers who had failed all other forms of chemotherapy.

The selection of specific tumor types in which to test phenoxodiol in Phase II clinical trials was based on a number of factors. First, the known relevance of certain actions of phenoxodiol (e.g., the targeting of death receptor activity) to the survival of certain cancer cell types; second, pre-clinical experience with the use of phenoxodiol in animals bearing human tumor xenografts; and third, observations of clinical responses in patients treated with phenoxodiol. The particular tumor types selected are ovarian cancer, prostate cancer, and SCC of skin and mucosal surfaces. Renal cancer, breast and pancreatic cancer also have been identified as potential clinical targets, and may be studied in due course. A feature of this entire group of cancers that underlies their selection from a strategic point of view is their aggressiveness and generally low sensitivity to standard chemotoxic drugs.

A team of scientists at Yale University School of Medicine commenced a Phase II study in October 2002 of the intravenous dosage form of phenoxodiol in 40 patients with ovarian cancer. We expect that we will receive interim results from this study by the end of this year.

Novogen decided to pursue the clinical applications in prostate cancer and SCC using the oral dosage form of the drug. This followed the trial use of the oral dosage form in a number of patients who had completed the Phase I trials of the intravenous dosage form of phenoxodiol. The oral dosage form was found capable of prolonging survival in patients with advanced disease despite the presence of phenoxodiol in the blood in an almost completely conjugated form. It appears that certain types of tumors may have the capacity to deconjugate phenoxodiol conjugates to the active drug form. Clinical trials on the oral dosage form of phenoxodiol began in Australia in January 2002. This dosage form currently is being evaluated in Australian hospitals in Phase II clinical trials for the treatment of prostate cancer and SCC.

An IND for the oral dosage form of phenoxodiol became effective in June 2003, which cleared the way to commence a study in collaboration with Yale University School of Medicine in patients with cancer of the cervix, vulva and vagina. Phenoxodiol will be used on a monotherapy basis in patients

following a primary diagnosis of cancer. Phenoxodiol will be administered daily for periods of up to 4 weeks prior to surgery or radiotherapy.

A Phase Ib/IIa study began in early 2002 on the use of phenoxodiol in patients with hematological tumors, in an attempt to test the usefulness of phenoxodiol in non-solid tumors. However, the apparent sensitivity of certain solid tumors to phenoxodiol and the need to focus resources on those clinical opportunities mean that an application in hematological tumors is unlikely to be taken further.

Phenoxodiol and Ovarian Cancer

A team of scientists at Yale University School of Medicine is currently conducting a Phase II clinical study. The study is fully enrolled, using 40 patients with advanced, metastatic ovarian cancer that has become unresponsive to at least two standard chemotherapies (the average number of different drug regimes used previously in these patients is five per patient). Phenoxodiol is being administered as a monotherapy by bolus intravenous injection on two consecutive days per week in rising dosages (one, three, ten and twenty mg/kg/24-hr) to four groups, each of ten women, over treatment cycles of 12 weeks. Tumor response is being assessed on the basis of tumor mass, levels of the tumor marker (CA125) in the blood, survival over 12 months, and quality of life.

This clinical trial is based on laboratory studies at Yale University School of Medicine that showed phenoxodiol to be the most effective drug at killing ovarian cancer cells, including those that are resistant to all standard anti-cancer drugs.

Following analysis of the data from the current Phase II study, currently projected to be completed by December 2003, a decision will be made concerning the next stage.

A recent pre-clinical study also extended these findings by showing that phenoxodiol proved highly effective at restoring ovarian cancer cells' sensitivity to standard anti-cancer drugs such as cisplatin. Cisplatin is a standard drug used in the treatment of ovarian cancer, but patients' tumors commonly become resistant to this drug after some months. A combination of phenoxodiol and cisplatin proved highly effective in stopping human ovarian cancer growth in animals with doses of phenoxodiol and cisplatin that alone were ineffective. This raises the prospect of obtaining an enhanced clinical response of phenoxodiol by combining it with standard chemotherapies, and the opportunity to conduct a combinational drug trial in ovarian cancer patients is under review currently.

Phenoxodiol and Prostate Cancer

Two Australian hospitals are currently conducting a study testing the effect of oral phenoxodiol therapy in patients with late-stage prostate cancer that has become unresponsive to hormonal therapy. Phenoxodiol is being administered orally three times per day on a daily basis over treatment cycles of 12 weeks. There will be 24 patients in this trial, with patients being allocated to seven different dose levels (from 0.72 to 9.0 mg per 24-hr). The study currently has 18 patients enrolled.

Phenoxodiol and Cutaneous SCC

The potential for phenoxodiol in the treatment of cutaneous SCC arose from the observation that in patients being treated for other forms of cancer who coincidentally had aggressive, malignant SCC of the skin, the SCC tumors showed objective responses within several weeks. A Phase II trial is being conducted at an Australian hospital in 30 patients with malignant SCC of the skin. Phenoxodiol is being administered orally, three times daily for a period of three months. We anticipate this study being completed by the third quarter of 2004.

Competition

The clinical development and commercialization of new anti-cancer drugs is highly competitive. As a developmental stage pharmaceutical company, we compete with pharmaceutical and biotechnology

companies, academic and scientific institutions, governmental agencies and public and private research organizations.

Many pharmaceutical and biotechnology companies have products or drug candidates in various stages of pre-clinical or clinical development to treat prostate cancer, ovarian cancer, SCC and other cancers. Some of these potentially competitive drugs are further advanced in development and may receive FDA or other regulatory approval and may be commercialized earlier than phenoxodiol. Some of these drugs may be directly competitive with phenoxodiol to the extent that they would obviate the need for phenoxodiol. In other cases, however, these drugs or therapies may not be competitive to the extent that they are not mutually exclusive and could be used in conjunction with phenoxodiol.

Many pharmaceutical and biotechnology companies are developing drugs specifically in the area of signal transduction inhibition. Several such drugs have received marketing approval over the past five years. While much of the activity in this field is based on rational drug design, meaning that the nature of action of such drugs is overwhelmingly focused on individual signaling targets, it would be reasonable to expect that attention will be drawn increasingly to the development of drugs like phenoxodiol that have activity against multiple targets.

Iressa, a signal transduction inhibitor manufactured by AstraZeneca, is a potential competing treatment and has recently been granted FDA approval for use in the treatment of advanced stage non-small cell lung cancer in patients who have already received specific chemotherapy. Other potential competition might arise from the development of drugs with a related chemical heritage to phenoxodiol. Genistein and flavopiridol™ are two chemicals with a related chemical heritage of an underlying flavonoid chemical structure which are undergoing clinical development as anti-cancer agents. Our understanding is that genistein is in Phase II clinical studies, while we believe flavopiridol™, under development by Aventis, is in Phase III clinical studies.

Our competitors may develop and commercialize products that are safer, less costly and more efficacious in the treatment of cancers. In addition, we and Novogen, our services provider, face and will continue to face competition from companies, institutions, agencies and organizations, including those in fields unrelated to drug development, to recruit qualified personnel, attract partners for joint ventures and license competitive technologies.

Many of our competitors have significantly greater capital resources, larger research and development staffs and facilities and greater experience in drug development, regulation, manufacturing and marketing than we do at present. Aventis, which is developing flavopiridol™, and AstraZeneca, which has been granted approval for Iressa, are two such companies with potentially competitive anti-cancer drugs that have greater size, resources and market presence than we do. In this respect, Aventis, AstraZeneca and others may be able to more easily develop technologies and products that would render our technologies or our drug candidates obsolete or non-competitive.

Intellectual Property

Novogen has been granted patents and has additional patents pending in a number of countries which cover a family of chemically related compounds with potentially broad ranging and complementary anti-cancer effects. Novogen has granted to us an exclusive license with respect to its patent rights and intellectual property know-how to develop, market and distribute one of these compounds, phenoxodiol as an anti-cancer agent, except in topical form.

See “Certain Relationships and Related Transactions” for more information regarding our agreements with Novogen.

We have licensed from Novogen the rights to the Novogen patents and applications as they relate to phenoxodiol as an anti-cancer agent. Excluded from these rights is phenoxodiol in a topical formulation. The patent rights we have licensed from Novogen can be largely classified into two broad groups: patent rights relating to phenoxodiol used as an anti-cancer agent, which we refer to as “product patent rights”, and patent rights relating to the manufacture of phenoxodiol for anti-cancer purposes, which we refer to as

“manufacturing patent rights”. The pending and issued Novogen patent rights can be further broken down into four families, three families belonging to the product patent rights and one family belonging to the manufacturing patent rights: The three families in the product patent rights comprise phenoxodiol for the treatment of cancer (17 pending; six issued); compositions and methods for protecting skin from ultraviolet induced immunosuppression and skin damage including phenoxodiol (10 pending; three issued); therapeutic methods and compositions involving isoflav-3-ene and isoflavan structure including phenoxodiol (PCT pending). The family relating to the manufacturing patent rights relate to the production of isoflavone derivatives including phenoxodiol (17 pending). Novogen has recently received a notice of allowance from the United States Patent and Trademark Office (USPTO) related to phenoxodiol to treat a variety of cancers.

As patent applications in the United States are sometimes maintained in secrecy until published or issued and as publication of discoveries in the scientific or patent literature often lag behind the actual discoveries, we cannot be certain that Novogen was the first to make the inventions covered by the Novogen patents and applications as they relate to phenoxodiol as an anti-cancer agent referred to above. Moreover, pursuant to the terms of the Uruguay Round Agreements Act, patents filed on or after June 8, 1995 have a term of twenty years from the date of such filing, irrespective of the period of time it may take for such patent to ultimately issue. This may shorten the period of patent protection afforded to phenoxodiol as patent applications in the biopharmaceutical sector often take considerable time to issue. Under the Drug Price Competition and Patent Term Restoration Act of 1984 (the “Patent Act”), a sponsor may obtain marketing exclusivity for a period of time following FDA approval of certain drug applications, regardless of patent status, if the drug is a new chemical entity or if new clinical studies were used to support the marketing application for the drug. Pursuant to the FDA Modernization Act of 1997, the period of exclusivity can be extended if the applicant performs certain studies in pediatric patients. This marketing exclusivity prevents a third party from obtaining FDA approval for an identical or nearly identical drug under an Abbreviated New Drug Application (“ANDA”) or a “505(b)(2)” New Drug Application. The statute also allows a patent owner to obtain an extension of applicable patent terms for a period equal to one-half the period of time elapsed between the filing of an IND and the filing of the corresponding New Drug Application (NDA) plus the period of time between the filing of the NDA and FDA approval, with a five year maximum patent extension. We cannot be certain that Novogen will be able to take advantage of either the patent term extension or marketing exclusivity provisions of this law.

In order to protect the confidentiality of our technology, including trade secrets and know-how and other proprietary technical and business information, we require all of our consultants, advisors and collaborators to enter into confidentiality agreements that prohibit the use or disclosure of information that is deemed confidential. The agreements also oblige our consultants, advisors and collaborators to assign to us developments, discoveries and inventions made by such persons in connection with their work with us. We cannot be sure that confidentiality will be maintained or disclosure prevented by these agreements or that our proprietary information or intellectual property will be protected thereby or that others will not independently develop substantially equivalent proprietary information or intellectual property.

The pharmaceutical industry is highly competitive and patents have been applied for by, and issued to, other parties relating to products competitive with phenoxodiol. Therefore, phenoxodiol and any other drug candidates may give rise to claims that they infringe the patents or proprietary rights of other parties existing now and in the future. An adverse claim could subject us to significant liabilities to such other parties and/or require disputed rights to be licensed from such other parties. We cannot be sure that any license required under any such patents or proprietary rights would be made available on terms acceptable to us, if at all. If we do not obtain such licenses, we may encounter delays in product market introductions, or may find that the development, manufacture or sale of products requiring such licenses may be precluded. We have not conducted any searches or made any independent investigations of the existence of any patents or proprietary rights of other parties.

Relationship with Novogen

Novogen has been granted patents and has additional patent applications pending in a number of countries pertaining to phenoxodiol's family of compounds and to phenoxodiol itself and their use in anti-cancer therapeutics. Novogen has granted us an exclusive license under its patent rights and the intellectual property rights in its relevant know-how to develop, market and distribute all forms of administering phenoxodiol for anti-cancer applications, except topical applications.

Novogen is active in the discovery and development of new drugs based on the emerging field of signal transduction regulation. Signal transduction regulators offer the potential for effective, well-tolerated treatment of common degenerative diseases including cancer and heart disease. Novogen has developed a family of chemically related compounds with potentially broad ranging and complementary anti-cancer effects.

We have entered into certain key agreements with Novogen. These agreements are discussed briefly below. Investors should also read the detailed summary of these documents set out in "Certain Relationships and Related Transactions."

Under the license agreement, Novogen granted us an exclusive world-wide, non-transferable license, under the Novogen patent rights, to conduct clinical trials and commercialize and distribute all forms of administering phenoxodiol except topical applications. The agreement covers uses of phenoxodiol in the field of prevention, treatment or cure of cancer in humans. Our business is currently focussed on advancing the clinical program underway for the development of phenoxodiol.

Under the manufacturing license and supply agreement, Novogen assumes responsibility for the supply of phenoxodiol in its primary manufactured form for both the research and development program and phenoxodiol's ultimate commercial use. Novogen has a pilot phenoxodiol manufacturing plant which we believe has sufficient capacity to meet the projected amount of phenoxodiol required to complete the proposed clinical program.

Under the license option deed, Novogen granted us an exclusive first right to accept and an exclusive last right to match any proposed dealing by Novogen with its intellectual property rights in other synthetic compounds developed by Novogen that have known or potential anti-cancer applications in all forms other than topical applications.

Pursuant to the services agreement, Novogen will provide services reasonably required by us relating to the development and commercialization of phenoxodiol. We do not currently intend to directly employ any staff and are reliant on Novogen for the provision of resources to conduct our business.

Commercialization

Commercialization of a drug requires approval from the regulatory body of each country in which the drug is to be marketed. Following the completion of Phase III studies, the data gathered from the clinical trial program must be collated for presentation to the appropriate regulatory authorities in each territory in a form acceptable to each authority, in order to obtain the relevant regulatory approvals to market the drug in that territory. Approval usually is granted for those specific cancer indications for which the clinical data supports efficacy.

We may choose to seek regulatory approval in our own right in any or all territories. Alternatively, we may seek to establish a strategic partnership with another pharmaceutical company to market phenoxodiol in certain territories, in which case that partner may take responsibility for application for regulatory approval.

Successful commercialization requires high quality marketing campaigns and distribution arrangements in order to gain market share as fast as possible. Global pharmaceutical companies have large and professional marketing and distribution functions that regularly introduce new drugs throughout the world. For that reason, we are likely to choose to seek a strategic partnership in any or all territories in which phenoxodiol is to be marketed. Our decision to establish a strategic partnership will depend on the success

of phenoxodiol during the clinical program, the level of funding required to complete the clinical program to gain marketing approval and whether we can negotiate favorable terms with potential partners.

Decisions on both the appropriate territories in which regulatory approval will be sought and the nature of commercialization in those territories will be made by the board of directors at the appropriate time and with due regard to maximizing the commercial benefit to us.

The most significant market for phenoxodiol is the United States market. Before a drug is granted regulatory approval to be marketed and commercialized in the United States, the drug must gain approval to be tested in humans. In the United States, this requires the drug to have an effective IND status. See "— Regulation-U.S. Regulatory Requirements." Phenoxodiol has achieved this status and has commenced clinical trials in the United States.

Research and Development

The objective of our research and development program is the generation of data sufficient to achieve regulatory approval of phenoxodiol in one or more dosage forms in major markets such as the United States, and/or to allow us to enter into a commercial relationship with another party. The data is generated by our clinical trial programs.

The key aspects of this program are to provide more complete characterization of the following:

- the relevant molecular targets of action of phenoxodiol;
- the relative therapeutic indications of different dosage forms of phenoxodiol;
- the relative therapeutic benefits and indications of phenoxodiol as a monotherapy or as part of combinational therapy with other chemotoxics; and
- the most appropriate cancer targets for phenoxodiol.

Regulation

U.S. Regulatory Requirements

The U.S. Food and Drug Administration, or FDA, and comparable regulatory agencies in foreign countries regulate and impose substantial requirements upon the research, development, preclinical and clinical testing, labeling, manufacture, quality control, storage, approval, advertising, promotion, marketing, distribution, and export of pharmaceutical products, including biologics, as well as significant reporting and record-keeping obligations. State governments may also impose obligations in these areas.

In the United States, pharmaceutical products are regulated by the FDA under the Federal Food, Drug, and Cosmetic Act, or FDCA, and other laws, including in the case of biologics, the Public Health Service Act. We believe, but cannot be certain, that our products will be regulated as biologics and drugs by the FDA. The process required by the FDA before biologics or drugs may be marketed in the United States generally involves the following:

- preclinical laboratory evaluations, including formulation and stability testing, and animal tests performed under the FDA's Good Laboratory Practices regulations to assess potential safety and effectiveness;
- submission and approval of an IND, including results of preclinical tests and protocols for clinical tests, which must become effective before clinical trials may begin in the United States;
- obtaining approval of Institutional Review Boards to administer the products to human subjects in clinical trials;
- adequate and well-controlled human clinical trials to establish the safety and efficacy of the product for the product's intended use;

- development of manufacturing processes which conform to FDA current Good Manufacturing Practices, or cGMPs, as confirmed by FDA inspection;

- submission of preclinical and clinical test results, and chemistry, manufacture and control information on the product to the FDA in a New Drug Approval Application, or NDA; and

- FDA review and approval of an NDA, prior to any commercial sale or shipment of a product.

The testing and approval process requires substantial time, effort, and financial resources, and we cannot be certain that any approval will be granted on a timely basis, if at all.

The results of the preclinical tests, together with initial specified manufacturing information, the proposed clinical trial protocol, and information about the participating investigators, are submitted to the FDA as part of an IND, which must be approved before we may begin human clinical trials. Additionally, an independent Institutional Review Board at each clinical trial site proposing to conduct the clinical trials must review and approve each study protocol and oversee conduct of the trial. An IND becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day period, raises concerns or questions about the conduct of the trials as outlined in the IND and imposes a clinical hold. If the FDA imposes a clinical hold, the IND sponsor must resolve the FDA's concerns before clinical trials can begin. Pre-clinical tests and studies can take several years to complete, and there is no guarantee that an IND we submit based on such tests and studies will become effective within any specific time period, if at all.

Human clinical trials are typically conducted in three sequential phases that may overlap:

- *Phase I:* The drug is initially introduced into healthy human subjects or patients and tested for safety and dosage tolerance. Absorption, metabolism, distribution, and excretion testing is generally performed at this stage.

- *Phase II:* The drug is studied in controlled, exploratory therapeutic trials in a limited number of subjects with the disease or medical condition for which the new drug is intended to be used in order to identify possible adverse effects and safety risks, to determine the preliminary or potential efficacy of the product for specific targeted diseases or medical conditions, and to determine dosage tolerance and the optimal effective dose.

- *Phase III:* When Phase II studies demonstrate that a specific dosage range of the drug is likely to be effective and the drug has an acceptable safety profile, controlled, large-scale therapeutic Phase III trials are undertaken at multiple study sites to demonstrate clinical efficacy and to further test for safety in an expanded patient population.

We cannot be certain in that we will successfully complete Phase I, Phase II, or Phase III testing of our products within any specific time period, if at all. Furthermore, the FDA, the Institutional Review Board or we may suspend or terminate clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

Results of pre-clinical studies and trials, as well as detailed information about the manufacturing process, quality control methods, and product composition, among other things, are submitted to the FDA as part of an NDA seeking approval to market and commercially distribute the product on the basis of a determination that the product is safe and effective for its intended use. NDAs are used for products that are regulated as drugs, such as synthetic chemicals. Before approving an NDA, the FDA will inspect the facilities at which the product is manufactured and will not approve the product unless cGMP compliance is satisfactory. If applicable regulatory criteria are not satisfied, the FDA may deny the NDA or require additional testing or information. As a condition of approval, the FDA also may require post-marketing testing or surveillance to monitor the product's safety or efficacy. Even after an NDA is approved, the FDA may impose additional obligations or restrictions (such as labeling changes), or even suspend or withdraw a product approval on the basis of data that arise after the product reaches the market, or if compliance with regulatory standards is not maintained. We cannot be certain that any NDA we submit will be approved by the FDA on a timely basis, if at all. Also, any such approval may limit the indicated uses for which the product may be marketed. Any refusal to approve, delay in approval, suspension or

withdrawal of approval, or restrictions on indicated uses could have a material adverse impact on our business prospects.

Each NDA must be accompanied by a user fee, pursuant to the requirements of the Prescription Drug User Fee Act, or PDUFA, and its amendments. According to the FDA's fee schedule, effective on October 1, 2003 for the fiscal year 2004, the user fee for an application requiring clinical data, such as an NDA, is $573,500. The FDA adjusts the PDUFA user fees on an annual basis. PDUFA also imposes an annual product fee for prescription drugs and biologics ($36,080 for the fiscal year 2004), and an annual establishment fee ($226,800) on facilities used to manufacture prescription drugs and biologics. We are not at the stage of development with our products where we are subject to these fees, but they are significant expenditures that will be incurred in the future and must be paid at the time of application submission to the FDA.

Satisfaction of FDA requirements typically takes several years. The actual time required varies substantially, based upon the type, complexity, and novelty of the pharmaceutical product, among other things. Government regulation imposes costly and time-consuming requirements and restrictions throughout the product life cycle and may delay product marketing for a considerable period of time, limit product marketing, or prevent marketing altogether. Success in pre-clinical or early stage clinical trials does not assure success in later stage clinical trials. Data obtained from preclinical and clinical activities is not always conclusive and may be susceptible to varying interpretations that could delay, limit, or prevent marketing approval. Even if a product receives marketing approval, the approval is limited to specific clinical indications. Further, even after marketing approval is obtained, the discovery of previously unknown problems with a product may result in restrictions on the product or even complete withdrawal of the product from the market.

After product approval, there are continuing significant regulatory requirements imposed by the FDA, including record-keeping requirements, obligations to report adverse experiences, and restrictions on advertising and promotional activities. Quality control and manufacturing procedures must continue to conform to cGMPs, and the FDA periodically inspects facilities to assess cGMP compliance. Additionally, post-approval changes in product indications, manufacturing processes or facilities, product labeling, or other areas may require submission of an NDA Supplement to the FDA for review and approval. Failure to comply with FDA regulatory requirements may result in an enforcement action by the FDA, including Warning Letters, product recalls, suspension or revocation of product approval, seizure of product to prevent distribution, impositions of injunctions prohibiting product manufacture or distribution, and civil and criminal penalties. Maintaining compliance is costly and time-consuming. Nonetheless, we cannot be certain that we, or our present or future suppliers or third-party manufacturers, will be able to comply with all FDA regulatory requirements, and potential consequences of noncompliance could have a material adverse impact on our business prospects.

The FDA's policies may change, and additional governmental regulations may be enacted that could delay, limit, or prevent regulatory approval of our products or affect our ability to manufacture, market, or distribute our products after approval. Moreover, increased attention to the containment of healthcare costs in the United States and in foreign markets could result in new government regulations that could have a material adverse effect on our business. Our failure to obtain coverage, an adequate level of reimbursement, or acceptable prices for our future products could diminish any revenues we may be able to generate. Our ability to commercialize future products will depend in part on the extent to which coverage and reimbursement for the products will be available from government and health administration authorities, private health insurers, and other third-party payors. European Union and U.S. government and other third-party payors increasingly are attempting to contain healthcare costs by consideration of new laws and regulations limiting both coverage and the level of reimbursement for new drugs. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative or administrative action, either in the United States or abroad.

Our activities also may be subject to state laws and regulations that affect our ability to develop and sell our products. We are also subject to numerous federal, state, and local laws relating to such matters as

safe working conditions, clinical, laboratory, and manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future, and the failure to comply may have a material adverse impact on our business prospects.

Australian Regulatory Requirements

The *Therapeutic Goods Act 1989*, or 1989 Act, sets out the legal requirements for the import, export, manufacture and supply of pharmaceutical products in Australia. The 1989 Act requires that all pharmaceutical products to be imported into, supplied in, or exported from Australia be included in the Australian Register of Therapeutic Goods, or ARTG, unless specifically exempted under the Act.

In order to ensure that a product can be included in the ARTG, a sponsoring company must make an application to the Therapeutic Goods Administration, or TGA. The application usually consists of a form accompanied by data (based on the European Union requirements) to support the quality, safety and efficacy of the drug. In the case of drugs for important medical conditions the TGA will accept either European or American dossier format in an attempt to expedite the registration process.

The first phase of evaluation, known as the Application Entry Process, is usually a short period during which an application is assessed on an administrative level to ensure that it complies with the basic guidelines. The TGA must decide within 40 working days whether it will accept the application for evaluation.

Once an application is accepted for evaluation, aspects of the data provided are allocated to evaluators, who prepare evaluation reports. Following this evaluation, the chemistry and quality control aspects of a product may be referred to a sub-committee of the Australian Drug and Evaluation Committee, or ADEC to review the evaluation reports. The evaluation reports are then sent to the sponsoring company who then has the opportunity to comment on the views expressed within the evaluation report and to submit supplementary data to address any issues raised in the evaluation reports.

Once the evaluations are complete, the TGA prepares a summary document on the key issues on which advice will be sought from the ADEC. This summary is sent to the sponsoring company which is able to submit a response to the ADEC dealing with issues raised in the summary and those not previously addressed in the evaluation report. The ADEC provides advice on the quality, risk-benefit, effectiveness and access of the drug and conduct medical and scientific evaluations of the application. The ADEC's resolutions are provided to the sponsoring company after 5 working days.

The TGA takes into account the advice of the ADEC in reaching a decision to approve or reject a product. Any approval for registration on the ARTG may have conditions associated with it.

From the time that the TGA accepts the initial application for evaluation, the TGA must complete the evaluation and make a decision on the registration of the product within 255 working days. The TGA also has a system of priority evaluation for products that meet certain criteria, including where the product is a new chemical entity that it is not otherwise available on the market as an approved product, and is for the treatment of a serious, life-threatening illness for which other therapies are either ineffective or not available.

European Union Regulatory Requirements

Outside the United States, our ability to market our products will also be contingent upon receiving marketing authorizations from the appropriate regulatory authorities and compliance with applicable post-approval regulatory requirements. Although the specific requirements and restrictions vary from country to country, as a general matter, foreign regulatory systems include risks similar to those associated with FDA regulation, described above. Under EU regulatory systems, marketing authorizations may be submitted either under a centralized or decentralized procedure. Under the centralized procedure, a single application to the European Medicines Evaluation Agency (EMEA) lead to an approval granted by the European Commission which permits the marketing of the product throughout the EU. We assume that the

centralized procedure will apply to our products that are developed by means of a biotechnology process. The decentralized procedure provides for mutual recognition of nationally approved decisions and is used for products that do not qualify under the centralized procedure. Under the decentralized procedure, the holders of a national marketing authorization may submit further applications to the competent authorities of the remaining members states which will then be requested to recognize the original authorization based upon an assessment report prepared by the original authorizing competent authority. The recognition process should take no longer than 90 days, but if one member state makes an objection, which under the legislation can only be based on a possible risk to human health, we have the option to withdraw the application from that country or take the application to arbitration by the Committee for Proprietary Medicinal Products (CPMP) of the EMEA. If a referral for arbitration is made, the procedure is suspended, and in the intervening time, the only EU country in which the product can be marketed will be the country where the original authorization has been granted, even if all the other designated countries are ready to recognize the product. The opinion of the CPMP, which is binding, could support or reject the objection or alternatively could reach a compromise position acceptable to all EU countries concerned. Arbitration can be avoided if the application is withdrawn in the objecting country, but once the application has been referred to arbitration, it cannot be withdrawn. The arbitration procedure may take an additional year before a final decision is reached and may require the delivery of additional data.

As with FDA approval, we may not be able to secure regulatory approvals in Europe in a timely manner, if at all. Additionally, as in the United States, post-approval regulatory requirements, such as those regarding product manufacture, marketing, or distribution, would apply to any product that is approved in Europe, and failure to comply with such obligations could have a material adverse effect on our ability to successfully commercialize any product.

There has recently been introduced in Europe new legislation designed to harmonise the regulation of clinical trials across the EU and that legislation is currently being implemented on a country by country basis. In addition, new proposals are under advanced consideration which, if brought into law, will effect substantial and material changes to the regulation of medicinal products in Europe. Accordingly, there is a marked degree of change and uncertainty both in the regulation of clinical trials and in respect of marketing authorisations which face us in seeking for our products in Europe.

Government Funding

Novogen received financial support for the phenoxodiol drug program from the Australian government under what is known as the START Program. The START Program is a merit-based program designed to encourage and assist Australian companies to undertake research and development and commercialization through a range of grants and loans. The START Program is administered by the Industry Research and Development, or IR&D Board. The IR&D Board is made up of private sector and academic members with expertise and experience in research and development and commercialization. In 1998, the Australian government agreed to provide A$2.7 million (approximately U.S. $1.8 million) enabling Novogen to expedite phenoxodiol into clinical trials, provided that the grant money was matched by an equal expenditure by Novogen. The START grant was awarded after the government’s review of the pertinent research results, the intellectual property driving the program, and the likelihood and potential for commercial success of the drug.

The terms of the grant require Novogen to obtain the consent of the Australian government to deal with the intellectual property rights which have arisen through the program conducted to date. Novogen has obtained the consent of the Australian government to the grant of the license to us and to the other arrangements between us and Novogen concerning the development and commercialization of phenoxodiol.

Under the START Program, Novogen must meet certain project development and commercialization obligations. Novogen has met the project development obligations and has received final payment thereon. Novogen believes that it is currently in compliance with its commercialization schedule and that it has fulfilled all of its obligations under the terms of the START Program and expects to continue to do so in the future. For additional information on the consequences to us in the event Novogen fails to comply with

its obligations under the START Program, see the “Intellectual Property” and “Risk Factors” sections of this prospectus.

Employees

We do not have any employees. Novogen provides us with staff and other financial and administrative services under our service agreement with Novogen.

Facilities

We do not own or lease any facility. Novogen provides us with space for our corporate headquarters.

Legal Proceedings

We are not currently a party to any material legal proceedings.

MANAGEMENT

Directors and Executive Officers

The following sets forth information for each of our directors and executive officers.

Dr. Graham Edmund Kelly, PhD, aged 57, Chairman, Director

Dr. Kelly was appointed as our Chairman in April 2001. Dr. Kelly founded Novogen in 1992 and has spent nearly 30 years in medical research involving drug development, immunology, surgery and cancer. Dr. Kelly was a senior research fellow in experimental surgery in the Faculty of Medicine at the University of Sydney from 1972 to 1994. He developed the b-1, 3-glucan and isoflavone intellectual property now owned by the Novogen Group. Dr. Kelly was Executive Chairman of Novogen between 1997 and 2000 and continues to act as project leader for phenoxodiol. Dr. Kelly's term as one of our directors expires in 2005.

Christopher Naughton, aged 50, President and CEO, Director

Mr. Naughton has been our President and CEO since our inception in December 2000. He also has been the Managing Director of Novogen since March 1997. Mr. Naughton has degrees in Economics from the Australian National University and in Law from the University of New South Wales. He has completed the Program for Management Development at the Harvard Business School and is admitted to practice as an attorney in New South Wales. After working in merchant banking, he has spent the last 18 years in the pharmaceutical industry including appointments as a Director of Wellcome Australia Limited and in world wide business development with the Wellcome Foundation Limited in the UK. Mr. Naughton's term as one of our directors expires in 2005.

Philip Andrew Johnston, aged 56, Director

Mr. Johnston has been one of our directors since April 2001. Mr. Johnston has had more than 25 years' experience in the pharmaceutical industry. He has been a Non-Executive Director of Novogen since January 1997, and Chairman of Novogen since January 2001. Mr. Johnston spent nine years as an Executive Director of Wellcome Australia Limited from June 1988 to September 1997. He was previously Director of two subsidiary companies of GlaxoWellcome. His responsibilities have encompassed production, distribution, quality assurance and consumer product development and he has been directly involved in the establishment of strategic alliances and joint ventures. Mr. Johnston has completed a number of executive development programs including programs at the University of NSW and the London Business School. Mr. Johnston's term as one of our directors expires in 2004.

Professor David Morritz de Kretser, aged 64, Director

Professor de Kretser has been one of our Directors since April 2001. Professor de Kretser has been active in medicine and research for over 30 years, taking on roles including Professor of the Department of Anatomy, Monash University, where he has served as a professor since 1978. Professor de Kretser has been employed by Monash University continuously since 1978. Professor de Kretser has served as the Executive Chair of the Monash Institutes of Health and Associate Dean For Biotechnology Development at Monash University since July 2001 and the Director of the Australian Centre for Excellence in Male Reproductive Health since July 2001. He was the Founding Director of the Monash Institute of Reproduction and Development and remains as the Director of the Centre for Molecular Reproduction and Endocrinology within the institute. He has served on numerous international and national committees dealing with research and has experience on a number of professional editorial boards. He has published over 400 research papers and has been invited to speak at numerous national and international conferences and symposiums on topics such as fertility, andrology and endocrinology. Professor de Kretser's research has led to a number of patents in Australia and overseas. He is an Officer of the Order of Australia, a

Fellow of the Australian Academy of Science and a Fellow of the Australian Academy of Technological Sciences and Engineering. Professor de Kretser's term as one of our directors expires in 2003.

Professor Paul John Nestel, aged 73, Director

Professor Nestel has been one of our directors since April 2001. Professor Nestel has been a non-executive Director of Novogen since September 2001. Since January 1995, he has been Senior Principal Research Fellow and Head of the Cardiovascular Nutrition laboratory at the Baker Medial Research Institute, Victoria. Professor Nestel has also been Consultant Physician at the Alfred Hospital, Melbourne since January 1995. He is president of the International Life Sciences Institute (Australasia) and a member of the board of directors of ILSI South East Asia. He was formerly Clinical Professor in Medicine, The Flinders University of South Australia. Professor Nestel is an Officer of the Order of Australia. Professor Nestel's term as one of our directors expires in 2004.

Stephen Breckenridge, aged 60, Director

Mr. Breckenridge has been one of our directors since August 2003. Mr. Breckenridge has had over 25 years experience in public practice as a Chartered Accountant in Australia and since 2001, has been Managing Director of Breckenridge Consulting Pty Ltd which provides independent tax and management advice to multi-nationals and SME's. Until 2001, Mr. Breckenridge was a tax partner for 24 years with KPMG in Sydney where he provided corporate tax advice to a wide cross section of business in Australia and overseas with particular emphasis in more latter years on international transfer pricing. Mr. Breckenridge has also been involved in the pharmaceutical and chemical industries over a long period including serving on several industry association committees and leading industry focus groups within KPMG. Mr. Breckenridge holds a Master of Tax degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants and the Taxation Institute of Australia. Mr. Breckenridge was appointed to our board of directors on August 1, 2003 and his term as one of our directors expires in 2003.

David Ross Seaton, aged 49, Chief Financial Officer

Mr. Seaton has been our Chief Financial Officer and Company Secretary since December 2000 and has been the Chief Financial Officer of Novogen since September 1999. He holds a degree in Business Studies as well as a Master of Commerce degree from the University of New South Wales. He has completed management development programs at Northwestern University in Chicago as well as Duke University and the London Business School. He has 18 years experience in the pharmaceutical industry. Prior to joining Novogen in 1999 was the Finance Director of GlaxoWellcome Australia Limited from 1995 to 1999.

Corporate Governance

Board of Directors

Our board of directors has responsibility for our overall corporate governance and meets regularly throughout the year.

Four of our six existing board members are also currently directors of Novogen. We are a "controlled corporation" within the meaning given to that term by Nasdaq because Novogen owns more than 50% of our voting power. As a controlled corporation, we are exempt from the requirement that our board be composed of a majority of independent directors.

The board has established an Audit Committee to oversee our financial matters and a Remuneration Committee to review the performance of executive directors and their remuneration.

Audit Committee

The Audit Committee is responsible for overseeing our financial and accounting activities, including external audits and accounting functions. The Audit Committee meets at least twice each year. The Audit

Committee's responsibilities include the annual appointment of our outside auditors and the review of the scope of audit and non-audit assignments and related fees, the accounting principles we use in financial reporting, internal auditing procedures and the adequacy of our internal control procedures. The members of the Audit Committee are Mr. Breckenridge (chairman), Mr. Johnston and Professor de Kretser, all of whom are independent as defined by applicable and proposed Nasdaq and SEC rules. Stephen Breckenridge is an audit committee financial expert as defined by SEC rules.

Remuneration Committee

The Remuneration Committee reviews the performance of executive directors and sets their remuneration. The Remuneration Committee also has the power to make recommendations to the full board concerning the allocation of share options to directors and employees. The remuneration and terms of appointment of non-executive directors will be set by our board of directors. The members of the Remuneration Committee are Mr. Johnston, Professor de Kretser and Mr. Breckenridge.

Director and Executive Compensation

Directors

Our directors, other than Dr. Kelly and Mr. Naughton, receive directors fees of $A30,000 (approximately US$19,000) per annum from us. Dr. Kelly and Mr. Naughton do not receive any remuneration for performing their duties as our directors.

Executive Officers

Our executive officers, Dr. Kelly, Mr. Naughton and Mr. Seaton, are also executive officers of Novogen and do not receive any remuneration directly from us in performing their duties as our executive officers. At the present time, their services are provided to us pursuant to the services agreement with Novogen.

Share Option Plan

We have adopted a share option plan. As of the date of this prospectus, no options were outstanding under the share option plan and we have no present intention of granting any options under the share option plan. We expect that the board would authorize our remuneration committee to oversee the plan, but no such action has been taken. The following is a summary of the plan.

The plan provides our directors, employees, employees of our affiliates and certain of our contractors and consultants with the opportunity to participate in our ownership.

The committee will address participation, the number of options offered and any conditions of exercise. In making these determinations the committee will generally consider the participant's position and record of service to us and our affiliates and potential contribution to the growth of us and our affiliates. Any other matters tending to indicate the participant's merit may also be considered.

Options will be exercisable between two years and five years after grant, unless otherwise determined by the committee appointed by the board. Options granted will be exercisable at a price determined by the committee at the time of issue (and will be subject to adjustment in accordance with the terms of the plan).

Other key terms of the plan include:

- options will lapse if the participants cease to be engaged by us or our affiliates. The committee will have the discretion to waive this provision;
- the terms of the plan also provide for adjustments to the rights of an option holder as a result of a reorganization of our capital or other corporate event. The holder of an option is not permitted to participate in any distributions by us or in any rights or other entitlements issued by us to

stockholders in respect of our shares unless the options are exercised prior to the relevant record date; and

- all options vest on the occurrence of certain events such as a change of control, as defined in the share option plan.

The plan also contains commonly found provisions dealing with matters such as administration of the plan, amendment of the plan and termination or suspension of the plan.

BENEFICIAL OWNERSHIP OF COMMON STOCK

None of our directors or executive officers own any shares of our capital stock. The following table sets forth information with respect to the beneficial ownership of our common stock by owners of more than 5% of our common stock as of October 20, 2003. The person named in this table has sole voting and investment power with respect to the shares of common stock shown.

Name and Address of Beneficial Owner	Number Beneficially Owned Before and After this Offering of Shares	Percentage of Shares Beneficially Owned Before this Offering	Percentage of Shares Beneficially Owned After this Offering
Novogen Limited 140 Wicks Road North Ryde 2113 Australia	49,500,000	95.1%	91.6%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our agreements with Novogen are each summarized below. The following description is only a summary of what we believe are the material provisions of the agreements. Copies of the agreements have been filed with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus forms a part.

The Amended and Restated License Agreement

General

Novogen's subsidiary, Novogen Research Pty Limited, has granted our subsidiary, Marshall Edwards Pty Limited, a world-wide, non-transferable license under its patents and patent applications and in its licensed know-how to conduct clinical trials and commercialize and distribute phenoxodiol products. We and Novogen have each guaranteed the obligations of our respective subsidiaries under this license agreement. The license is exclusive until the expiration or lapsing of the last relevant Novogen patents or patent applications in the world, which we expect will be no earlier than August 29, 2017 and thereafter is non-exclusive for the remainder of the term of the agreement. The license grants us the right to make, have made, market, distribute, sell, hire or otherwise dispose of phenoxodiol products in the field of prevention, treatment or cure of cancer in humans by pharmaceuticals delivered in all forms except topical applications.

We are obliged to continue current, and undertake further, clinical trials of phenoxodiol, and are responsible for paying for all materials necessary to conduct clinical trials, must conduct all such trials diligently and professionally, must use reasonable endeavors to design and conduct clinical trials to generate outcomes which are calculated to result in regulatory approval of phenoxodiol products, and must keep proper records of all clinical trials and allow Novogen to inspect those records.

All intellectual property rights in the medication, trial protocols, results of the clinical trials, case report forms and any other materials used in the conduct of the clinical trials are assigned by us to Novogen and we must not publish the results of clinical trials without the prior written consent of Novogen. Each party must disclose to the other party developments, improvements, enhancements or new know-how in relation to the phenoxodiol product which are made or acquired by either party.

We may not sub-license, sub-contract, or engage agents without the prior written consent of Novogen. Any proposed sub-contractors and agents must first agree in writing to comply with certain confidentiality obligations and to assign to Novogen all intellectual property rights in the Field created or acquired by them in the course of their engagement.

Marketing and Commercialization

We may market and commercialize phenoxodiol products under the license in any manner we think fit, so long as we conduct any marketing and commercialization activities on a commercially reasonable basis in compliance with applicable laws and regulations, comply with reasonable directions given by Novogen, act in a manner which we consider to be most beneficial to the interests of us and Novogen, and otherwise act in good faith to Novogen. All advertising and promotional material must be submitted to Novogen for prior approval.

Fees, Charges and Costs

The following table summarizes our responsibility for fees, charges and costs under the license agreement.

Payee	Fee/Cost	Description
Novogen	License Fees	During the exclusivity period: • 2.5% of the net sales of phenoxodiol products (invoice price less trade discounts and returns taken); and • 25% of all gross income received by or on behalf of us (or our affiliates other than Novogen) from the assignment, sublicensing or other dealing with our rights under the agreement, which we refer to as commercialization income. After the exclusivity period, 1.5% of all net sales of phenoxodiol products on the basis described above.
Novogen	First lump sum license fee	A lump sum license fee of $5 million is payable on the later of November 1, 2002 or the date on which the cumulative total of the funds (debt or equity) received by us or our affiliates other than Novogen and the income derived by us or our affiliates other than Novogen and from sales of phenoxodiol products or commercialization income exceeds $25 million.
Novogen	Second lump sum license Fee	A further lump sum license fee of $5 million is payable on the later of November 1, 2003 or the date on which the cumulative total of the funds (debt or equity) received by us or our affiliates other than Novogen and the income derived by us or our affiliates other than Novogen from sales of phenoxodiol products or commercialization income exceeds $50 million.
Novogen	Annual License Fees	For each calendar year set out below for the duration of the exclusivity period, the annual license fees are: • calendar year ending December 31, 2003: $1 million; • calendar year ending December 31, 2004: $2 million; • calendar year ending December 31, 2005: $4 million; and • each calendar year following the year ending December 31, 2005: $8 million, less any amount payable to Novogen during that calendar year pursuant to the first lump sum license fee referred to above.
Novogen	Patent Costs	We must reimburse Novogen one half of the costs of filing, prosecution and maintenance of the licensed patent rights.
Novogen	Goods and Service Tax	Any goods and services tax payable on any amounts paid under the agreement.
Various	Withholding Tax	We must pay the amount of any withholding taxes payable in any country and must gross-up any royalties withheld.

Interest accrues daily on the outstanding balance of all overdue amounts payable to Novogen under the license agreement.

For the fiscal year ended June 30, 2003, we have included $500,000 as a license fee expense in our consolidated statements of operations.

Termination

We may terminate the license agreement at any time, by giving three months' notice to Novogen. We may also terminate the agreement if Novogen commits a breach of any of its material obligations under the agreement, becomes the subject of certain bankruptcy proceedings or is unable to lawfully perform its obligations. Novogen may terminate the agreement if we commit a breach of any of our material obligations under the agreement, become the subject of certain bankruptcy proceedings or are unable to lawfully perform our obligations. Novogen may also terminate the agreement immediately if a change of control, as defined in the license agreement, occurs without the consent of Novogen.

The Amended and Restated Manufacturing License and Supply Agreement

Our subsidiary, Marshall Edwards Pty Limited has granted to Novogen's subsidiary, Novogen Laboratories Pty Limited, an exclusive, non-transferable sub-license to manufacture and supply phenoxodiol to us in its primary manufactured form. We and Novogen have each guaranteed the obligations of our respective subsidiaries under this manufacturing license and supply agreement. Novogen must not sublicense its rights or engage agents or subcontractors to exercise its rights or perform its obligations under the agreement without our prior written consent.

Supply of Phenoxodiol

We provide to Novogen rolling forecasts quarterly of our estimated supply requirements for phenoxodiol, and issue purchase orders for phenoxodiol to Novogen specifying the volume of phenoxodiol required. Novogen must confirm the quantity it is able to supply to fulfill the purchase order within 5 business days of receiving the purchase order. Novogen must then supply the volume of phenoxodiol it agreed to supply, and must otherwise use all reasonable endeavors to fulfill the purchase order. Novogen must manufacture and deliver phenoxodiol to us at a port nominated by us. Title to the phenoxodiol does not pass to us until we have paid the purchase price (as described below) and retention of title arrangements apply. We are not obligated to purchase any minimum amount of phenoxodiol from Novogen.

We must also provide to Novogen at least one year's advance written notice of the date on which the phenoxodiol product will be first offered for sale commercially.

If Novogen materially and persistently fails to supply the amount of phenoxodiol ordered by us by the required date, we may manufacture (or engage a third party, without Novogen's consent, to manufacture) the amount of the shortfall of phenoxodiol until Novogen demonstrates that it is able to consistently supply phenoxodiol in accordance with our requirements. In this case, Novogen must take all reasonable steps to make available to us or the third party, on commercial terms, the know-how necessary to enable that manufacture to occur.

Fees and Charges

The purchase price for phenoxodiol supplied is the total costs to Novogen, plus a mark-up of 50%. The purchase price may be adjusted quarterly by Novogen by reference to the actual costs referred to above for the preceding quarter. If at any time we do not pay any amount due to Novogen, Novogen may suspend the supply of phenoxodiol to us until payment is received. Interest accrues daily on the outstanding balance of all overdue amounts payable to Novogen under the manufacturing license and supply agreement.

For the fiscal year ended June 30, 2003, we have included $165,000 of expense for the cost of drugs supplied by Novogen in the consolidated statements of operations.

Manufacturing Developments and Improvements

Each party must disclose to the other any new developments, improvements and new know-how relating to the manufacture of phenoxodiol which are made or acquired by it during the term of the agreement. All intellectual property rights in developments, improvements and new know-how made or acquired by Novogen are to be assigned to us. We must provide to Novogen such technical information and assistance as Novogen laboratories reasonably requests in order to exercise its rights and perform its obligations.

Each party acknowledges that nothing in the agreement shall have the effect of transferring or assigning to Novogen any right, title or interest in any intellectual property rights in the phenoxodiol products licensed under the agreement.

Novogen agrees to notify us immediately on becoming aware of any infringement of the intellectual property rights in the licensed products or any claim by a third party that the activities of the parties under the agreement infringe such third party's intellectual property rights. If required, Novogen agrees to be a party to any proceedings brought by us in relation to any infringement of intellectual property rights in the licensed products and also agrees, at our cost, to provide all reasonable assistance in relation to such proceedings and to execute such documents as we reasonably require.

Termination

Either party may terminate the agreement immediately at any time if the other party becomes the subject of certain bankruptcy proceedings, becomes unable to carry out the transactions contemplated by the agreement or breaches its obligations and does not cure such breach within 21 days notice. We may also terminate the agreement immediately if the license agreement expires or is terminated. Novogen may also terminate the agreement immediately if a change of control, as defined in the manufacturing license and supply agreement, occurs without the consent of Novogen.

Limitation of Liability

The liability of Novogen for breach of conditions or warranties imposed by statute is limited to the replacement of goods; supply of equivalent goods, repair or replacement value of goods or the resupply or payment for resupply of services.

The Amended and Restated License Option Deed

Novogen's subsidiary, Novogen Research Pty Limited, has granted our subsidiary, Marshall Edwards Pty Limited, an exclusive first right to accept and an exclusive last right to match any proposed dealing by Novogen with its intellectual property rights with a third party relating to certain synthetic pharmaceutical compounds (other than phenoxodiol) developed by Novogen or its affiliates. We and Novogen have each guaranteed the obligations of our respective subsidiaries under the license option deed.

Option Compounds

The rights relate to all synthetic pharmaceutical compounds, known as Option Compounds, delivered or taken in all forms except topical applications (other than phenoxodiol, which is the subject of the license agreement), developed before or during the term of the deed, by or on behalf of Novogen or its affiliates, which have known applications in the Field of prevention, treatment or cure of cancer in humans.

Dealings in Option Compounds and Exercise of Rights

Novogen must not, and must ensure that its affiliates other than us do not, deal, solicit entertain or discuss dealings with any intellectual property rights in the Field or in relation to any Option Compounds

without giving us an exclusive first right to accept and an exclusive last right to match any such dealing. If we exercise our first right to accept or last right to match, Novogen must deal with the intellectual properly rights in favor of us on the terms and conditions proposed. We have 15 business days to exercise those rights and, if we fail to do so, Novogen may deal with those intellectual property rights in favor of a third party provided that the terms are no more favorable to that third party than those first offered to us or which we declined to match.

Protection of Intellectual Property

Novogen must act in good faith toward us in relation to its obligations under the deed and must ensure that all persons involved in any research or development work in the Field in relation to Option Compounds assign all intellectual property rights relating to the Option Compounds to Novogen. Novogen must also ensure that its affiliates, other than us, do the same. Novogen continues to be solely responsible for the maintenance of any patent rights in the Option Compounds, which it may maintain and enforce at its sole discretion and expense.

Development Reports

Novogen must provide to us from time to time and in no event less frequently than every six months development reports relating to the clinical trials and development of Option Compounds, and must notify us immediately of any regulatory approvals granted and assessments made by any government agency.

Term and Termination

The term of the deed is sixteen years from the commencement date of the agreement, unless terminated earlier. We may terminate the deed at any time on three month's notice to Novogen. Either party may terminate the deed immediately at any time if the other party becomes the subject of certain bankruptcy proceedings, becomes unable to carry out the transactions contemplated by the agreement or breaches its obligations and does not cure such breach within 21 days notice.

Novogen may also terminate the deed immediately if a change of control, as defined in the license option deed, occurs without the consent of Novogen.

The Amended and Restated Services Agreement

Novogen has agreed to provide a range of services to us, or procure that its subsidiaries provide those services.

These services include providing general assistance and advice on research and development and commercializing phenoxodiol products and other compounds in which we may acquire intellectual property rights in the future, such as Option Compounds in relation to which we have exercised its rights under the license option deed.

Novogen's obligations also include providing, within the agreed budgets described below, our needs with respect to secretarial, marketing, finance, logistics, administrative and managerial support. Novogen also plans, conducts and supervises pre-clinical and clinical trials with phenoxodiol and with other compounds in which we have intellectual property rights. Novogen also provides scientific and technical advice on management of pre-clinical and clinical research programs undertaken by us and manages such research provisions.

Novogen may not sub-contract the provision of any part of the services without our prior written consent.

Fees for Services

We pay services fees to Novogen on a monthly basis in accordance with an agreed annual budget. At the beginning of each financial year Novogen prepares a budget estimate for us with respect to the

percentage of time spent by Novogen's employees and consultants in the provision of services to us in the previous financial year and any relevant considerations which are likely to influence the time spent for the following financial year. Each estimate must include the remuneration paid by Novogen to each person expected to provide the services and the percentage of time Novogen expects those persons will spend on our business, the allocated on-costs attributable to each person, a premises rental charge and a charge for asset usage and general overheads. The total estimate is to be the sum of these charges plus a mark-up of 10%. We also pay Novogen's reasonable out of pocket expenses incurred in providing the services to us. At the end of the fiscal year an adjustment is made to reflect actual costs incurred where they differ from budget.

For the fiscal year ended June 30, 2003, we have included $1,075,000 as an expense for services provided by Novogen in the consolidated statements of operations.

Intellectual Property and Confidentiality

All intellectual property rights created by Novogen in the performance of the services for or at the request of us are licensed to us. Each party also has obligations to the other party to honor the other's confidential information.

Termination

We may terminate our rights and obligations under the services agreement on three months' written notice to Novogen. Either we or Novogen may terminate the agreement immediately at any time if the other party becomes the subject of certain bankruptcy proceedings, becomes unable to carry out the transactions contemplated by the agreement, breaches its obligations and does not cure such breach within 21 days notice or if a change of control in the other party occurs. Novogen may also terminate the agreement immediately if a change of control, as defined in the services agreement, occurs without the consent of Novogen.

DESCRIPTION OF OUR SECURITIES

The shares of common stock and warrants offered hereby will be sold only in units. Each common stock unit consists of one share of common stock and one warrant to purchase one share of common stock. No common stock units have been issued prior to this offering.

Description of our Capital Stock

Our total authorized share capital is 113,100,000 shares consisting of 113,000,000 shares of common stock, $0.00000002 par value per share, and 100,000 shares of preferred stock, $0.01 par value per share. As of the date of this prospectus, 52,032,000 shares of our common stock and no shares of preferred stock are issued and outstanding.

Common Stock

The holders of common stock are entitled to one vote per share. In the event of a liquidation, dissolution or winding up of our affairs, holders of the common stock will be entitled to share ratably in all our assets that are remaining after payment of our liabilities and the liquidation preference of any outstanding shares of preferred stock. All outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of common stock are subject to any series of preferred stock that we have issued or that we may issue in the future. The holders of common stock have no preemptive rights and are not subject to future calls or assessments by us.

Preferred Stock

The board has the authority to issue up to 100,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions in respect of that preferred stock, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption prices and liquidation preferences, and the number of shares constituting such series and the designation of any such series, without future vote or action by the stockholders. Therefore, the board without the approval of the stockholders could authorize the issue of preferred stock with voting, conversion and other rights that could affect the voting power, dividend and other rights of the holders of common stock or that could have the effect of delaying, deferring or preventing a change of control. As of the date of this prospectus, we have no plans to issue any preferred stock.

Transfer Agent

Our transfer agent is Computershare Investor Services, LLC, Two North La Salle Street, Chicago, Illinois 60602.

Description of our Warrants

Warrants included in the common stock units

Each warrant included in the common stock units represents the right to purchase one share of our common stock at an exercise price equal to 120% of the initial public offering price set forth on the cover of this prospectus. The warrants are immediately exercisable and will expire three years after the date they are issued. The expiration date may not be extended without further action by us and the warrant agent. The number of shares of our common stock to be received upon the exercise of each warrant may be adjusted from time to time upon the occurrence of certain events, including but not limited to the payment of a dividend or other distribution in respect common stock, subdivisions, reclassifications or combinations of our common stock. The securities receivable upon exercise of each warrant may be adjusted in the event of any reorganization, consolidation, merger, liquidation or similar event. We do not have any right to call or otherwise redeem the warrants.

We have authorized and reserved for issuance all shares of common stock issuable upon exercise of each warrant.

Holders of the warrants may only exercise their warrants for the purchase of shares of common stock if a registration statement and current prospectus relating to these shares is then in effect and only if the shares are qualified for sale, or deemed to be exempt from qualification under applicable state securities laws. We are required to use our best efforts to maintain a current prospectus relating to these shares of common stock at all times when the market price of the common stock exceeds the exercise price of the warrants, until the expiration date of the warrants. We cannot assure you that an effective registration statement or current prospectus will be available at the time you desire to exercise your warrants.

Upon exercise of the warrants included in the units, we will, as soon as reasonably practicable, apply to the Alternative Investment Market of the London Stock Exchange for the admission of the shares of common stock underlying the warrants. Under the rules of the Alternative Investment Market, we must submit an application form in respect of such shares at least three business days before the expected date of admission of the shares of common stock underlying the warrants.

For the term of the warrants, the holders thereof are given the opportunity to profit from an increase in the per share market price of our common stock, with a resulting dilution in the interest of all other stockholders. So long as the warrants are outstanding, the terms on which we could obtain additional capital may be adversely affected. The holders of the warrants might be expected to exercise them at a time when we would, in all likelihood, be able to obtain additional capital by a new offering of securities on terms more favorable than those provided by the warrants.

Outstanding Warrants

As of the date of this prospectus, warrants to purchase an aggregate of 2,514,000 shares of our common stock are outstanding. These warrants have the same terms and provisions as the warrants included in the units, except that the existing warrants are currently exercisable, have an exercise price of $4.00 per share and expire on November 30, 2003 and, the shares to be issued, upon the exercise of these warrants will be Restricted Securities.

Summary of our Amended and Restated By-Laws and Restated Certificate of Incorporation and certain Provisions of the Delaware General Corporation Law (DGCL)

The following summary of the terms and provisions of the our certificate of incorporation, by-laws, certain aspects of the DGCL does not purport to be complete. Reference should be made to our certificate of incorporation and our by-laws and to applicable law for the complete description.

Meetings of Stockholders and Voting

Our by-laws provide for an annual meeting of stockholders, the date of which is fixed by the board. Meetings of stockholders may be held at such place as may be designated by the board. Stockholders are entitled to inspect our books and records to the extent allowable by Delaware law. Our by-laws provide that a quorum for the transaction of business at any meeting of stockholders is stockholders holding at least one-third of the shares entitled to vote at such meeting. Decisions at stockholder meetings will normally be made by a majority of votes cast except in the case of any resolution that, as a matter of law, requires a special majority. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to each corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy.

Appointment and Removal of Directors

Our certificate of incorporation and by-laws provide that the number of directors will be set by resolution of the board, but shall be between two and nine. We currently have six directors.

Under our certificate of incorporation and by-laws, directors are to be appointed at the annual general meeting for a term of three years unless the director is removed, retires or the office is vacated earlier. Our board is divided into three classes with respect to the term of office, with the terms of office of one class

expiring each successive year. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of our company. It could also delay stockholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for two years.

A director may resign at any time. The resignation is effective on our receipt of notice. Any or all directors may be removed with or without cause by a resolution of stockholders entitled to vote to elect directors. Vacancies may be filled by resolution of a majority of directors then in office or by a sole remaining director, and any director so appointed shall serve for the remainder of the full term of the class of directors in which the vacancy occurred.

Blank Check Preferred Stock

Our certificate of incorporation provides our board of directors with the authority, without any further vote or action by our stockholders, to issue shares of preferred stock with terms and preferences determined by our board. Our board of directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management.

Amendments of the By-Laws

Our by-laws provide that the power to amend the by-laws will vest in the directors, subject to the reserved power of the stockholders to amend or repeal any by-laws adopted by the board.

Amendments of the Certificate of Incorporation

Our certificate of incorporation can be amended, after the approval and recommendation of the amendment by the board of directors, by a majority vote of our stockholders, except for certain matters submitted to the board for which the certificate of incorporation requires a vote of not less than eighty percent (80%) of the outstanding shares eligible to be cast and certain other matters for which Delaware law requires a supermajority vote.

Indemnification of Directors and Officers

Our certificate of incorporation provides that we will indemnify our directors and officers to the fullest extent permitted by the DGCL. Section 145 of the DGCL provides that the extent to which a corporation may indemnify its directors and officers depends on the nature of the action giving rise to the indemnification right. In actions not on behalf of the corporation, directors and officers may be indemnified for acts taken in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation. In actions on behalf of the corporation, directors and officers may be indemnified for acts taken in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, except for acts as to which the director or officer is adjudged liable to the corporation, unless the relevant court determines that indemnification is appropriate despite such liability. Section 145 also permits a corporation to (i) reimburse present or former directors or officers for their defense expenses to the extent they are successful on the merits or otherwise and (ii) advance defense expenses upon receipt of an undertaking to repay the corporation if it is determined that payment of such expenses is unwarranted.

To supplement the general indemnification right contained in our certificate of incorporation, the by-laws provide for the specific indemnification rights permitted by Section 145 (as described above). The by-laws also permit us to purchase directors and officers insurance, but no director or officer has a right to require this.

In addition to the indemnification rights described above, our certificate of incorporation eliminates any monetary liability of directors to us or our stockholders for breaches of fiduciary duty except for (i) breaches of the duty of loyalty, (ii) acts or omissions in bad faith, (iii) improper dividends or share redemptions and (iv) transactions from which the director derives an improper personal benefit.

Indemnification of Novogen

Our certificate of incorporation provides that we will indemnify Novogen to the fullest extent permitted by the DGCL in connection with certain actions brought against Novogen by us, any of our stockholders or any other person.

Transactions and Corporate Opportunities

Under our certificate of incorporation, we are subject to certain provisions which serve to define and delineate the respective rights and duties of us, Novogen and some of our directors and officers in situations where:

- Novogen invests or engages in business activities that are the same as, or similar to, our business activities,
- directors, officers and/or employees of Novogen serve as our directors and/or officers, and
- Novogen has interest in a potential transaction or matter in which we have a similar interest in exploiting as a matter of corporate opportunity.

Pursuant to our certificate of incorporation, Novogen has no duty to refrain from investing or engaging in activities or lines of business similar to ours and neither Novogen nor any of its officers, directors, stockholders, affiliates, subsidiaries or employees will be liable to us or our stockholders for breach of any fiduciary duty by reason of any of these activities. In addition, if Novogen acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both our company and Novogen, then neither Novogen nor any of its officers, directors, stockholders, affiliates, subsidiaries or employees will have a duty to communicate or offer this corporate opportunity to us and will not be liable to us or our stockholders for breach of any fiduciary duty as a stockholder by reason of the fact that Novogen or any other such person pursues or acquires the corporate opportunity for itself, directs the corporate opportunity to another person or does not communicate information regarding the corporate opportunity to us.

We do not release from potential liability our own officers and directors in instances where a corporate opportunity is offered to the officer and/or director in his or her capacity as an officer and that person:

- serves as a director, officer or employee of Novogen while holding the position of a director but not officer of our company; or
- serves as an officer or employee of Novogen and serves as one of our officers.

Further, any of our officers who is also a Novogen director but not a Novogen officer or employee may be potentially liable for exploiting our corporate opportunities whether or not such opportunity was offered to that officer in his or her official capacity.

By becoming one of our stockholders, you will be deemed to have notice of and consented to these provisions of our certificate of incorporation. Until Novogen ceases to beneficially own common stock representing at least 20% of the voting power of our outstanding capital stock, these provisions may not be amended or repealed.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, there will be 54,032,000 shares (54,332,000 shares if the underwriter exercises its over-allotment option in full) of our common stock outstanding. Of the shares which will be outstanding after the offering:

- all 2,000,000 shares (2,300,000 shares if the underwriter exercises its over-allotment option in full) included in the common stock units and sold in this offering will be freely tradeable;
- 2,532,000 shares will be “restricted securities” held by non-affiliates; and
- 49,500,000 shares will be held by Novogen.

The restricted securities described above, of which 2,523,000 were issued in May 2002, and of which 9,000 were issued upon exercise of outstanding warrants, will be eligible for sale in the public market 90 days after the date of this prospectus, subject to volume limitations, manner of sale provisions and other requirements of Rule 144, from time to time. We also have outstanding warrants to purchase an aggregate of 2,514,000 shares of our common stock. These warrants have an exercise price of $4.00 per share and expire on November 30, 2003. Any shares of our common stock issued upon exercise of these warrants will also be restricted securities.

In general, under Rule 144 as currently in effect, a person who has beneficially owned restricted securities for at least one year, including an affiliate, is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- one percent of the then outstanding shares of our common stock (approximately 540,320 shares immediately following this offering); or
- the average weekly trading volume during the four calendar weeks preceding filing of notice of such sale.

A person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a sale and who owns shares that were acquired from us or an affiliate of ours for at least two years prior to the proposed sale is entitled to sell such shares pursuant to Rule 144(k) without regard to the volume limitations, manner of sale provisions or other limitations of Rule 144.

Shares held by Novogen may be sold in the public market, subject to the volume, manner of sale and other limitations of Rule 144, but may not be sold in reliance upon Rule 144(k).

PLAN OF DISTRIBUTION

Of the common stock units offered by this prospectus, 500,000 units are being offered by means of an underwritten public offering and 1,500,000 units are being offered by means of a directed share subscription program to U.S. holders of ordinary shares and American Depositary Receipts of Novogen and to our U.S. stockholders, excluding Novogen. The closing of the directed share subscription program and the underwritten offering are not conditioned upon one another and will occur concurrently.

Underwritten Public Offering

Subject to the terms and conditions of an underwriting agreement entered into between us and Janney Montgomery Scott LLC, as underwriter, the underwriter has agreed to purchase, and we have agreed to sell to the underwriter, 500,000 common stock units (excluding 300,000 units that the underwriter has the option to purchase to cover over-allotments, if any), as well as any common stock units that are not subscribed for as part of the directed share subscription program.

The underwriting agreement provides that the obligations of the underwriter are subject to various conditions, including approval of certain legal matters by its counsel. The nature of the underwriter's obligations is that the underwriter is committed to purchase and pay for on a firm commitment basis the common stock units referenced above.

The following table shows the per common stock unit and total underwriting discounts and commissions we will pay to the underwriter. These amounts are shown assuming both no exercise and full exercise of the over-allotment option to purchase additional common stock units as part of the underwritten offering.

	Without Over-Allotment Exercise	With Over-Allotment Exercise
Per Common Stock Unit	$	$
Total	$	$

The underwriter proposes to offer the common stock units directly to the public at the public offering price listed on the cover page of this prospectus. After this offering, the underwriter may change the offering price to the public.

We have granted to the underwriter an option to purchase up to an aggregate of 300,000 additional common stock units at the public offering price, less underwriting discounts and commissions listed on the cover page of this prospectus, solely to cover over-allotments, if any.

This offering of common stock units is made for delivery when, as and if accepted by the underwriter and subject to prior sale to withdrawal, cancellation or modification of the offering without notice. The underwriter or we reserve the right to reject any order or subscription for the purchase of units in whole or in part.

We have agreed to indemnify the underwriter against liabilities, including liabilities to which the underwriter may become subject under any applicable federal or state law or otherwise, and to continue to reimburse payments the underwriter may be required to make with respect to these liabilities.

In addition, the underwriting agreement also provides that, for a period of 120 days from the date of the underwriting agreement, we will not issue or make a disposition of common stock or any securities convertible into or exercisable or exchangeable for common stock without the prior written consent of the underwriter, other than in connection with the exercise of outstanding options and warrants and the grant of options.

Directed Share Subscription Program

Of the 2,000,000 common stock units being offered pursuant to this prospectus, we are offering up to an aggregate of 1,500,000 units at the public offering price to U.S. holders of ordinary shares and American Despositary Receipts of Novogen, who owned their shares or receipts as of the close of business on October 20, 2003, and to our U.S. stockholders, excluding Novogen, who owned their shares as of the close of business on October 20, 2003. Janney Montgomery Scott LLC will act as our dealer manager in

connection with our directed share subscription program. The common stock units being offered under our directed share subscription program are being offered concurrently with the common stock units to be sold in the underwritten offering.

Up to an aggregate of 1,500,000 common stock units may be purchased under our directed share subscription program and subscribers are required to purchase in round lot increments of 100 common stock units. There is no maximum, however, on the number of units that any one eligible holder may subscribe for under the directed share subscription program. If there are not enough of our units available to fully satisfy all of the subscription requests, we will allocate the available units among eligible holders in our discretion with every subscriber being allocated at least 100 common stock units.

Janney Montgomery Scott LLC has agreed to purchase any units allocated to the directed share subscription program to the extent that such units are not purchased by the eligible holders under the directed share subscription program.

Sales under the directed share subscription program will close concurrently with the closing of the sale of the other units offered to the public.

The purchase price for the units under the directed share subscription program will be the same price per unit as that offered to the public and set forth on the cover page of this prospectus. For purposes of this prospectus, when we present financial data that reflects this offering, it is assumed that all shares offered under the directed share subscription program are sold. Janney Montgomery Scott LLC, as dealer manager, will receive a percentage management fee on all units offered through the directed share subscription program. The management fee represents compensation for the dealer manager's role as it relates to due diligence, participation in the drafting of this prospectus and general coordination of the overall offering. The shares sold under the directed share subscription program will not be subject to any lock-up agreements.

The following table shows the per common stock unit and total management fees to be paid by us to the dealer manager. These amounts are shown assuming that the direct share subscription program is fully subscribed.

	Directed Share Subscription Program
Per Common Stock Unit	$
Total	$

The expenses of the directed share subscription program, exclusive of the management fee to be paid to the dealer manager, are estimated to be $ and are payable by us.

We estimate that the total expenses of this offering, including both the underwritten public offering and the directed share subscription program, but excluding the underwriting discount and management fees, will be approximately $ (or $ if the underwriter exercises its over-allotment option in full), which includes a $ non-accountable expense allowance payable to the underwriter for costs and expenses (including price stabilization) associated with this offering.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for us by Morgan, Lewis & Bockius LLP. Certain legal matters will be passed upon for the underwriter by Pepper Hamilton LLP.

EXPERTS

The consolidated financial statements of Marshall Edwards, Inc. (a development stage company) at June 30, 2003 and 2002, and for the years then ended and for the period from December 1, 2000 (inception) through June 30, 2003, appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent auditors, and the information under the caption “Summary Historical Consolidated Financial Data” for each of the two years in the period ended June 30, 2003 and for the period from December 1, 2000 (inception) through June 30, 2003, appearing in this prospectus and registration statement have been derived from consolidated financial statements audited by Ernst & Young LLP, as set forth in their report thereon appearing elsewhere herein.

Such consolidated financial statements and summary historical consolidated financial data are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form S-1 with respect to the common stock units offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules which are part of the registration statement. We do not intend to use any forms of prospectus other than printed prospectuses. For further information with respect to us and our common stock and the attached rights, reference is made to the registration statement and the exhibits and schedules thereto. You may read and copy any document we or Novogen periodically file at the SEC’s public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC’s website at http://www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the SEC’s public reference rooms and the website of the SEC referred to above.

We are required by the Alternative Investment Market of the London Stock Exchange to prepare half-yearly reports and annual audited accounts. You may request a copy of these reports, which we will provide to you at no cost, by writing or calling us at our mailing address and telephone number: 140 Wicks Road, North Ryde NSW 2113, Australia, telephone: (011) 61 2 8877 6196.

ANNEX A

GLOSSARY OF TERMS

"Androgens"	male sex hormones, e.g. testosterone
"Anti-androgen"	a process that reduces the biological impact of androgens, either by blocking the production of androgens or by interfering with their function
"Apoptosis"	the process of programmed cell death by which a cell dies naturally
"Bioavailable"	absorbed into the body in a useable form
"Bolus injection"	an intravenous injection delivered quickly (usually over several minutes)
"Cytostatic"	the process by which a cell is prevented from dividing
"Cytotoxic"	having a lethal effect on cells
"Death receptor"	signaling molecule that when activated causes cell death
"in vitro"	in the laboratory
"in vivo"	in animals
"IND"	Investigational New Drug application
"Isoflavonoid ring structure"	a chemical term referring to a simple phenolic ring structure
"Kinases"	enzymes that catalyze phosphorylation of acceptor molecules
"MSTR"	Multiple Signal Transduction Regulator or Multiple Signal Transduction Regulation
"NDA"	New Drug Application
"Pharmacokinetic"	the behavior of a drug within the body, in particular the length of time it remains within the blood and the rate at which it is eliminated from the body
"Phase I"	generally the first trial of a drug in humans which tests for safety and dosage tolerance
"Phase II"	clinical trials which test for efficacy and adverse effects of a drug
"Phase III"	usually a multi-center study measuring efficacy in large numbers of patients
"Plasma"	the liquid component of blood
"Prostate cancer"	cancer of the prostate gland
"Prostate smooth muscle cells"	the main type of stromal cells found in the prostate gland
"Prostate stromal cells"	the principal type of non-glandular cells found in the prostate gland
"Signal transduction process"	a series of chemical signals transmitted within cells that lead to the expression of a particular function by the cell
"Sphingosine kinase"	a kinase believed to respond to important signals related to cell survival and cell growth

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors

Marshall Edwards, Inc.

We have audited the accompanying consolidated balance sheets of Marshall Edwards, Inc. (a development stage company) as of June 30, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended and for the period from December 1, 2000 (inception) through June 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marshall Edwards, Inc. at June 30, 2003 and 2002, and the consolidated results of its operations and its cash flows for the years then ended and the period from December 1, 2000 (inception) through June 30, 2003, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Stamford, CT

July 31, 2003

MARSHALL EDWARDS, INC

(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

	June 30,	
	2003	2002
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,244	$9,164
Prepaid expenses and other current assets	42	21
Total current assets	7,286	9,185
Total assets	$ 7,286	$9,185
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 433	$ 198
Accrued expenses	278	—
Amounts due to parent company	642	88
Total current liabilities	1,353	286
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; 52,032,000 and 52,023,000 issued and outstanding shares in 2003 in 2002, respectively	—	—
Additional paid-in capital	9,058	9,022
Deficit accumulated during development stage	(3,156)	(123)
Accumulated other comprehensive income	31	—
Total stockholders' equity	5,933	8,899
Total liabilities and stockholders' equity	$ 7,286	$9,185

See accompanying notes.

MARSHALL EDWARDS, INC

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended June 30,		Period from December 1, 2000 (Inception) through June 30, 2003
	2003	2002	
	(In thousands, except share and per share data)		
Revenues:			
Interest and other income	$ 145	$ 7	$ 152
Total revenues	145	7	152
Operating expenses:			
Research and development	(2,024)	(69)	(2,093)
License fees	(500)	—	(500)
Selling, general and administrative	(654)	(60)	(714)
Total operating expenses	(3,178)	(129)	(3,307)
Loss from operations	(3,033)	(122)	(3,155)
Income tax expense	—	(1)	(1)
Net loss arising during development stage	$ (3,033)	$ (123)	$(3,156)
Net loss per common share:			
Basic and diluted	$ (0.06)	$ (0.00)	
Weighted average common shares outstanding	52,023,247	49,769,581	

See accompanying notes.

MARSHALL EDWARDS, INC.

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Deficit Accumulated During Development Stage	Accumulated Other Comprehensive Income	Total
	(Shares)		(In thousands)		
Balance at June 30, 2001	49,500,000	$ —	$ —	$ —	$ —
Net loss arising during development stage			(123)		(123)
Common stock issued May 22, 2002 (including 2,523,000 warrants)	2,523,000	9,022			9,022
Balance at June 30, 2002	52,023,000	9,022	(123)	—	8,899
Net loss arising during development stage			(3,033)		(3,033)
Foreign currency translation adjustments				31	31
Comprehensive Loss					(3,002)
Common stock issued, June 26, 2003	9,000	36			36
Balance at June 30, 2003	52,032,000	$9,058	$(3,156)	$ 31	$ 5,933

See accompanying notes.

MARSHALL EDWARDS, INC.

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,		Period from December 1, 2000 (Inception) through June 30, 2003
	2003	2002	
	(In thousands)		
Operating activities:			
Net loss arising during development stage	$(3,033)	$ (123)	$(3,156)
Adjustments to reconcile net loss to cash (used in) provided by operating activities:			
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(21)	(21)	(42)
Accounts payable	381	52	433
Accrued expenses	278	—	278
Amounts due to parent company	554	88	642
Net cash (used in) provided by operating activities	(1,841)	(4)	(1,845)
Financing activities:			
Net proceeds from issuance of Common Stock	36	9,022	9,058
Amounts payable in connection with issuance of Common Stock	(146)	146	—
Net cash (used in) provided by financing activities	(110)	9,168	9,058
Effect of exchange rate changes on cash and cash equivalents	31	—	31
Net (decrease) increase in cash and cash equivalents	(1,920)	9,164	7,244
Cash and cash equivalents at beginning of period	9,164	—	—
Cash and cash equivalents at end of period	$ 7,244	$9,164	$ 7,244
Income taxes paid	$ —	$ 1	$ 1

See accompanying notes.

MARSHALL EDWARDS, INC.

(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2003

1. Organization and Basis of Preparation of Financial Statements

Marshall Edwards, Inc. (the "Company" or "MEI") is a development stage company incorporated in December 2000 that commenced operations in May 2002 coinciding with its listing on the London Stock Exchange's Alternative Investment Market (AIM). In connection with its listing, 2,523,000 shares of Common Stock and 2,523,000 warrants, exercisable prior to November 30, 2003 at an exercise price of $4.00 per share (9,000 exercised on June 26, 2003), were issued in May 2002 at $4.00 per share. Total proceeds of $9,022,000 were received net of $1,070,000 of transaction costs. Following the listing, Novogen Limited, an Australian pharmaceutical company listed on both the Australian Stock Exchange and NASDAQ, retained 95.1% of the Company's Common Stock. The costs of organizing MEI were paid by Novogen and were minimal.

The Company, including its Australian subsidiary, Marshall Edwards Pty. Limited ("MEPL") (together, the "MEI Group") is a pharmaceutical company with a primary focus on the development and commercialization of drugs for the treatment of cancer. The Company plans to develop phenoxodiol for use in a wide range of human cancers. The Company operates primarily in Australia and the United States.

Novogen Limited and its subsidiary companies, other than MEI Group ("Novogen"), has granted to the MEI Group an exclusive license under its patent applications and the intellectual property rights in the relevant know-how to develop, market and distribute all forms of administering phenoxodiol for anti-cancer uses except topical applications. In addition, the MEI Group has the option of an exclusive first right and an exclusive last right to match any proposal dealing with third parties by Novogen Research Pty Ltd for the intellectual property rights and development of other anti cancer drugs in the agreed dose forms derived from the Novogen library of compounds.

The MEI Group's initial business focus is to continue the clinical program currently underway for the development of phenoxodiol.

2. Accounting Policies

Revenue Recognition

Interest

The only revenue earned to date is interest on cash and cash equivalents.

Principles of Consolidation

The consolidated financial statements include the accounts of Marshall Edwards, Inc. and its subsidiary, Marshall Edwards Pty. Limited which is a wholly-owned Australian company. Significant intercompany accounts and transactions have been eliminated in consolidation.

Estimates

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

MARSHALL EDWARDS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

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

Fair Value of Financial Instruments

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

Foreign Currency Translation

The financial statements of MEPL have been translated into U.S. dollars in accordance with FASB Statement No. 52, "Foreign Currency Translation." Assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Income statement amounts have been translated using the average exchange rate for the year. Accumulated other comprehensive loss includes the cumulative translation adjustments. Realized gains and losses from foreign currency transactions are reflected in the consolidated statements of operations and were not significant for all periods presented.

Research and Development Expenses

Research and development expenses relate primarily to the cost of conducting human clinical trails of phenoxodiol. Research and development costs are charged to expense as incurred. Research and development expenses consist mainly of clinical trial expenditures, payments to Novogen for research and support services under the terms of the amended and restated services agreement and the cost of phenoxodiol used in the clinical trials supplied by Novogen under the terms of the amended and restated manufacturing license and supply agreement.

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.

MARSHALL EDWARDS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock-Based Compensation

The Company's stock option plan provides for the grant of options to employees of the Company and its affiliates. To date no options have been granted under the plan.

Basic and Diluted Loss Per Share

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

Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive loss. Other comprehensive loss includes certain changes in stockholders' equity that are excluded from net loss is comprised of changes in foreign currency translation adjustments. Comprehensive loss for all periods presented has been reflected in the consolidated statement of stockholders' equity.

Recent Accounting Announcements

Accounting pronouncements issued by the financial accounting standards board or other authoritative accounting standards groups with future effective dates are either not applicable or not significant to the consolidated financial statements.

3. Income Taxes

Loss from operations consists of the following:

	Year Ended June 30,	
	2003	2002
	(In thousands)	
Domestic	$ (186)	$ (19)
Foreign	(2,847)	(103)
	$(3,033)	$(122)

The reconciliation of income tax computed at the U.S. federal statutory tax rate to income tax expense attributable to loss arising during development stage is as follows:

	Year Ended June 30,			
	2003		2002	
	(In thousands)	%	(In thousands)	%
Tax at U.S. statutory rates	$(1,062)	35	$(43)	35
Australian tax	—	—	1	—
Valuation allowance	1,062	(35)	43	(35)
	$ —	—	$ 1	—

MARSHALL EDWARDS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred tax liabilities and assets are comprised of the following:

	June 30,	
	2003	2002
	(In thousands)	
Deferred tax liabilities		
Prepayments	$ —	$ 4
Total deferred tax liabilities	—	4
Deferred tax assets		
Consultant and other accruals	265	6
Total deferred tax assets	265	6
Valuation allowance for deferred tax assets	(265)	(2)
Net deferred tax assets and liabilities	$ —	$ —

Management evaluates the recoverability of the deferred tax asset and the amount of the required valuation allowance. Due to the uncertainty surrounding the realization of the tax deductions in future tax returns, the Company has recorded a valuation allowance against its net deferred tax asset at June 30, 2003 and 2002. At such time as it is determined that it is more likely than not that the deferred tax assets will be realized, the valuation allowance will be reduced.

There was no benefit from income taxes recorded for the period from December 1, 2000 (inception) to June 30, 2003 due to the Company's inability to recognize the benefit of net operating losses. The Company had federal net operating loss carryforwards of approximately $205,000 and $14,000 at June 30, 2003 and 2002, respectively. The federal net operating losses will begin to expire in 2022.

Foreign income tax losses of approximately $2,039,000 and $103,000 at June 30, 2003 and 2002, respectively, may be carried forward indefinitely.

4. Loss Per Share

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

	Year Ended June 30,	
	2003	2002
	(In thousands)	
Numerator		
Net loss arising during development stage	$ (3,033)	$ (123)
Effect of dilutive securities	—	—
Numerator for diluted earnings per share	$ (3,033)	$ (123)
Denominator		
Denominator for basic earnings per share — weighted average common shares outstanding	52,023,247	49,769,581
Effect of dilutive securities	—	—
Dilutive potential common shares	52,023,247	49,769,581

MARSHALL EDWARDS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. Financial Instruments

The fair value of financial assets and liabilities approximates their carrying value in the Consolidated Balance Sheets because they are short term and at market rates of interest.

6. Commitments and Contingencies

At June 30, 2003, the Company has contracted to conduct research and development expenditures amounting to approximately $1,249,000. Such amounts are expected to be incurred within the next year.

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

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

7. Segment Information

The Company's focus is to continue the clinical program currently underway for the development of phenoxodiol.

	USA		Australia		Eliminations		Total	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
				(In thousands)				
Interest and other income	$ 110	$ 5	$ 35	$ 2	$ —	$ —	$ 145	$ 7
Total revenues	$ 110	$ 5	$ 35	$ 2	$ —	$ —	$ 145	$ 7
Loss from operations	$ (186)	$ (19)	$(2,847)	$ (103)	$ —	$ —	$(3,033)	$ (122)
Income tax expense							$ —	$ (1)
Net loss arising during development stage							$(3,033)	$ (123)
Segment assets	$8,896	$9,188	$ 374	$1,981	$(1,984)	$(1,984)	$ 7,286	$9,185
Segment liabilities	$ 43	$ 185	$ 1,310	$ 101	$ —	$ —	$ 1,353	$ 286

8. Related Party Transactions

License Agreement

The license agreement is an agreement under which Novogen grants to MEPL a worldwide non-transferable license to conduct clinical trials and commercialize and distribute all forms of phenoxodiol except topical applications. The agreement covers uses of phenoxodiol in the field of prevention, treatment or cure of cancer in humans. The license is exclusive until the expiration of the last relevant Novogen patent right in the world (expected no earlier than August 29, 2017) and thereafter is nonexclusive. The Company may terminate the agreement with three months notice. Novogen may terminate the agreement if a change of control, as defined in the license agreement, occurs without the consent of Novogen. Amounts payable to Novogen under terms of the license agreement is as follows:

(1) A lump sum license fee of $5,000,000 is payable to Novogen on the later of November 1, 2002 or on the 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 exceeds $25,000,000.

MARSHALL EDWARDS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(2) A further lump sum license fee of $5,000,000 is payable to Novogen on the later of November 1, 2003 or on the 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 exceeds $50,000,000.

In addition to the amounts above, the Company 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 cumulative total of funds received by the Company is $10,128,000.

Amounts payable for annual license fees under the license agreement for the calendar years ended December 31 are as follows:

2003	$1,000,000
2004	$2,000,000
2005	$4,000,000
Each calendar year thereafter	$8,000,000

Any amounts payable to Novogen under the above annual payments will be reduced for amounts paid under the first lump sum license fee referred to in (1) above. For the year ended June 30, 2003, $500,000 has been included as license fee expense in the consolidated statements of operations.

Novogen developed phenoxodiol in part using funds from the Australian government under what is known as the START Program. In the event Novogen fails to comply with its obligations under the agreement which governs this grant, or if Novogen undergoes a change of control, the Australian government has a right to demand that intellectual property created during the course of the project funded by the grant be vested back in the Australian government. The Australian government may then license the intellectual property rights related to phenoxodiol to other parties and may demand other intellectual property rights from Novogen. Any such reclamation by the Australian government could preclude the Company's use of Novogen's intellectual property in the development and commercialization of phenoxodiol and the Company may have to compete with other companies to whom the Australian government may license the intellectual property.

License Option Deed

The license option deed grants MEPL an exclusive right to accept and an exclusive right to match any proposed third-party dealing by Novogen of its intellectual property rights in other synthetic compounds that have known or potential anti-cancer applications in all forms other than topical applications.

Services Agreement

Neither the Company nor MEPL currently intends to directly employ any staff and Novogen will provide or procure services reasonably required by the MEI Group relating to the development and commercialization of phenoxodiol and for other administrative and managerial support. Novogen will provide these services at cost plus a 10% markup. Cost is based on estimates regarding the percentage of time spent by Novogen employees and consultants, a premises rental charge and a charge for asset usage and general overhead. The Company may terminate the agreement with three months notice. Novogen may terminate the agreement under certain circumstances.

MARSHALL EDWARDS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Manufacturing, License and Supply Agreement

Under the terms of the Manufacturing License and Supply Agreement, Novogen will supply phenoxodiol in its primary manufactured form for the clinical trial development program and phenoxodiol's ultimate commercial use. Novogen will supply phenoxodiol at cost plus a 50% markup. The Company or Novogen may terminate the agreement under certain circumstances.

Transactions amounting to $1,740,000 and $79,600 were made under the license agreement, the Services Agreement and the Manufacturing, License and Supply Agreement with Novogen during the years ended June 30, 2003 and 2002, respectively.

2,000,000 Common Stock Units

Marshall Edwards, Inc.

Janney Montgomery Scott LLC

, 2003

Through and including (the 25th day after the date of this prospectus), all dealers that buy, sell, or trade our common stock units, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any distribution of the common stock units.

No document in connection with this offering, including this prospectus, may be issued or passed on in the United Kingdom to, or is directed at, any person, other than: (i) to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses and otherwise in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) and in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply by virtue of such person being an investment professional as that term is defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001; or (ii) to persons to whom the document may otherwise lawfully be issued. Nothing in this prospectus should be construed as investment advice to any person. If you are a recipient of this prospectus outside of the scope of the above criteria then you may not act upon the content of this prospectus.

We are not making this offering described in this prospectus in Australia or in any state or other jurisdiction in which it is unlawful to do so nor are we selling or accepting any offers to purchase any shares of our common stock from persons who are residents of such jurisdictions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution.***

An estimate of expenses follows:	
Securities and Exchange Commission registration fee	$ 2,660.81
NASD filing fee	3,789.00
Nasdaq Small Cap Market listing fee	30,000.00
Printing and engraving expenses	*
Transfer agent and registrar fees and expenses	*
Legal fees and expenses	*
Accountants' fees and expenses	*
Blue Sky fees and expenses (including legal fees)	*
Miscellaneous expenses	*
Total	$704,000.00

* To be filed by amendment.

Item 14. ***Indemnification of Directors and Officers.***

Our Certificate of Incorporation provides that we will indemnify our directors and officers to the full extent permitted by the DGCL. Section 145 of the DGCL provides that the extent to which a corporation may indemnify its directors and officers depends on the nature of the action giving rise to the indemnification right. In actions not on behalf of the corporation, directors and officers may be indemnified for acts taken in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation. In actions on behalf of the corporation, directors and officers may be indemnified for acts taken in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, except for acts as to which the director or officer is adjudged liable to the corporation, unless the relevant court determines that indemnification is appropriate despite such liability. Section 145 also permits a corporation to (i) reimburse present or former directors or officers for their defense expenses to the extent they are successful on the merits or otherwise and (ii) advance defense expenses upon receipt of an undertaking to repay the corporation if it is determined that payment of such expenses is unwarranted.

To supplement the general indemnification right contained in our Certificate of Incorporation, the By-Laws provide for the specific indemnification rights permitted by Section 145 (as described above). The By-Laws also permit us to purchase Directors and Officers insurance, but no director or officer has a right to require this.

In addition to the indemnification rights described above, our Certificate of Incorporation eliminates any monetary liability of directors to us or our stockholders for breaches of fiduciary duty except for (i) breaches of the duty of loyalty, (ii) acts or omissions in bad faith, (iii) improper dividends or share redemptions and (iv) transactions from which the director derives an improper personal benefit.

Item 15. ***Recent Sales of Unregistered Securities.***

On May 22, 2002, we sold 2,523,000 shares of our common stock for an aggregate of $10.1 million. These shares of common stock were listed on the London Stock Exchange's Alternative Investment Market. These shares of common stock each had an attaching warrant entitling the holder to purchase one additional share of our common stock. These warrants are exercisable prior to November 30, 2003 and have an exercise price of $4.00 per share. These securities were offered and sold by us to Oppenheimer

International Growth Funds, Mass Mutual International Equity Fund, MEI Phase II LP, Liberty Square Offshore Partners, Leominster Company Ltd, ELL & Co, Foster Stockbroking Nominees Pty Ltd, Liberty Square Partners LP, Mr. John P. O'Connor, Winterflood Securities Ltd and KBC Peel Hunt Ltd. No general solicitation was made by either us or any person acting on our behalf; the securities sold are subject to transfer restrictions; and certificates for the shares contain appropriate legends stating such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom. No underwriters were involved in the foregoing sales of securities. All of these transactions were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 or Regulation S promulgated thereunder with respect to the securities offered and sold outside the United States to investors who were neither citizens nor residents of the United States.

In June 2003, we issued 9,000 shares of our common stock upon the exercise of 9,000 of the warrants that were issued in May 2002. The shares issued upon exercise of the warrants were issued to KBC Peel Hunt Ltd, a non-U.S. person, in a private placement transaction outside the United States. No general solicitation was made by either us or any person acting on our behalf; the shares issued upon exercise of the warrants are subject to transfer restrictions; and certificates for the shares contain appropriate legends stating such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom. No underwriters were involved in the foregoing sales of securities. This transaction was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 or Regulation S promulgated thereunder.

Item 16. ***Exhibits and Financial Statement Schedules.***

(a) *Exhibits.*

Exhibit Number	Exhibit
1	Form of Underwriting Agreement.
3.1*	Restated Certificate of Incorporation.
3.2*	Amended and Restated Bylaws.
4.1	Specimen Common Stock Certificate.
4.2	Warrant Agreement.
4.3	Specimen Warrant Certificate.
5	Opinion of Morgan, Lewis & Bockius LLP.
10.1*	Amended and Restated License Agreement between Novogen Research Pty Limited and Marshall Edwards Pty Limited.
10.2*	Amended and Restated Manufacturing License and Supply Agreement between Novogen Laboratories Pty Limited and Marshall Edwards Pty Limited.
10.3*	Amended and Restated License Option Deed between Novogen Research Pty Limited and Marshall Edwards Pty Limited.
10.4*	Amended and Restated Services Agreement among Novogen Limited, Marshall Edwards, Inc. and Marshall Edwards Pty Limited.
10.5*	Guarantee and Indemnity among Marshall Edwards, Inc., Novogen Laboratories Pty Limited, Novogen Research Pty Limited and Novogen Limited.
10.6*	Marshall Edwards, Inc. Share Option Plan.
10.7*	Form of outstanding Warrant issued to Non-US Persons May 2002.
10.8*	Form of outstanding Warrant issued to US Persons May 2002.
21*	Subsidiaries of Marshall Edwards, Inc.
23.1	Consent of Morgan, Lewis & Bockius LLP (contained in Exhibit 5).
23.2	Consent of Ernst & Young LLP.
24*	Power of Attorney (included on signature page).

Exhibit Number	Exhibit
99.1	Form letter from Marshall Edwards, Inc. to eligible holders of its common stock and ordinary shares and American Depositary Receipts of Novogen Limited describing the Directed Share Subscription Program.
99.2	Form of letter from Janney Montgomery Scott LLC to eligible holders.
99.3	Form of brokers letter.
99.4	Form of subscription agreement.

* Previously filed.

(b) *Financial Statement Schedules.*

All financial statement schedules have been omitted because either they are not required, are not applicable, or the information is otherwise set forth in the financial statements and notes thereto.

Item 17. ***Undertakings.***

(1) The undersigned registrant hereby undertakes:

(i) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(ii) To provide to the underwriters at the closing specified in the Underwriting Agreement share and warrant certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(2) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 14 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(3) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained

in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it is first declared effective.

(4) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Sydney, Australia on October 31, 2003.

MARSHALL EDWARDS, INC.
(Registrant)

By: /s/ CHRISTOPHER NAUGHTON

Christopher Naughton
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons, in the capacities and on the dates indicated.

Signature	Title	Date
/s/ CHRISTOPHER NAUGHTON Christopher Naughton	President and Chief Executive Officer, Director (Principal Executive Officer)	October 31, 2003
/s/ DAVID R. SEATON David R. Seaton	Chief Financial Officer and Secretary (Principal Financial Officer and Principal Accounting Officer)	October 31, 2003
* Dr. Graham E. Kelly	Chairman	October 31, 2003
* Philip A. Johnston	Director	October 31, 2003
* David Morritz de Kretser	Director	October 31, 2003
* Paul J. Nestel	Director	October 31, 2003
* Stephen Breckenridge	Director	October 31, 2003

*By: /s/ DAVID R. SEATON

David R. Seaton
Attorney-in-fact

Table of Contents

INDEX TO EXHIBITS

Exhibit Number	Exhibit
1	Form of Underwriting Agreement.
3.1*	Restated Certificate of Incorporation.
3.2*	Amended and Restated Bylaws.
4.1	Specimen Common Stock Certificate.
4.2	Warrant Agreement.
4.3	Specimen Warrant Certificate.
5	Opinion of Morgan, Lewis & Bockius LLP.
10.1*	Amended and Restated License Agreement between Novogen Research Pty Limited and Marshall Edwards Pty Limited.
10.2*	Amended and Restated Manufacturing License and Supply Agreement between Novogen Laboratories Pty Limited and Marshall Edwards Pty Limited.
10.3*	Amended and Restated License Option Deed between Novogen Research Pty Limited and Marshall Edwards Pty Limited.
10.4*	Amended and Restated Services Agreement among Novogen Limited, Marshall Edwards, Inc. and Marshall Edwards Pty Limited.
10.5*	Guarantee and Indemnity among Marshall Edwards, Inc., Novogen Laboratories Pty Limited, Novogen Research Pty Limited and Novogen Limited.
10.6*	Marshall Edwards, Inc. Share Option Plan.
10.7*	Form of outstanding Warrant issued to Non-US Persons May 2002.
10.8*	Form of outstanding Warrant issued to US Persons May 2002.
21*	Subsidiaries of Marshall Edwards, Inc.
23.1	Consent of Morgan, Lewis & Bockius LLP (contained in Exhibit 5).
23.2	Consent of Ernst & Young LLP.
24*	Power of Attorney (included on signature page).
99.1	Form letter from Marshall Edwards, Inc. to eligible holders of its common stock and ordinary shares and American Depositary Receipts of Novogen Limited describing the Directed Share Subscription Program.
99.2	Form of letter from Janney Montgomery Scott LLC to eligible holders.
99.3	Form of brokers letter.
99.4	Form of subscription agreement.

* Previously filed.

2,000,000 UNITS

MARSHALL EDWARDS, INC.

COMMON STOCK AND

WARRANTS TO PURCHASE COMMON STOCK

UNDERWRITING AGREEMENT

Philadelphia, Pennsylvania
_____ __, 2003

Ladies and Gentlemen:

Marshall Edwards, Inc., a Delaware corporation ("MEI"), proposes to sell an aggregate of 2,000,000 units ("Units"), consisting of one share of its common stock, par value $0.00000002 per share ("Common Stock"), and one warrant ("Warrant") to purchase an additional share of Common Stock, subject to the terms and conditions stated herein. Of the 2,000,000 Units being offered, (i) up to 1,500,000 (the "Directed Subscription Units"), are being sold by MEI as part of a directed subscription program ("Directed Subscription Program"), to the U.S. holders ("Eligible Holders") of Common Stock or of the Ordinary Shares or American Depositary Receipts of Novogen Limited, an Australian registered corporation, and the parent of MEI ("Novogen"), and (ii) 500,000 Units ("Firm Units") are being sold by MEI to Janney Montgomery Scott LLC ("Underwriter"), as part of a contemporaneous firm commitment underwritten public offering ("Underwritten Offering"). The Directed Subscription Units shall be offered and sold to the Eligible Holders and the Firm Units shall be offered and sold to the public at an offering price of $_____ per Unit ("Offering Price").

In addition, in the event that the Eligible Holders do not subscribe for and purchase all of the Directed Subscription Units as part of the Directed Subscription Program on or before the Closing Date (as defined below)(all such Units not subscribed for and purchased by the Eligible Holders in the Directed

Subscription Program being referred to herein as "Unsubscribed Units"), MEI shall issue and sell to the Underwriter, and the Underwriter shall purchase from MEI the Unsubscribed Units to offer and sell as part of the Underwritten Offering. The Unsubscribed Units shall be offered and sold to the public at the Offering Price.

MEI also proposes to grant to the Underwriter an option to purchase for its own account additional Units representing up to 15% of the Firm Units and Unsubscribed Units combined, which may be up to an additional 300,000 Units ("Optional Units"), from MEI to cover over-allotments in the sale of the Firm Units and any Unsubscribed Units, subject to the terms and conditions stated herein. If any Optional Units are so purchased, the Optional Units shall be offered to the public by the Underwriter at the Offering Price and in accordance with the terms and conditions set forth herein. The Directed Subscription Units, Firm Units and the Optional Units are referred to collectively herein as the "Units." The shares of Common Stock comprising part of the Units and those underlying the Warrants are referred to collectively herein as the "Shares."

Any preliminary prospectus included in such registration statement or filed with the Securities and Exchange Commission (the "SEC"), pursuant to Rule 424(a) Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Regulations") of the SEC promulgated thereunder in effect at all applicable times, is hereinafter called a "Preliminary Prospectus." The various parts of such registration statement, including all exhibits thereto and the information contained in the form of a final prospectus filed with the SEC pursuant to Rule 424(b) of the Regulations in accordance with Section 7(a) of this Agreement and deemed by virtue of Rule 424 of the Regulations to be part of the registration statement at the time it was declared effective, each as amended at the time the registration statement became effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A of the Regulations, are hereinafter collectively called the "Registration Statement." The final prospectus in the form included in the Registration Statement or first filed with the SEC pursuant to Rule 424(b) of the Regulations and any amendments or supplements thereto, including the information (if any) deemed to be part of that prospectus at the time of effectiveness pursuant to Rule 430A of the Regulations, is hereinafter called the "Prospectus." If MEI has filed an abbreviated registration statement to register additional Units pursuant to Rule 462(b) under the Act (the "Rule

462 Registration Statement"), then any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462 Registration Statement.

MEI and the Underwriter, intending to be legally bound, hereby confirm their agreement as follows:

1. REPRESENTATIONS AND WARRANTIES OF MEI. MEI represents and warrants to, and agrees with, the Underwriter that:

(a) The Registration Statement has become effective under the Act, and the SEC has not issued any stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of the Preliminary Prospectus, nor has the SEC instituted or, to the knowledge of MEI, threatened to institute proceedings with respect to such an order. No stop order suspending the sale of the Units in any jurisdiction designated by the Underwriter as provided for in Section 5(f) hereof has been issued, and no proceedings for that purpose have been instituted or, to the knowledge of MEI, threatened. Each Preliminary Prospectus conformed to all the requirements of the Act and the Regulations as of its date in all material respects and did not as of its date contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Registration Statement, on the date on which it was declared effective by the SEC (the "Effective Date") and when any post-effective amendment thereof shall become effective, and the Prospectus, at the time it is filed with the SEC including, if applicable, pursuant to Rule 424(b), and on the Closing Date (as defined in Section 4 hereof) and any Option Closing Date (as defined in Section 4(b) hereof), conformed and will conform in all material respects to all the requirements of the Act and the Regulations, and did not and will not, on any of such dates, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the case of the Prospectus, in the light of the circumstances under which they were made, not misleading. The two preceding sentences do not apply to statements in or omissions from the

Registration Statement or the Prospectus based upon written information furnished to MEI by or on behalf of the Underwriter expressly for use therein or the omission of any information regarding the Underwriter.

(b) MEI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the corporate power and authority to own or lease and operate its properties and to conduct its current business as described in the Prospectus, and to execute, deliver and perform this Agreement. MEI is duly qualified to do business, and is in good standing, in all jurisdictions in which such qualification is required, except where the failure to so qualify would not have a material adverse effect on the financial condition, results of operations, shareholders' equity or business (collectively, the "Business Conditions") of MEI.

(c) There are no legal or governmental proceedings pending or, to the knowledge of MEI, threatened to which MEI is a party or to which any of the properties of MEI is subject which, if determined adversely to MEI would individually or in the aggregate have a material adverse effect on the Business Conditions of MEI.

(d) This Agreement has been duly authorized, executed and delivered by MEI and constitutes its legal, valid and binding obligation, enforceable against MEI in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and subject to applicability of general principles of equity and except, as to this Agreement, as rights to indemnity and contribution may be limited by federal and state securities laws or principles of public policy.

(e) The execution, delivery and performance of this Agreement and the transactions contemplated herein, do not and will not, with or without the giving of notice or the lapse of time, or both, (i) conflict with any term or provision of MEI's Restated Certificate of Incorporation; (ii) result in a breach of, constitute a default under, result in the termination or modification of, result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the properties of MEI or require any payment by MEI or impose any liability on MEI pursuant to, any contract, indenture, mortgage, deed of trust, commitment or other agreement or instrument to which MEI is a

party or by which any of its properties are bound or affected other than this Agreement, except where such breach, default, modification, termination, lien, security interest, charge, encumbrance, payment or liability could not reasonably be expected to have a material adverse effect on the Business Conditions of MEI, taken as a whole; (iii) assuming compliance with the rules of the National Association of Securities Dealers, Inc. (the "NASD") applicable to the offer and sale of the Units, violate any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over MEI or any of its properties or businesses, except where such violation could not reasonably be expected to have a material adverse effect on the Business Conditions of MEI, taken as a whole; or (iv) result in a breach, termination or lapse of MEI's corporate power and authority to own or lease and operate its properties and conduct its business in any material respect, except as disclosed in the Prospectus.

(f) At the date or dates indicated in the Prospectus, MEI had the duly authorized and outstanding capitalization set forth in the Prospectus under the caption "Capitalization" and will have, as of the issuance of the Units on the Closing Date, the as adjusted capitalization set forth therein as of the date indicated in the Prospectus assuming the Optional Units are not issued on the Closing Date. On the Effective Date, the Closing Date and any Option Closing Date, there will be no options or warrants or other outstanding rights to purchase, agreements or obligations to issue or agreements or other rights to convert or exchange any obligation or security into, capital stock of MEI, except as described in the Prospectus, or securities convertible into or exchangeable for capital stock of MEI, except as described in the Prospectus. The information in the Prospectus insofar as it relates to all outstanding options and other rights to acquire securities of MEI as of the dates referred to in the Prospectus is true and correct in all material respects.

(g) The currently outstanding shares of Common Stock have been duly authorized and are validly issued, fully paid and non-assessable, and none of such outstanding shares has been issued in violation of any preemptive rights of any security holder of MEI. All previous offers and sales of the outstanding shares of Common Stock made by or on behalf of MEI, whether described in the Registration Statement or

otherwise, were made in conformity with applicable federal, state and foreign securities laws. The authorized capital stock of MEI, including, without limitation, the outstanding shares of Common Stock, the Units being issued, and any outstanding options to purchase Common Stock conform in all material respects with the descriptions thereof in the Prospectus, and such descriptions conform in all material respects with the instruments defining the same.

(h) When the Units have been duly delivered against payment therefor as contemplated by this Agreement, the Common Stock delivered as part of the Units will be validly issued, fully paid and non-assessable, and the holders thereof will not be subject to personal liability solely by reason of being such holders. The certificates representing such shares of Common Stock are in proper legal form under, and on or before the first time of delivery conform in all material respects to the requirements of, the laws of the State of Delaware. Neither the filing of the Registration Statement nor the offering or sale of Units as contemplated by this Agreement gives any security holder of MEI any rights for or relating to the registration of any shares of Common Stock or any other capital stock of MEI or any rights to convert or have redeemed or otherwise receive anything of value with respect to any security of MEI.

(i) No consent, approval, authorization, order, registration, license or permit of, or filing or registration with, any court, government, governmental agency, instrumentality or other regulatory body or official is required for the valid and legal execution, delivery and performance by MEI of this Agreement and the consummation of the transactions contemplated hereby or described in the Prospectus, except (i) such as may be required for the registration of the Units under the Act, the Exchange Act, and for compliance with the applicable state securities laws or the bylaws, rules and other pronouncements of the NASD or the Alternative Investment Market of the London Stock Exchange, and (ii) as disclosed in the Prospectus.

(j) As of the Effective Date, the class of Common Stock (including the Shares) is registered pursuant to Section 12(g) of the Exchange Act and has been approved for inclusion and quotation on the Nasdaq SmallCap Market of The Nasdaq Stock Market, Inc. ("Nasdaq"). Neither MEI nor, to MEI's knowledge, any other person has taken any action designed to cause, or likely to result in, the termination of the registration of the Common Stock as a class under the

Exchange Act. MEI has not received any notification that the SEC nor Nasdaq is contemplating terminating such registration or inclusion.

(k) No relationship, direct or indirect, exists between or among MEI on the one hand, and the directors, officers, stockholders, customers or suppliers of MEI on the other hand, which is required to be described in the Registration Statement or Prospectus which is not so described.

(l) Each contract or other instrument (however characterized or described) to which MEI is a party or by which any of its properties or businesses is bound or affected and which is material to the conduct of MEI's business has been (i) duly and validly executed by MEI and, (ii) to the knowledge of MEI, by the other parties thereto. Each such contract or other instrument is in full force and effect and is enforceable in all material respects against the parties thereto in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and subject to applicability of general principles of equity, and MEI is not, and to MEI's knowledge, no other party thereto is, in default thereunder, except where such default would not have a material adverse effect on the Business Conditions of MEI, and no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default under any such contract or other instrument. All necessary consents under such contracts or other instruments to the disclosure in the Prospectus with respect thereto have been obtained.

(m) The consolidated financial statements of MEI (including the notes thereto) included in the Prospectus and the Registration Statement present fairly, in all material respects, the financial position of MEI as of the respective dates thereof, and the results of operations and cash flows of MEI for the periods indicated therein, all in conformity with generally accepted accounting principles, except as disclosed therein. The supporting notes included in the Registration Statement fairly state in all material respects the information required to be stated therein in relation to the financial statements taken as a whole. The financial information included in the Prospectus under the captions "Prospectus Summary - Summary Historical Consolidated Financial Data," "Selected Historical Consolidated Financial Data," "Use of Proceeds" and "Capitalization" presents fairly

the information shown therein and has been compiled on a basis consistent with that of the financial statements included in the Registration Statement.

(n) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, there has not been (i) any material adverse change (including, whether or not insured against, any material loss or damage to any material assets), or to the knowledge of MEI, a development involving a prospective material adverse change, in the Business Conditions of MEI; (ii) any material adverse change, loss, reduction, termination or non-renewal of any material contract to which MEI is a party; (iii) any transaction entered into by MEI not in the ordinary course of its business that is material to MEI; (iv) any dividend or distribution of any kind declared, paid or made by MEI on its capital stock, except for and to the extent described in the Prospectus; (v) any liabilities or obligations, direct or indirect, incurred by MEI that are material to MEI other than the issuance of shares pursuant to the exercise of options or warrants outstanding as of the date hereof or the grant of options under MEI's stock option plans; (vi) any change in the capitalization of MEI; or (vii) any change in the indebtedness of MEI that is material to MEI. MEI has no contingent liabilities or obligations that are material to MEI that are required to be disclosed that are not so disclosed in the Registration Statement and Prospectus.

(o) MEI has not distributed, and will not distribute, any offering material in connection with the offering and sale of the Units other than the Registration Statement, a Preliminary Prospectus, the Prospectus and other material, if any, permitted by the Act and the Regulations, subject to the prior consent of the Underwriter. Neither MEI nor any of its officers, directors or affiliates has (i) taken, nor shall MEI or such persons take, directly or indirectly, any action designed to, or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Common Stock, or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased or paid anyone any compensation for soliciting purchases of, the Common Stock or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of MEI.

(p) MEI has filed with the appropriate federal, state and local governmental agencies, and all required

foreign countries and political subdivisions thereof, all material tax returns that are required to be filed or have duly obtained extensions of time for the filing thereof and have paid all taxes shown on such returns or otherwise due and all material assessments received by them to the extent that the same have become due, other than those being contested in good faith and for which adequate reserves have been provided. MEI has not executed or filed with any taxing authority, foreign or domestic, any agreement extending the period for assessment or collection of any income or other tax and none of them is a party to any pending action or proceeding by any foreign or domestic governmental agency for the assessment or collection of taxes, and no claims for assessment or collection of taxes have been asserted against MEI that might materially adversely affect the Business Conditions of MEI.

(q) To the knowledge of MEI, Ernst & Young LLP ("E&Y"), which has given its report on certain financial statements included as part of the Registration Statement and Prospectus, is a firm of independent certified public accountants as required by the Act and the Regulations with respect to MEI.

(r) MEI is not in violation of, or in default under, any of the terms or provisions of (i) its Restated Certificate of Incorporation and (ii) except where any such default would not reasonably be expected to have a material adverse effect on the Business Conditions of MEI, (A) any indenture, mortgage, deed of trust, contract, commitment or other agreement or instrument to which it is a party or by which it or any of its assets or properties is bound or affected, (B) any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over it or any of its properties or business, or (C) any license, permit, certification, registration, approval, consent or franchise.

(s) Except as expressly disclosed in the Registration Statement and Prospectus, there are no claims, actions, suits, protests, proceedings, arbitrations, investigations or inquiries pending before, or, to the knowledge of MEI, threatened or contemplated by, any governmental agency, instrumentality, court or tribunal, domestic or foreign, or before any private arbitration tribunal to which MEI is or may be made a party that could reasonably be expected to affect the validity of any of the

outstanding shares of Common Stock, or that, if determined adversely to MEI would, in any case or in the aggregate, result in any material adverse change in the Business Conditions of MEI. There are no outstanding orders, judgments or decrees of any court, governmental agency, instrumentality or other tribunal enjoining MEI from, or requiring MEI to take or refrain from taking, any action, or to which MEI or its properties, assets or businesses are bound or subject, except for such orders, judgments or decrees which would not have a material adverse effect on the Business Conditions of MEI.

(t) MEI owns, or possesses adequate rights to use, all patents, patent applications, trademarks, trademark registrations, applications for trademark registration, trade names, service marks, licenses, inventions, copyrights, know-how (including any unpatented and/or unpatentable proprietary or confidential technology, information, systems, design methodologies and devices or procedures developed or derived from or for MEI's, business), trade secrets, confidential information, processes and formulations and other proprietary information necessary for, used in, or proposed to be used in, the conduct of the business of MEI as described in the Prospectus and the Registration Statement (collectively, the "Intellectual Property"), except where the failure to own or possess or otherwise be able to acquire such Intellectual Property would not have a material adverse effect on the Business Conditions of MEI. To the knowledge of MEI, it has not infringed, is not infringing nor have received any notice of conflict with, the asserted rights of others with respect to the Intellectual Property that, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, could materially adversely affect the Business Conditions of MEI, and MEI knows of no reasonable basis therefor. To the actual knowledge of MEI, no other parties have infringed upon or are in conflict with any Intellectual Property. Except as described in the Prospectus and Registration Statement, MEI is not a party to, or bound by, any agreement pursuant to which royalties, honorariums or fees are payable by MEI to any person by reason of the ownership or use of any Intellectual Property.

(u) The executive offices and facilities of MEI (the "Premises"), and all operations presently or formerly conducted thereon by MEI, are now and, since MEI began to use such Premises, always have been and, to the knowledge of MEI prior to when MEI began to use such Premises, always had

been, in compliance in all material respects with all statutes, ordinances, regulations, rules, standards and requirements of common law applicable to the areas in which MEI provides service concerning or relating to industrial hygiene and the protection of health and the environment (collectively, the "Environmental Laws"), except to the extent that any failure in such compliance would not materially adversely affect the Business Conditions of MEI. To the knowledge of MEI, there are no conditions on, about, beneath or arising from the Premises, in close proximity to the Premises or at any other location that might give rise to liability or the imposition of a statutory lien under any of the Environmental Laws and that would materially adversely affect the Business Conditions of MEI, except as described in the Prospectus and Registration Statement. Except as expressly disclosed in the Prospectus and Registration Statement, or which will not materially adversely affect the Business Conditions of MEI (i) MEI has not received written notice or has knowledge of any claim, demand, investigation, regulatory action, suit or other action instituted or threatened against MEI or any portion of the Premises or any parcel in close proximity to the Premises relating to any of the Environmental Laws and (ii) MEI has not received any written notice of material violation, citation, complaint, order, directive, request for information or response thereto, notice letter, demand letter or compliance schedule to or from any governmental or regulatory agency arising out of or in connection with "hazardous substances" (as defined by applicable Environmental Laws) on, about, beneath, arising from or generated at the Premises, near the Premises or at any other location.

(v) MEI maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(w) Other than as disclosed in the Prospectus, MEI has not established, maintained, contributed to, are required to contribute to, are a party to, or are bound by contractual commitments with respect to, pension, retirement, or profit-sharing plans, deferred compensation, bonus, or other incentive plans, or medical, vision, dental, or other health and welfare benefit plans, or life insurance or disability plans, or any other employee benefit plans, programs, arrangements, agreements, or understandings (the "Plans").

(x) MEI has not incurred any liability for any finder's fees or similar payments in connection with the transactions contemplated herein other than as disclosed in the Prospectus and Registration Statement.

(y) MEI is familiar with the Investment Company Act of 1940, as amended (the "1940 Act"), and the rules and regulations thereunder, and has in the past conducted, and MEI intends to conduct, its affairs in such a manner as to ensure that it will not be an "investment company" or an entity "controlled" by an investment company within the meaning of the 1940 Act and the rules and regulations thereunder.

(z) MEI has received all permits, licenses, franchises, authorizations, registrations, qualifications and approvals (collectively, "Permits") of governmental or regulatory authorities as may be required of it to own its properties and conduct its businesses in the manner described in the Prospectus and Registration Statement, subject to such qualifications as may be set forth therein, except to the extent that failure to receive such Permits would not have a material adverse effect on the Business Conditions of MEI; and MEI has fulfilled and performed all of its material obligations with respect to such Permits, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualifications as may be set forth in the Prospectus and Registration Statement; and, except as described therein, such Permits contain no restrictions that materially affect the ability of MEI to conduct its business.

(aa) No statement, representation, warranty or covenant made by MEI in this Agreement or in any certificate or document required by this Agreement to be delivered to the Underwriter is, or as of the Closing Date or any Option

Closing Date will be, inaccurate, untrue or incorrect in any material respect.

(bb) Neither MEI nor to the knowledge of MEI any officer, director, employee, partner, agent or other person acting on behalf of MEI has, directly or indirectly, given or agreed to give any money, property or similar benefit or consideration to any customer or supplier (including any employee or agent of any customer or supplier) or official or employee of any agency or instrumentality of any government (foreign or domestic) or political party or candidate for office (foreign or domestic) or any other person who was, is or in the future may be in a position to affect the Business Conditions of MEI, or any actual or proposed business transaction of MEI that (i) could subject MEI to any liability (including, but not limited to, the payment of monetary damages) or penalty in any civil, criminal or governmental action or proceeding that would have a material adverse effect on the Business Conditions of MEI, or (ii) with respect to MEI or any officer or director thereof, violates any law, rule or regulation to which MEI is subject in any material respect.

Any certificate signed by any officer of MEI in such capacity and delivered to the Underwriter or to counsel for the Underwriter pursuant to this Agreement shall be deemed a representation and warranty by MEI to the Underwriter as to the matters covered thereby.

2. PURCHASE AND SALE OF FIRM UNITS AND UNSUBSCRIBED UNITS. On the basis of the representations, warranties, covenants and agreements contained herein, but subject to the terms and conditions set forth herein, MEI shall sell the Firm Units and Unsubscribed Units, if any, to the Underwriter at the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the Prospectus, and the Underwriter shall purchase from MEI on a firm commitment basis, at the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the Prospectus, the Firm Units and Unsubscribed Units. The Underwriter shall offer the Firm Units and Unsubscribed Units to the public as set forth in the Prospectus.

3. PAYMENT AND DELIVERY.

(a) The certificates representing the Common Stock and Warrants comprising the Firm Units and Unsubscribed Units, if any, sold in the Underwritten Offering shall be issued in such names as the Underwriter may request in

writing upon at least 24 hours' prior notice to MEI, and shall be delivered by or on behalf of MEI to the Underwriter against payment by the Underwriter on its behalf of the purchase price therefor by wire transfer of immediately available funds to such accounts as MEI shall designate in writing (with all costs and expenses incurred by the Underwriter in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by MEI). The closing of the sale and purchase of the Firm Units and Unsubscribed Units, if any ("Underwritten Offering Closing"), shall be held at the offices of Pepper Hamilton LLP, 3000 Two Logan Square, Eighteenth & Arch Streets, Philadelphia, Pennsylvania 19103. Such payment and delivery will be made at 10:00 a.m., Philadelphia, Pennsylvania time, on the third business day after the date of this Agreement, or at such other time on the same or such other date, not later than seven business days thereafter as shall be designated in writing by the Underwriter. Such time and date are referred to herein as the "Closing Date." MEI shall make such certificates available for examination by the Underwriter and counsel for the Underwriter not less than one full business day prior to the Closing Date.

(b) The certificates representing the Common Stock and Warrants comprising the Directed Subscription Units shall be issued in such names as the Underwriter, in its capacity as dealer manager for the Directed Subscription Program, may request in writing upon at least 24 hours' prior notice to MEI, and shall be delivered by or on behalf of MEI to the Underwriter against payment to MEI by the Underwriter, in its capacity as dealer manager, of the funds tendered or to be tendered in connection with subscriptions to purchase Directed Subscription Units ("Subscription Funds"), less a selling fee payable to the Underwriter, in its capacity as dealer manager, equal to three percent (3%) of the Subscription Funds, by wire transfer of immediately available funds to such accounts as MEI shall designate in writing (with all costs and expenses incurred by the Underwriter in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by MEI). The closing of the sale and purchase of the Directed Subscription Units shall occur simultaneously with the Underwritten Offering Closing on the Closing Date. MEI shall make such certificates available for examination by the Underwriter and counsel for

the Underwriter not less than one full business day prior to the Closing Date.

4. OPTION TO PURCHASE OPTIONAL UNITS.

(a) For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Units and Unsubscribed Units, if any, as contemplated by the Prospectus, subject to the terms and conditions herein set forth, the Underwriter is hereby granted an option by MEI to purchase all or any part of the Optional Units (the "Over-Allotment Option"). The purchase price to be paid for the Optional Units shall be the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the Prospectus. The Over-Allotment Option granted hereby may be exercised by the Underwriter as to all or any part of the Optional Units at any time and from time to time within 30 days after the date of the Prospectus. The Underwriter shall not be under any obligation to purchase any Optional Units prior to an exercise of the Over-Allotment Option.

(b) The Over-Allotment Option granted hereby may be exercised by the Underwriter by giving notice to MEI by a letter sent by telex, telegraph, telegram or facsimile (such notice to be effective when received), addressed as provided in Section 13 hereof, setting forth the number of Optional Units to be purchased, the date and time for delivery of and payment for the Optional Units and stating that the Optional Units referred to therein are to be used for the purpose of covering over-allotments in connection with the distribution and sale of the Firm Units and Unsubscribed Units, if any. If such notice is given at least two full business days prior to the Closing Date, the date set forth therein for such delivery and payment shall be not earlier than the Closing Date. If such notice is given after two full business days prior to the Closing Date, the date set forth therein for such delivery and payment shall be a date selected by the Underwriter not later than five full business days after the exercise of the Over-allotment Option. The date and time set forth in such a notice is referred to herein as an "Option Closing Date," and a closing held pursuant to such a notice is referred to herein as an "Option Closing." Upon each exercise of the Over-Allotment Option, and on the basis of the representations, warranties, covenants and agreements herein contained, and subject to the terms and conditions herein set forth, the Underwriter shall become obligated to

purchase from MEI the number of Optional Units specified in each notice of exercise of the Over-Allotment option.

(c) The certificates representing the Common Stock and Warrants comprising the Optional Units shall be issued in such names as the Underwriter may request in writing upon at least 48 hours' prior notice to MEI, and shall be delivered by or on behalf of MEI to the Underwriter against payment by the Underwriter on its behalf of the purchase price therefor by wire transfer of immediately available funds to such accounts as MEI shall designate in writing (with all costs and expenses incurred by the Underwriter in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by MEI). The closing of the sale and purchase of the Optional Units shall be held at the offices of Pepper Hamilton LLP, 3000 Two Logan Square, Philadelphia, Eighteenth & Arch Streets, Philadelphia, Pennsylvania 19103. Such payment and delivery will be made at 10:00 a.m., Philadelphia, Pennsylvania time, on the Option Closing Date. MEI shall make such certificates available for examination by the Underwriter and counsel for the Underwriter not less than one full business day prior to the Option Closing Date.

5. CERTAIN COVENANTS AND AGREEMENTS OF MEI. MEI covenants and agrees with the Underwriter as follows:

(a) If Rule 430A of the Regulations is employed, MEI will timely file the Prospectus pursuant to and in compliance with Rule 424(b) of the Regulations and will advise the Underwriter of the time and manner of such filing.

(b) MEI will not file with the SEC, the Prospectus, any amendment or supplement to the Prospectus or any amendment to the Registration Statement, unless the Underwriter has been advised or to which the Underwriter shall reasonably object after being so advised (unless MEI is advised by counsel that such amendment or supplement is required by law), and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective as promptly as possible. Upon reasonable request of the Underwriter or counsel for the Underwriter, MEI will promptly prepare and file with the SEC, in accordance with the Regulations, any amendments to the Registration Statement or amendments or supplements to the Prospectus that may be necessary or advisable in connection with the distribution of the Units by the Underwriter and will use its best efforts to cause any such amendment to the Registration Statement to be

declared effective as promptly as possible. If required, MEI will file any amendment or supplement to the Prospectus with the SEC in the manner and within the time period required by Rule 424(b) under the Act. MEI will advise the Underwriter, promptly after receiving notice thereof, of the time when the Registration Statement or any amendment thereof has been filed or declared effective or the Prospectus or any amendment or supplement thereto has been filed and will provide evidence to the Underwriter of each filing or effectiveness.

(c) MEI will advise the Underwriter immediately, and confirm such advice in writing, (i) when any post-effective amendment to the Registration Statement is filed with the SEC under Rule 462(c) under the Act or otherwise, (ii) any Rule 462(b) Registration Statement is filed, (iii) of the receipt of any comments from the SEC concerning the Registration Statement, (iv) when any post-effective amendment to the Registration Statement becomes effective, or when any supplement to the Prospectus or any amended Prospectus has been filed, (v) of any request of the SEC for amendment or supplementation of the Registration Statement or Prospectus or for additional information, (vi) during the period when the Prospectus is required to be delivered under the Act and Regulations, of the happening of any event as a result of which the Registration Statement or the Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (vii) during the period noted in clause (vi) above, of the need to amend the Registration Statement or supplement the Prospectus to comply with the Act, (viii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, and (ix) of the suspension of the qualification of any of the Units for offering or sale in any jurisdiction set forth on Schedule 5(f) in which the Underwriter intends to make such offers or sales, or the initiation or threatening of any proceedings for any of such purposes known to MEI. MEI will use its best efforts to prevent the issuance of any such stop order or of any order preventing or suspending such use, and if any such order is issued, to obtain as soon as possible the lifting thereof.

(d) MEI will deliver to the Underwriter, without charge, from time to time during the period when delivery of

the Prospectus is required under the Act, such number of copies of the Prospectus (as supplemented or amended) as the Underwriter may reasonably request. MEI hereby consents to the use of such copies of the Preliminary Prospectus and the Prospectus for purposes permitted by the Act, the Regulations and the securities laws of the states in which the Units are offered by the Underwriter, both in connection with the offering and sale of the Units and for such period of time thereafter as the Prospectus is required by the Act to be delivered in connection with sales by the Underwriter. MEI has furnished or will furnish to the Underwriter at least one original signed copy of the Registration Statement as originally filed and of all amendments and supplements thereto, whether filed before or after the Effective Date, at least one copy of all exhibits filed therewith and of all consents and certificates of experts, and will deliver to the Underwriter such number of conformed copies of the Registration Statement, including financial statements and exhibits, and all amendments thereto, as the Underwriter may reasonably request.

(e) MEI will comply with the Act, the Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the continuance of sales of and dealings in the Units for as long as may be necessary to complete the distribution of the Units as contemplated hereby.

(f) MEI will furnish such information and pay such filing fees and other expenses as may be required, including reasonable legal fees of Underwriter's counsel not to exceed $_____, and otherwise cooperate in the registration or qualification of the Units, or exemption therefrom, for offering and sale by the Underwriter under the securities laws of such state jurisdictions set forth on Schedule 5(f) in which the Underwriter determines to offer the Units ("Blue Sky"), and will file such consents to service of process or other documents necessary or appropriate in order to effect such registration or qualification; provided, however, that no such qualification shall be required in any jurisdiction where, solely as a result thereof, MEI would be subject to taxation or qualification as a foreign corporation doing business in such jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Units, in any jurisdiction where it is not now so subject. MEI will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualification in effect for so long a period as is required under the Blue Sky laws of such jurisdictions for such offering and sale. MEI will furnish such information and pay such filing fees and other expenses as may be

required, and otherwise cooperate in the inclusion of the Common Stock, including the Shares, for quotation on the Nasdaq SmallCap Market. MEI will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualification in effect for a period of three years from the Effective Date.

(g) Subject to Section 5(b) hereof, in case of any event (occurring at any time within the period during which, in the opinion of counsel for the Underwriter, a prospectus is required to be delivered under the Act or the Regulations), as a result of which any Preliminary Prospectus or the Prospectus, as then amended or supplemented, would contain, in the opinion of counsel for the Underwriter, an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or, if it is necessary at any time to amend any Preliminary Prospectus or the Prospectus to comply with the Act or the Regulations or any applicable securities laws, MEI promptly will prepare and file with the SEC, and any applicable state securities commission, an amendment, supplement or document that will correct such statement or omission or effect such compliance and will furnish to the Underwriter such number of copies of such amendments, supplements or documents (in form and substance satisfactory to the Underwriter and counsel for the Underwriter) as the Underwriter may reasonably request. For purposes of this Section 5(g), MEI will provide such information to the Underwriter, the Underwriter's counsel and counsel to MEI as shall be necessary to enable such persons to consult with MEI with respect to the need to amend or supplement the Registration Statement, Preliminary Prospectus or Prospectus or file any document, and shall furnish to the Underwriter and the Underwriter's counsel such further information as each may from time to time reasonably request.

(h) MEI will make generally available to its security holders not later than 45 days after the end of the fiscal quarter first occurring after the first anniversary of the Effective Date, an earnings statement of MEI (which need not be audited unless required by the Act or the Regulations) that shall comply with Section 11(a) of the Act and Rule 158

thereunder and cover a period of at least 12 consecutive months beginning not later than the first day of MEI's fiscal quarter next following the Effective Date (or, if later, the effective date of the Rule 462(b) Registration Statement).

(i) For a period of three years from the Effective Date, MEI will deliver to the Underwriter upon request from the Underwriter (i) a copy of each report or document, including, without limitation, reports on Forms 8-K, 10-K and 10-Q (or such similar forms as may be designated by the SEC), registration statements and any exhibits thereto, filed or furnished to the SEC or any securities exchange or Nasdaq, promptly after the date each such report or document is so filed or furnished; (ii) as soon as practicable, copies of any reports or communications (financial or other) of MEI mailed to its security holders; and (iii) every material press release in respect of MEI or its affairs that is released by MEI.

(j) During the course of the distribution of the Units, MEI will not and MEI shall cause its officers and directors not to, (i) take, directly or indirectly, any action designed to, or that could reasonably be expected to, cause or result in stabilization or manipulation of the price of the Common Stock or (ii) sell, bid for, purchase or pay anyone any compensation for soliciting purchases of, the Units.

(k) For a period of 120 days after the Effective Date, MEI will not, without the prior written consent of the Underwriter, issue or make a disposition of any Common Stock or any securities convertible into or exercisable or exchangeable for any Common Stock or enter into a transaction which would have the same effect or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock, whether any such aforementioned transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, or publicly disclose the intention to issue or make any such disposition or enter into any such transaction, swap, hedge or other arrangement, except ((i) the issuance of Common Stock upon the exercise of currently outstanding options and warrants as described in the Registration Statement and (ii) the grant of options to purchase Common Stock under MEI's currently outstanding stock option plans and the issuance of Common Stock upon the exercise thereof.

(l) For a period of three years from the Effective Date, MEI will use all reasonable efforts to maintain the listing of the Common Stock (including the Shares) on the Nasdaq SmallCap Market or on a national securities exchange.

(m) MEI will use its best efforts to use the net proceeds from the sale of the Units to be sold by it hereunder substantially in accordance with the description set forth in the Prospectus.

6. PAYMENT OF FEES AND EXPENSES.

(a) Whether or not the transactions contemplated by this Agreement are consummated and regardless of the reason this Agreement is terminated, MEI will pay or cause to be paid, and bear or cause to be borne, all costs and expenses incident to the performance of the obligations of MEI under this Agreement, including: (i) the fees and expenses of the accountants and counsel for MEI incurred in the preparation of the Registration Statement and any post-effective amendments thereto (including financial statements and exhibits), Preliminary Prospectuses and the Prospectus and any amendments or supplements thereto; (ii) the fees and expenses of any information agent or solicitor engaged in connection with the Directed Subscription Program or otherwise, (iii) printing and mailing expenses associated with the Registration Statement and any post-effective amendments thereto, any Preliminary Prospectus, the Prospectus, this Agreement and related documents; (iv) the fees, expenses and other costs of, or incident to, securing any review or approvals by or from the NASD, including the reasonable fees and expenses of Underwriter's counsel in an amount not to exceed $ _____; (v) the filing fees of the SEC; (vi) the cost of furnishing to the Underwriter copies of the Registration Statement, Preliminary Prospectuses and Prospectuses as herein provided; (vii) MEI's travel expenses in connection with meetings with the brokerage community and institutional investors; (viii) the costs and expenses associated with settlement in same day funds (including, but not limited to, interest or cost of funds expenses), if desired by MEI; (ix) any fees or costs payable to Nasdaq as a result of the offering; (x) the cost of preparing, issuing and delivery to the Underwriter of any certificates evidencing the Shares and Warrants; (xi) the costs and charges of any transfer agent; (xii) the reasonable costs of advertising the offering if requested by MEI; (xiii) all taxes, if any, on the issuance, delivery and transfer of the Units sold by MEI; and (xiv) all other costs and expenses reasonably incident to the performance of MEI's obligations

hereunder that are not otherwise specifically provided for in this Section 6(a); provided, however, that the Underwriter shall be responsible for its out-of-pocket expenses, including those associated with meetings with the brokerage community and institutional investors, other than MEI's travel expenses, and the fees and expenses of its counsel for other than with respect to Blue Sky and NASD matters.

(b) MEI shall pay as due any state registration, qualification and filing fees and any accountable out-of-pocket disbursements in connection with such Blue Sky registration, qualification or filing in the states set forth on Schedule 5(f) in which the Underwriter determines to offer or sell the Units.

(c) If the sale of the Units is completed, in order to reimburse the Underwriter for costs and expenses associated with the offering, MEI will pay a non-accountable expense allowance of $150,000 to the Underwriter on the Closing Date.

7. CONDITIONS OF UNDERWRITER' OBLIGATIONS. The obligation of the Underwriter to purchase and pay for the Firm Units and Unsubscribed Units, if any, that it has agreed to purchase hereunder on the Closing Date, and to purchase and pay for any Optional Units as to which it exercises its right to purchase under Section 4 on an Option Closing Date, is subject at the date hereof, the Closing Date and any Option Closing Date to the continuing accuracy and fulfillment of the representations and warranties of MEI, to the performance by MEI of its covenants and obligations hereunder, and to the following additional conditions:

(a) If required by the Regulations, the Prospectus shall have been filed with the SEC pursuant to Rule 424(b) of the Regulations within the applicable time period prescribed for such filing by the Regulations. On or prior to the Closing Date or any Option Closing Date, as the case may be, no stop order or other order preventing or suspending the effectiveness of the Registration Statement or the sale of any of the Units shall have been issued under the Act or any state securities law, and no proceedings for that purpose shall have been initiated or shall be pending or, to the Underwriter's knowledge or the knowledge of MEI, shall be contemplated by the SEC or by any authority in any jurisdiction designated by the Underwriter pursuant to Section 5(f) hereof. Any request on the part of the SEC or any state securities authority for additional information

shall have been complied with to the reasonable satisfaction of counsel for the Underwriter.

(b) All corporate proceedings and other matters incident to the authorization, form and validity of this Agreement, the Units, Shares and Warrants and the form of the Registration Statement and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be satisfactory in all material respects to counsel for the Underwriter. MEI shall have furnished to such counsel all documents and information that they may have reasonably requested to enable them to pass upon such matters. The Underwriter shall have received from the Underwriter's counsel, Pepper Hamilton LLP an opinion, dated as of the Closing Date and any Option Closing Date, as the case may be, and addressed to the Underwriter, which opinion shall be satisfactory in all respects to the Underwriter.

(c) On the Closing Date and any Option Closing Date, there shall have been delivered to the Underwriter signed opinions of Morgan, Lewis & Bockius LLP, counsel for MEI, dated as of each such date and addressed to the Underwriter to the effect set forth in Exhibit A hereto or to such effect as is otherwise reasonably satisfactory to the Underwriter.

(d) At the Closing Date and any Option Closing Date: (i) the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto shall comply as to form to the requirements of the Act and the Regulations in all material respects, and neither the Registration Statement nor any post-effective amendment thereto nor the Prospectus and any amendments or supplements thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, and in the case of the Prospectus, in the light of the circumstances under which they were made, not misleading; (ii) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto, except as otherwise stated therein, there shall have been no material adverse change in the Business Conditions of the MEI from that set forth therein, whether or not arising in the ordinary course of business; (iii) the respective dates as of which information is given in the Registration Statement and the Prospectus or

any amendment or supplement thereto, there shall have been no event or transaction, contract or agreement entered into by MEI other than in the ordinary course of business and as set forth in the Registration Statement or Prospectus, that has not been, but would be required to be, set forth in the Registration Statement or Prospectus; (iv) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto, there shall have been no material adverse change, loss, reduction, termination or non-renewal of any contract to which MEI is a party, that has not been, but would be required to be set forth in the Registration Statement or Prospectus; and (v) no action, suit or proceeding at law or in equity shall be pending or to the knowledge of MEI threatened against MEI that would be required to be set forth in the Prospectus, other than as set forth therein, and no proceedings shall be pending or to the knowledge of MEI threatened against or directly affecting MEI before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding would materially adversely affect the Business Conditions of MEI.

(e) The Underwriter shall have received at the Closing Date and any Option Closing Date certificates of the Chief Executive Officer and the Chief Financial Officer of MEI dated as of the date of the Closing Date or Option Closing Date, as the case may be, and addressed to the Underwriter to the effect that (i) the representations and warranties of MEI in this Agreement are true and correct in all material respects, as if made at and as of the Closing Date or the Option Closing Date, as the case may be, and that MEI has complied in all material respects with all the agreements, fulfilled all the covenants and satisfied all the conditions on its part to be performed, fulfilled or satisfied at or prior to the Closing Date or the Option Closing Date, as the case may be, and (ii) the signers of the certificate have carefully examined the Registration Statement and the Prospectus and any amendments or supplements thereto, and the conditions set forth in Section 7(e) hereof have been satisfied.

(f) At the time this Agreement is executed and at the Closing Date and any Option Closing Date the Underwriter shall have received a letter, dated the date of delivery thereof, addressed to the Underwriter, in form and substance satisfactory to the Underwriter in all respects (including, without limitation, the non-material nature of the changes or

decreases, if any, referred to in clause (iii) below) from E&Y:

(i) confirming they are independent certified public accountants within the meaning of the Act and the Regulations;

(ii) stating that, in their opinion, the consolidated financial statements, schedules and notes of MEI included in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Act and the Regulations;

(iii) stating that, on the basis of specified procedures, which included the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information, as described in SAS No. 71, Interim Financial Information (with respect to the latest available unaudited consolidated financial statements of the Company), a reading of the latest available unaudited interim consolidated financial statements of MEI (with an indication of the date of the latest available unaudited interim financial statements), a reading of the minutes of the meetings of the stockholders and the Board of Directors of MEI and the Audit and Executive and Compensation Committees of such Boards and inquiries to certain officers and other employees of MEI responsible for operational, financial and accounting matters and other specified procedures and inquiries, nothing has come to their attention that would cause them to believe that, at a specified date not more than five business days prior to the date of such letter, there was any: (A) change in the capital stock other than (1) the issuance of Common Stock upon the exercise of currently outstanding options and warrants as described in the Prospectus, and (2) the grant of options to purchase Common Stock under MEI's currently outstanding stock options plans and the issuance of Common Stock upon the exercise thereof, (B) increase in long-term debt of MEI, which is currently $_____ or (C) any decrease in consolidated net current assets or shareholders equity of MEI as compared with the amounts shown in the June 30, 2003 audited balance sheets of MEI included in the Registration Statement or that for the periods from June 30, 2003 to the date of the latest available unaudited financial statements of MEI, if any, and to a specified date not

more than five days prior to the date of the letter, there were any decreases, as compared to the corresponding periods in the prior year, in operating income or total or per share amounts of net income, except in all instances for changes, decreases or increases that the Registration Statement discloses have occurred or may occur and except for such other changes, decreases or increases which the Underwriter shall in their sole discretion accept;

(iv) stating that they have compared specific dollar amounts (or percentages derived from such dollar amounts), numbers of shares and other numerical data and financial information set forth in the Registration Statement that have been reasonably specified by the Underwriter prior to the date of this Agreement (in each case to the extent that such dollar amounts, percentages and other information is derived from the general accounting records subject to the internal controls of MEI's accounting systems, or has been derived directly from such accounting records by analysis or comparison or has been derived from other records and analyses maintained or prepared by MEI) with the results obtained from the application of readings, inquiries and other appropriate procedures set forth in the letter, and found them to be in agreement. and

(v) stating that, on the basis of specified procedures, which included (A) a review of the unaudited consolidated balance sheet as of September 30, 2003 and the unaudited consolidated statement of income for the quarter ended September 30, 2003, included in the Registration Statement; (B) inquiry of management who have responsibility for financial and accounting matters, that nothing came to their attention as a result of the above procedures, that caused them to believe that the unaudited consolidated financial statements included in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of Regulation S-X.

(g) The Common Stock, including the Shares, shall have been included for quotation on the Nasdaq SmallCap Market.

(h) The NASD has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) At the Closing Date and any Option Closing Date, the Underwriter shall have been furnished such additional documents, information and certificates as they shall have reasonably requested.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the Underwriter and the Underwriter's counsel. MEI shall furnish the Underwriter with such conformed copies of such opinions, certificates, letters and other documents as they shall reasonably request. If any condition to the Underwriter's obligations hereunder to be fulfilled prior to or at the Closing Date or any Option Closing Date, as the case may be, is not fulfilled, the Underwriter may terminate this Agreement with respect to the Closing Date or such Option Closing Date, as applicable, or, if they so elect, in its sole discretion waive any such conditions which have not been fulfilled or extend the time for their fulfillment. Any such termination shall be without liability of the Underwriter to MEI.

8. INDEMNIFICATION AND CONTRIBUTION.

(a) MEI shall indemnify and hold harmless the Underwriter, and each person, if any, who controls the Underwriter within the meaning of the Act, against any and all loss, liability, claim, damage and expense whatsoever, including, but not limited to, any and all reasonable expenses incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever or in connection with any investigation or inquiry of, or action or proceeding that may be brought against, the respective indemnified parties, arising out of or based upon any untrue statements or alleged untrue statements of material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, any application or other document filed in any jurisdiction in order to qualify all or any part of the Units under the securities laws thereof or filed with the SEC or The Nasdaq Stock Market, Inc. (in this Section 8 collectively called "application"), or in any materials or information provided to investors by, or with the approval of, MEI in connection with the marketing of the offering (including any materials provided to Eligible Holders in the Directed Subscription Program), or the omission or alleged omission from any of the foregoing of a material fact required to be stated therein or necessary to make the statements therein and in the case of the Prospectus, in the light of the circumstances under which

they were made, not misleading; provided, however, that the foregoing indemnity shall not apply in respect of any statement or omission made in reliance upon and in conformity with written information furnished to MEI by the Underwriter expressly for use in any Preliminary Prospectus, the Registration Statement or Prospectus, or any amendment or supplement thereto, or in any application or in any communication to the SEC, as the case may be (which information consists solely of the information identified in Section 11 herein); and further provided, however, that the indemnification contained in this Section 8(a) with respect to any Preliminary Prospectus shall not inure to the benefit of the Underwriter (or to the benefit of any person controlling the Underwriter) on account of any such loss, claim, liability or expense arising from the sale of the Units by the Underwriter to any person if a copy of the Prospectus shall not have been delivered or sent to such person within the time required by the Act and the regulations thereunder, and the untrue statement or alleged untrue statement or omission or alleged omission of a material fact contained in such Preliminary Prospectus was corrected in the Prospectus, provided that MEI has delivered the Prospectus to the Underwriter in requisite quantity on a timely basis to permit such delivery or sending. The obligations of MEI under this Section 8(a) will be in addition to any liability MEI may otherwise have.

(b) The Underwriter shall indemnify and hold harmless MEI, each of the directors of MEI, each of the officers of MEI who shall have signed the Registration Statement and each other person, if any, who controls MEI within the meaning of the Act to the same extent as the foregoing indemnities from MEI to the Underwriter, but only with respect to any and all loss, liability, claim, damage or expense resulting from statements or omissions, or alleged statements or omissions, if any, made in any Preliminary Prospectus, Registration Statement or Prospectus or any amendment or supplement thereof or any application or in any communication to the SEC in reliance upon, and in conformity with written information furnished to MEI by the Underwriter expressly for use in any Preliminary Prospectus, the Registration Statement or Prospectus or any amendment or supplement thereof or any application or in any communication to the SEC, as the case may be. The obligations of the Underwriter under this Section 8(b) will be in addition to any liability which the Underwriter may otherwise have.

(c) If any action, inquiry, investigation or proceeding is brought against any person in respect of which indemnification may be sought pursuant to Section 8(a) or (b) hereof, such person (hereinafter called the "indemnified party") shall, promptly after notification of, or receipt of service of process or, such action, inquiry, investigation or proceeding, notify in writing the party or parties against whom indemnification is to be sought (hereinafter called the "indemnifying party") of the institution of such action, inquiry, investigation or proceeding. The indemnifying party, upon the request of the indemnified party, shall assume the defense of such action, inquiry, investigation or proceeding, including, without limitation, the employment of counsel (reasonably satisfactory to such indemnified party) and payment of expenses. No indemnification provided for in Section 8 shall be available to any indemnified party who shall fail to give such notice if the indemnifying party does not have knowledge of such action, inquiry, investigation or proceeding to the extent that such indemnifying party has been materially prejudiced by the failure to give such notice, but the omission to so notify the indemnifying party shall not relieve the indemnifying party otherwise than under Section 8. Such indemnified party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action or if the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party or if such indemnified party or parties shall have been advised by counsel that there may be a conflict between the positions of the indemnifying party or parties and of the indemnified party or parties or that there may be legal defenses available to such indemnified party or parties different from or in addition to those available to the indemnifying party or parties, in any of which events the indemnified party or parties shall be entitled to select counsel to conduct the defense to the extent determined by such counsel to be necessary to protect the interests of the indemnified party or parties, and the reasonable fees and expenses of such counsel shall be borne by the indemnifying party. The indemnifying party shall be responsible for the fees and disbursements of only one such counsel so engaged by the indemnified party or parties. Expenses covered by the indemnification in Section 8, as the case may be, shall be paid by the indemnifying party as they are incurred by the indemnified party. No indemnifying party

shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action. Notwithstanding anything in Section 6 or Section 7 to the contrary, an indemnifying party shall not be liable for any settlement of a claim effected without its written consent, which consent shall not be unreasonably withheld.

(d) If the indemnification provided for in this Section 8 is unavailable or insufficient to hold harmless an indemnified party under Section 8(a) or (b) hereof in respect of any losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to therein, except by reason of the failure to give notice as required in Section 8(c) hereof (provided that the indemnifying party does not have knowledge of the action, inquiry, investigation or proceeding and to the extent such party has been materially prejudiced by the failure to give such notice), then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof, in such proportion as is appropriate to reflect the relative benefits received by MEI on the one hand and the Underwriter on the other from the offering of the Units. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of MEI on the one hand and the Underwriter on the other in connection with the statements or omissions which resulted in such losses, liabilities, claims or expenses (or actions, inquiries, investigations or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by MEI on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by MEI bears to the total underwriting discount and commissions received by the Underwriter, in each case as set forth in the table on the

cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by MEI on the one hand or the Underwriter on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

MEI and the Underwriter agree that it would not be just and equitable if contributions to this Section 8(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above in this Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to above in this Section 8(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8(d) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

9. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY. Except as the context otherwise requires, all representations, warranties and agreements contained in this Agreement shall be deemed to be representations, warranties and agreements at the Closing Date and any Option Closing Date. All such representations, warranties and agreements of the Underwriter and MEI, including, without limitation, the indemnity and contribution agreements contained in Section 8 hereof and the agreements contained in Sections 5, 6, 10 and 11 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter or any controlling person, and shall survive delivery of the Units and termination of this Agreement, whether before or after the Closing Date or any Option Closing Date.

10. EFFECTIVE DATE OF THIS AGREEMENT AND TERMINATION HEREOF.

(a) This Agreement shall become effective upon the execution hereof by the parties hereto.

(b) The Underwriter shall have the right to terminate this Agreement at any time prior to the Closing Date or any Option Closing Date as provided in Section 7 hereof or if any of the following have occurred: (i) any outbreak of hostilities or other national or international calamity or crisis or change in economic, political or financial market conditions if the effect on the financial markets of the United States of such outbreak, calamity, crisis (other than those that presently exist) or change would, in the Underwriter's reasonable opinion, make the offering or delivery of the Units impracticable; (ii) any suspension or limitation of trading generally in securities on the Nasdaq SmallCap Market or any setting of minimum prices for trading or the promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority that in the Underwriter's reasonable opinion materially and adversely affects trading on such exchange or the over-the-counter market; (iii) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in the Underwriter's reasonable opinion materially and adversely affects or will materially or adversely affect the business or operations of MEI; (iv) declaration of a banking moratorium by the United States, New York or Pennsylvania authorities; or (v) trading in any securities of MEI shall have been suspended or halted on the Alternative Investment Market of the London Stock Exchange.

(c) If the Underwriter elects to terminate this Agreement as provided in this Section 10, the Underwriter shall notify MEI hereof promptly by telephone, telex, telegraph, telegram or facsimile, confirmed by letter.

11. INFORMATION FURNISHED BY UNDERWRITER. The statement set forth on the [third] paragraph from the bottom of the cover page of the Prospectus regarding the terms of the Offering by the Underwriter, the information set forth under the heading "Underwritten Public Offering" and the last two paragraphs under the section "Plan of Distribution" constitute the only written information furnished by reference or on behalf of the Underwriter.

12. NOTICE. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed, delivered, telexed, telegrammed, telegraphed or telecopied and confirmed to Janney Montgomery Scott LLC, 1801 Market Street, Philadelphia, Pennsylvania 19103, Attention: Mr. William L. Rulon-Miller, facsimile number (215) 665-6197 with a copy to Pepper Hamilton LLP, 3000 Two Logan Square, Eighteenth & Arch Streets, Philadelphia, Pennsylvania 19103, Attention: Barry M. Abelson, Esq.; facsimile 215-981-4750; if sent to MEI, shall be mailed, delivered, telexed, telegrammed, telegraphed or telecopied and confirmed to Marshall Edwards, Inc., 140 Wicks Road, North Ryde NSW 2113, Australia, Attention: David R. Seaton, Secretary, facsimile number 011-61-2-8877-6273, with a copy to Morgan Lewis & Bockius LLP, 101 Park Avenue, New York, NY 10178, Attention: Steven A. Navarro, Esq., facsimile number 212-309-6273.

14. PARTIES. This Agreement shall inure solely to the benefit of, and shall be binding upon, the Underwriter, MEI and the controlling persons, directors and officers thereof, and their respective successors, assigns, heirs and legal representative, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision herein contained. The terms "successors" and "assigns" shall not include any purchaser of the Units merely because of such purchase.

15. DEFINITION OF BUSINESS DAY. For purposes of this Agreement, "business day" means any day on which the Nasdaq SmallCap Market is opened for trading.

16. COUNTERPARTS. This Agreement may be executed in one or more counterparts and all such counterparts will constitute one and the same instrument.

17. CONSTRUCTION. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to agreements made and performed entirely within such Commonwealth.

If the foregoing correctly sets forth your understanding of our agreement, please sign and return to MEI the enclosed duplicate hereof, whereupon it will become a binding agreement in accordance with its terms.

Very truly yours,

MARSHALL EDWARDS, INC.

By: _____

Name:
Title:

The foregoing Agreement is hereby confirmed
and accepted as of the date first above written.

JANNEY MONTGOMERY SCOTT LLC

By: _____
Name:
Title:

EXHIBIT A

Matters to be Covered in the Opinion of Counsel for MEI

1. MEI has been duly organized and is validly existing as a corporation in good standing under the laws of Delaware with corporate power and authority to own its properties and conduct its business as described in the Prospectus.

2. MEI has authorized and outstanding capital stock as set forth under the caption "Capitalization" in the Prospectus. The outstanding shares of Common Stock have been duly authorized and validly issued, to such counsel's knowledge, and are fully paid and non-assessable. The Common Stock conforms as to legal matters in all material respects to the description thereof contained in the Prospectus. Certificates for the Shares are in due and proper form and the Shares have been duly authorized and will be validly issued, fully paid and non-assessable when issued and paid for as contemplated by this Agreement; and no preemptive rights of stockholders, by operation of law, or to the knowledge of such counsel, by contract exists with respect to any of the Shares or the issue and sale thereof.

3. Based on the oral advice of a staff member of the SEC, the Registration Statement has become effective under the Act, and no stop order proceedings with respect thereto have been instituted or are pending or, to the best knowledge of such counsel, threatened under the Act.

4. The Registration Statement, the Prospectus and each amendment or supplement thereto when filed with the SEC comply as to form in all material respects with the requirements of the Act, as applicable, and the applicable rules and regulations thereunder (except that such counsel need express no opinion as to the financial statements and notes thereto, schedules and other financial, accounting and statistical information included therein).

5. The statements under the caption "Description of Capital Stock" and "Shares Eligible for Future Sale" in the Prospectus, insofar as such statements constitute a summary of documents referred to therein or matters of law, are accurate and fairly present in all material respects the information called for with respect to such documents and matters.

6. Such counsel does not know of any contracts or documents required to be filed as exhibits to the Registration Statement or described in the Registration Statement or the Prospectus that are not so filed or described as required, and such required contracts and documents as are summarized in the Registration Statement or the Prospectus are fairly summarized in all material respects.

7. To such counsel's knowledge, there are no material legal proceedings pending or threatened against MEI, except as set forth in the Prospectus.

8. This Agreement has been duly authorized, executed and delivered by MEI, and, assuming due authorization and execution by the Underwriter, constitutes the valid and binding agreement of MEI, enforceable against MEI, in accordance with its terms, subject, as to enforcement, to applicable bankruptcy, insolvency, reorganization and moratorium laws and other laws relating to or affecting the enforcement of creditors' rights generally and to general equitable principles (regardless of whether such enforceability is considered a proceeding in equity or law) and except as the enforceability of rights to indemnity and contribution under this Agreement may be limited under applicable securities laws or the public policy underlying such laws. The execution and delivery of this Agreement and the consummation of the transactions herein contemplated does not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Restated Certificate of Incorporation or Amended and Restated Bylaws of MEI, or to such counsel's knowledge, any agreement or instrument to which MEI is a party or by which it may be bound that is filed as an exhibit to the Registration Statement.

9. No approval, consent, order or authorization by any regulatory, administrative or other governmental body is necessary in connection with the execution and delivery of this Agreement and the consummation of the transactions herein contemplated (other than as may be required by the NASD or by state securities and Blue Sky laws as to which such counsel need express no opinion) other than such as have been obtained, including without limitation, registration of the Units, Shares and Warrants under the Act and of the Common Stock under the Exchange Act.

10. Neither MEI nor any of its subsidiaries is an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

11. Such counsel shall state that: although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, except as and to the extent set forth in paragraph 5 of such counsel's opinion, on the basis of the foregoing and the information disclosed to such counsel, but without independent check and verification, and relying as to materiality to a large extent on representations and statements of officers and other representatives of MEI, such counsel has participated in conferences with officers and other representatives of MEI, representatives of the Underwriter and its counsel, and representatives of the independent public accountants of MEI, at which conferences the contents of the Registration Statement and the Prospectus were discussed, and no facts have come to the attention of those lawyers in such counsel's firm who have participated in the preparation of the Registration Statement and the Prospectus that would cause such counsel to have reason to believe that, insofar as relevant to the offering of the Units, (a) the Registration Statement or any post-effective amendment thereto as of the time it became effective, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein not misleading, or that (b) the Prospectus on the Effective Date, on the date it was filed pursuant to Rule 424(b) and on the Closing Date or Option Closing Date, as the case may be, contained or contains any untrue statement of material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that with respect to both clause (a) and (b) above such counsel need make no statement with respect to the financial statements and notes thereto, financial schedules and financial, accounting and statistical information included in the Registration Statement or the Prospectus or with respect to the validity, enforceability or non-infringement of any patent or license of a patent.

The foregoing opinion may be limited to the laws of the Commonwealth of Pennsylvania, the General Corporation Law of the State of Delaware and the federal securities laws of the United States and include such other limitations and assumptions as are customary. Such counsel may rely as to questions of fact upon the representations of MEI set forth in this Agreement and upon certificates of officers of MEI and of government officials, all of which certificates must be satisfactory in form and scope to counsel for the Underwriter.

Exhibit 4.1

COMMON STOCK COMMON STOCK

PAR VALUE $.00000002 THIS CERTIFICATE IS TRANSFERRABLE IN NEW YORK, NEW YORK OR CHICAGO, ILLINOIS

[CERTIFICATE NUMBER]	[SHARES]
[ZQ 000175]	

MARSHALL EDWARDS, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &
MR. SAMPLE & MRS. SAMPLE

[CUSIP 572322 30 3]

SEE REVERSE FOR CERTAIN DEFINITIONS

is the owner of

* * * SIX HUNDRED THOUSAND SIX HUNDRED AND TWENTY * * *

FULLY-PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF MARSHALL EDWARDS, INC. (HEREINAFTER CALLED THE "COMPANY"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Articles of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

DATED -Month Day, Year-
FACSIMILE SIGNATURE TO COME

COUNTERSIGNED AND REGISTERED: President [Company Name Here]
COMPUTERSHARE INVESTOR SERVICES, LLC. [ ]
(CHICAGO) [SEAL] TRANSFER AGENT AND REGISTRAR, [2000] [DELAWARE] FACSIMILE SIGNATURE TO COME ---------
--------- Secretary

By_____
AUTHORIZED SIGNATURE

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

UNIF GIFT MIN ACT- Custodian
(Cust) (Minor)

TEN ENT - as tenants by the entireties under Uniform Gifts to Minors Act
(State)

JT TEN - as joint tenants with right of survivorship
and not as tenants in common

UNIF TRF MIN ACT Custodian (until age)
(Cust) (Minor)
under Uniform Transfers to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

MARSHALL EDWARDS INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE ARTICLES OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

For value received, _____hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

- ---

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

---

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: 20 Signature:

Signature(s) Guaranteed:
BY:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

Signature:

Notice:THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

(WATERMARK)

EXHIBIT 4.2

WARRANT AGREEMENT

BETWEEN

MARSHALL EDWARDS, INC.

AND

COMPUTERSHARE INVESTOR SERVICES, LLC

DATED AS OF _____, 2003

THIS AGREEMENT (this "Agreement"), dated as of _____, 2003, is between MARSHALL EDWARDS, INC., a Delaware corporation (the "Company") and COMPUTERSHARE INVESTOR SERVICES, LLC, a Delaware limited liability company (the "Warrant Agent").

The Company, at or about the time that it is entering into this Agreement, proposes to issue and sell, to (i) public investors, (ii) its eligible U.S. stockholders, and (iii) eligible U.S. holders of ordinary shares and ADRs of Novogen Limited, the Company's parent company, an aggregate of 2,000,000 Common Stock Units (together with 300,000 Common Stock Units that may be issued upon exercise of an over-allotment option, the "Units"). Each Unit consists of one share of Common Stock, par value $0.00000002 per share (the "Common Stock") and one Warrant to purchase one share of Common Stock of the Company (a "Warrant"). Each Warrant is exercisable to purchase one share of Common Stock upon the terms and conditions and subject to adjustment in certain circumstances, all as set forth in this Agreement.

The Company desires the Warrant Agent to act on behalf of the Company in connection with the issuance, transfer, exchange and replacement of the certificates evidencing the Warrants to be issued under this Agreement (the "Warrant Certificates") and the exercise of the Warrants;

The Company and the Warrant Agent wish to enter into this Agreement to set forth the terms and conditions of the Warrants and the rights of the holders thereof ("Holders") and to set forth certain respective rights and obligations of the Company and the Warrant Agent. Each Holder is an intended beneficiary of this Agreement with respect to the rights of Holders herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. Date, Denomination and Execution of Warrant Certificates.

The Warrant Certificates (and the Form of Election to Purchase and the Form of Assignment to be printed on the reverse thereof) shall be in registered form only and shall be substantially of the tenor and purport recited in Exhibit A hereto, and may have such letters, numbers or other marks of identification or designation and such legends, summaries or endorsements printed, lithographed or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, or with any rule or regulation made pursuant thereto, or with any rule or regulation of any stock exchange or any automated quotation system on which the Common Stock or the Warrants may be listed or to conform to usage. Each Warrant Certificate shall entitle the registered holder thereof, subject to the provisions of this Agreement and of the Warrant Certificate, to purchase one fully paid and non-assessable share of Common Stock for each Warrant evidenced by such Warrant Certificate for $_____ per share (the "Exercise Price"). The Exercise Price is subject to adjustment as provided in Section 5 hereof. Each Warrant Certificate issued as a part of a Unit offered as described in the recitals, above,

shall be dated the date hereof; each other Warrant Certificate shall be dated the date on which the Warrant Agent receives valid issuance instructions from the Company or a transferring holder of a Warrant Certificate or, if such instructions specify another date, such other date.

The number of shares of Common Stock to be received upon the exercise of each Warrant may be adjusted from time to time as hereinafter set forth. The term "Company" means and includes the corporation named above as well as (i) any immediate or more remote successor corporation resulting from the merger or consolidation of such corporation (or any immediate or more remote successor corporation of such corporation) with another corporation, or (ii) any corporation to which such corporation (or any immediate or more remote successor corporation of such corporation) has transferred its property or assets as an entirety or substantially as an entirety.

For purposes of this Agreement, the term "close of business" on any given date shall mean 5:00 p.m., Eastern time, on such date; provided, however, that if such date is not a business day, it shall mean 5:00 p.m., Eastern time, on the next succeeding business day. For purposes of this Agreement, the term "business day" shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in New York, New York or in the State in which the Warrant Agent maintains the principal office in which it conducts business related to the Warrants are authorized or obligated by law to be closed.

Each Warrant Certificate shall be executed on behalf of the Company by the President and CEO or the Secretary, either manually or by facsimile signature printed thereon. Each Warrant Certificate shall be manually countersigned by the Warrant Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any Warrant Certificate shall cease to be such officer of the Company before countersignature by the Warrant Agent and issue and delivery thereof by the Company, such Warrant Certificate, nevertheless, may be countersigned by the Warrant Agent, issued and delivered with the same force and effect as though the person who signed such Warrant Certificate had not ceased to be such officer of the Company.

SECTION 2. Subsequent Issue of Warrant Certificates.

Subsequent to their original issuance, no Warrant Certificates shall be reissued except (i) Warrant Certificates issued upon transfer thereof in accordance with Section 3 hereof, (ii) Warrant Certificates issued upon any combination, split-up or exchange of Warrant Certificates pursuant to Section 3 hereof, (iii) Warrant Certificates issued in replacement of mutilated, destroyed, lost or stolen Warrant Certificates pursuant to Section 4 hereof, (iv) Warrant Certificates issued upon the partial exercise of Warrant Certificates pursuant to Section 6 hereof, and (v) Warrant Certificates issued to reflect any adjustment or change in the Exercise Price or the number or kind of shares purchasable thereunder pursuant to Section 16 hereof. The Warrant Agent is hereby irrevocably authorized to countersign and deliver, in accordance with the provisions of said Sections 3, 4, 6 and 16, the new Warrant Certificates required for purposes thereof, and the Company, whenever required by the Warrant Agent, will supply the Warrant Agent with Warrant Certificates duly executed on behalf of the Company for such purposes.

SECTION 3. Transfers, Exchanges and Assignments of Warrant Certificates.

The Warrant Agent will keep or cause to be kept books for registration of ownership and transfer of the Warrant Certificates issued hereunder. Such registers shall show the names and addresses of the respective holders of the Warrant Certificates and the kind and number of Warrants evidenced by each such Warrant Certificate.

The Warrant Agent shall, from time to time, register the transfer of any outstanding Warrants upon the books to be maintained by the Warrant Agent for that purpose, upon surrender of the Warrant Certificate evidencing such Warrants, with the Form of Assignment duly filled in and executed with such signature guaranteed by a banking institution or NASD member and such supporting documentation as the Warrant Agent or the Company may reasonably require, to the Warrant Agent at its stock transfer office in _____ at any time on or before the Expiration Date of such Warrant, and upon payment to the Warrant Agent for the account of the Company of an amount equal to any applicable transfer tax. Payment of the amount of such tax may be made in cash, or by certified or official bank check, payable in lawful money of the United States of America to the order of the Company.

Upon receipt of a Warrant Certificate, with the Form of Assignment duly filled in and executed, accompanied by payment of an amount equal to any applicable transfer tax, the Warrant Agent shall promptly cancel the surrendered Warrant Certificate and countersign and deliver to the transferee a new Warrant Certificate for the number of full Warrants transferred to such transferee; provided, however, that in case the registered holder of any Warrant Certificate shall elect to transfer fewer than all of the Warrants evidenced by such Warrant Certificate, the Warrant Agent in addition shall promptly countersign and deliver to such registered holder a new Warrant Certificate or Certificates for the number of full Warrants not so transferred.

Any Warrant Certificate or Certificates may be exchanged at the option of the holder thereof for another Warrant Certificate or Certificates of different denominations, of like tenor and representing in the aggregate the same kind and number of Warrants, upon surrender of such Warrant Certificate or Certificates, with the Form of Assignment duly filled in and executed, to the Warrant Agent, at any time or from time to time after the close of business on the date hereof and prior to the close of business on the Expiration Date relating to such Warrant. The Warrant Agent shall promptly cancel the surrendered Warrant Certificate and deliver the new Warrant Certificate pursuant to the provisions of this Section.

SECTION 4. Mutilated, Destroyed, Lost or Stolen Warrant Certificates.

Upon receipt by the Company and the Warrant Agent of evidence reasonably satisfactory to each of them of the loss, theft, destruction or mutilation of any Warrant Certificate, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification (which shall include the posting of an open-penalty bond per Warrant Agent's requirements), and upon surrender and cancellation of any Warrant Certificate, if mutilated, the Warrant Agent shall countersign and deliver a new Warrant Certificate of like tenor and date for the same kind and number of Warrants.

SECTION 5. Anti-Dilution Provisions.

(a) Adjustment for Recapitalization and Reorganization, Etc. In case (i) the outstanding shares of the Common Stock shall be subdivided into a greater number of shares, (ii) a dividend or other distribution in Common Stock shall be paid in respect of Common Stock, (iii) the outstanding shares of Common Stock shall be combined into a smaller number of shares thereof, or (iv) any shares of the Company's capital stock are issued by reclassification of the Common Stock (including any reclassification upon a consolidation or merger in which the Company is the continuing corporation), the Exercise Price in effect immediately prior to such subdivision, combination or reclassification or at the record date of such dividend or distribution shall simultaneously with the effectiveness of such subdivision, combination or reclassification or immediately after the record date of such dividend or distribution be proportionately adjusted to equal the product obtained by multiplying the Exercise Price by a fraction, the numerator of which is the number of outstanding shares of Common Stock (on a fully diluted basis) immediately prior to such combination, subdivision, reclassification or dividend and the denominator of which is the number of outstanding shares of Common Stock (on a fully diluted basis) outstanding after giving effect to such combination, subdivision, reclassification or dividend.

"On a fully diluted basis" means that all outstanding options, rights or Warrants to subscribe for shares of Common Stock and all securities convertible into or exchangeable for shares of Common Stock (such options, rights, Warrants and securities are collectively referred to herein as "Convertible Securities") and all options or rights to acquire Convertible Securities have been exercised, converted or exchanged.

Whenever the Exercise Price per share is adjusted as provided in the immediately preceding paragraph, the number of shares of Common Stock purchasable upon exercise of each Warrant immediately prior to such Exercise Price adjustment shall be adjusted, effective simultaneous with the Exercise Price adjustment, to equal the product obtained (calculated to the nearest full share) by multiplying such number of shares of Common Stock by a fraction, the numerator of which is the Exercise Price per share in effect immediately prior to such Exercise Price adjustment and the denominator of which is the Exercise Price per share in effect upon such Exercise Price adjustment, which adjusted number of shares of Common Stock shall thereupon be the number of shares of Common Stock purchasable upon exercise of the Warrant until further adjusted as provided herein.

For the purpose of this Section, the term "Common Stock" shall mean (i) the Common Stock or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time as a result of an adjustment made pursuant to this Section, the holder of any Warrant thereafter surrendered for exercise shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, thereafter the number of such other shares so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in this Section, and all other provisions of this Agreement, with respect to the Common Stock, shall apply on like terms to any such other shares.

(b) Adjustment for Reorganization, Consolidation, Merger, Liquidation Etc. In case of any reorganization of the Company (or any other corporation, the securities of which are at the time receivable on the exercise of each Warrant) after the date hereof or in case after such date the Company (or any such other corporation) shall consolidate with or merge into another corporation or convey all or substantially all of its assets to another corporation or liquidate, then, and in each such case, the Holder of each Warrant upon the exercise thereof as provided in Section 6 at any time after the consummation of such reorganization, consolidation, merger, conveyance or liquidation, shall be entitled to receive, in lieu of the securities and property receivable upon the exercise of such Warrant prior to such consummation, the securities or property to which such Holder would have been entitled upon such consummation if such Holder had exercised such Warrant immediately prior thereto; in each such case, the terms of such Warrant shall be applicable to the securities or property receivable upon the exercise of such Warrant after such consummation.

The Warrant Agent shall not be under any responsibility to determine the correctness of either the kind or amount of shares of stock or securities or property (or cash) purchasable by holders of Warrant Certificates upon the exercise of their Warrants after any such consolidation, merger, sale or transfer or of any adjustment to be made with respect thereto, but subject to the provisions of Section 16 hereof, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, a certificate of a firm of independent certified public accountants (who may be the accountants regularly employed by the Company) with respect thereto.

(c) No Dilution. The Company will not, by amendment of its Certificate of Incorporation or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of the Warrants against dilution or other impairment. Without limiting the generality of the foregoing, while the Warrants are outstanding, the Company (a) will not permit the par value, if any, of the shares of Common Stock receivable upon the exercise of each Warrant to be above the amount payable therefor upon such exercise and (b) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue or sell fully paid and non-assessable shares of Common Stock upon the exercise of each Warrant.

(d) Certificate as to Adjustments. Whenever the number of shares of Common Stock or other securities purchasable upon exercise of a Warrant is adjusted as provided in this Section 5, the Company will promptly file with the Warrant Agent a certificate signed by the President and CEO or the Secretary of the Company setting forth the number and kind of securities or other property purchasable upon exercise of a Warrant, as so adjusted, stating that such adjustments in the number or kind of shares or other securities or property conform to the requirements of this Section 5, and setting forth a brief statement of the facts accounting for such adjustments. Promptly after receipt of such certificate, the Company, or the Warrant Agent at the Company's request, will deliver, by first-class, postage prepaid mail, a brief summary thereof (to be supplied by the Company) to the registered holders of the outstanding Warrant Certificates; provided, however, that failure to file or to give any notice

required under this Section 5(d), or any defect therein, shall not affect the legality or validity of any such adjustments under this Section 5; and provided, further, that, where appropriate, such notice may be given in advance and included as part of the notice required to be given pursuant to Section 5(e) hereof.

(e) Notices of Record Date, Etc. In case:

(i) the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any dividend (other than a cash dividend at the same rate as the rate of the last cash dividend theretofore paid) or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities, or to receive any other right; or

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation or merger of the Company with or into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary or involuntary dissolution, liquidation or winding up of the Company, then, and in each such case,

the Company shall mail or cause to be mailed to each Holder of the Warrants at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding up is to take place, and the time, if any, is to be fixed, as to which the holders of record of Common Stock (or such other securities at the time receivable upon the exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding up. Such notice shall be mailed at least 20 days prior to the date therein specified and the Warrants may be exercised prior to said date during the term of the Warrants.

(f) Irrespective of any adjustments in the number or kind of shares issuable upon exercise of Warrants, Warrant Certificates theretofore or thereafter issued may continue to express the same price and number and kind of shares as are stated in the similar Warrant Certificates initially issuable pursuant to this Agreement.

(g) The Company may retain a firm of independent public accountants of recognized standing, which may be the firm regularly retained by the Company, selected by the Board of Directors of the Company, and not disapproved by the Warrant Agent, to make any computation required under this Section 5, and a certificate signed by such firm shall, in the

absence of fraud or gross negligence, be conclusive evidence of the correctness of any computation made under this Section 5.

SECTION 6. Exercise of Warrants.

(a) The Warrants may be exercised, in whole or in part, at any time, or from time to time during the period commencing on the date hereof and expiring 5:00 p.m. Eastern Time on _____, 200_ (the "Expiration Date"), by presentation and surrender of any Warrant Certificate to the Warrant Agent at its stock transfer office in _____, with the Form of Election to Purchase on the reverse side thereof duly executed and accompanied by payment (either by wire transfer of good funds or by certified or official bank check, payable to the order of the Company in lawful currency of the United States of America) of the Exercise Price for the number of shares specified in such form and an amount equal to any applicable transfer tax and, if requested by the Company, any other taxes or governmental charges which the Company may be required by law to collect in respect of such exercise.

(b) In case the registered holder of any Warrant Certificate shall exercise fewer than all of the Warrants evidenced by such Warrant Certificate, the Warrant Agent shall promptly countersign and deliver to the registered holder of such Warrant Certificate, or to his duly authorized assigns, a new Warrant Certificate or Certificates evidencing the number of Warrants that were not so exercised.

(c) Upon receipt by the Warrant Agent of any Warrant Certificate, with the Form of Election to Purchase duly filled in and executed, together with payment of the Exercise Price of the Warrants being exercised (and of an amount equal to any applicable taxes or government charges as aforesaid), the Warrant Agent shall promptly request from the Transfer Agent with respect to the securities to be issued and deliver to or upon the order of the registered holder of such Warrant Certificate, in such name or names as such registered holder may designate, a certificate or certificates for the number of full shares of the securities to be purchased, together with cash made available by the Company pursuant to Section 7 hereof in respect of any fraction of a share of such securities otherwise issuable upon such exercise. If the Warrant is then exercisable to purchase property other than securities, the Warrant Agent shall take appropriate steps to cause such property to be delivered to or upon the order of the registered holder of such Warrant Certificate. In addition, if it is required by law and upon instruction by the Company, the Warrant Agent will deliver to each Holder a prospectus which complies with the provisions of Section 9 of the Securities Act of 1933 and the Company agrees to supply Warrant Agent with sufficient number of prospectuses to effectuate that purpose. The Holder shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on exercise of the Warrants.

(d) Each person in whose name any certificate for securities is issued upon the exercise of Warrants shall for all purposes be deemed to have become the holder of record of the securities represented thereby as of, and such certificate shall be dated, the date upon which the Warrant Certificate was duly surrendered in proper form and payment of the Exercise Price (and of any applicable taxes or other governmental charges) was made notwithstanding that the stock transfer books of the Company shall then be closed, or that certificates representing such shares of Common Stock shall not then be actually delivered to the Holder.

SECTION 7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of each Warrant, but the Company shall pay the Holder an amount equal to the fair market value of such fractional share of Common Stock in lieu of each fraction of a share otherwise called for upon any exercise of such Warrant. For purposes of each Warrant, the fair market value of a share of Common Stock shall be determined as follows:

(a) If the Common Stock is listed on a National Securities Exchange or admitted to unlisted trading privileges on such exchange or listed for trading on the Nasdaq system, the current market value shall be the last reported sale price of the Common Stock on such exchange or system on the last business day prior to the date of exercise of such Warrant or, if no such sale is made on such day, the average of the closing bid and asked prices for such day on such exchange or system; or

(b) if the Common Stock is not so listed or admitted, the current market value shall be the last reported sale price of the Common Stock on the Alternate Investment Market of the London Stock Exchange on the last trading day prior to the date of exercise of such warrant or, if no such sale is made on such day, the average of the closing bid and asked prices for such day on such exchange; or

(c) If the Common Stock is not so listed or admitted, the current market value shall be the average of the closing bid and asked prices as quoted by the OTC Bulletin Board; or

(d) If the Common Stock is not so listed or admitted to unlisted trading privileges, the current market value shall be the mean of the last reported bid and asked prices reported by the National Quotation Bureau, Inc. on the last business day prior to the date of the exercise of such Warrant; or

(e) If the Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the current market value shall be an amount, not less than book value thereof as at the end of the most recent fiscal year of the Company ending prior to the date of the exercise of such Warrant, determined in such reasonable manner as may be prescribed by the Board of Directors of the Company.

SECTION 8. Reservation of Equity Securities.

The Company covenants that it will at all times reserve and keep available, free from any pre-emptive rights, out of its authorized and unissued equity securities, solely for the purpose of issue upon exercise of the Warrants, such number of shares of equity securities of the Company as shall then be issuable upon the exercise of all outstanding Warrants ("Equity Securities"). The Company covenants that all Equity Securities which shall be so issuable shall, upon such issue, be duly authorized, validly issued, fully paid and non-assessable.

The Company covenants that if any Equity Securities, required to be reserved for the purpose of issue upon exercise of the Warrants hereunder, require registration with or approval of any governmental authority under any federal or state law before such shares may be issued upon exercise of Warrants, the Company will use its best efforts to cause such securities

to be duly registered, or approved under the federal securities laws, as the case may be, and, to the extent practicable, take all such action in anticipation of and prior to the exercise of the Warrants, including, without limitation, filing any and all post-effective amendments to the Company's Registration Statement on Form S-1 (Registration No. 333-109129) and take such reasonable action under the laws of the various states, necessary to permit a public offering of the securities underlying the Warrants at any and all times during the term of this Agreement, provided, however, that in no event shall such securities be issued, and the Company is authorized to refuse to honor the exercise of any Warrant, if such exercise would result in the opinion of the Company's Board of Directors, upon advice of counsel, in the violation of any law.

SECTION 9. Disposition of Proceeds on Exercise of Warrant Certificates, etc.

The Warrant Agent shall account promptly to the Company with respect to Warrants exercised and concurrently pay to the Company all moneys received by the Warrant Agent for the purchase of securities or other property through the exercise of such Warrants.

The Warrant Agent shall keep copies of this Agreement available for inspection by Holders during normal business hours at its stock transfer office. Copies of this Agreement may be obtained upon written request addressed to the Warrant Agent at its stock transfer office in _____.

SECTION 10. Holder Not Deemed a Stockholder.

No Holder, as such, shall be entitled to vote, receive dividends or be deemed the holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise of the Warrants represented thereby for any purpose whatever, nor shall anything contained herein or in any Warrant Certificate be construed to confer upon any Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, merger, conveyance or otherwise), or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 5 hereof), or to receive dividend or subscription rights, or otherwise, until such Warrant Certificate shall have been exercised in accordance with the provisions hereof and the receipt of the Exercise Price and any other amounts payable upon such exercise by the Warrant Agent.

SECTION 11. Right of Action.

All rights of action in respect to this Agreement are vested in the respective registered holders of the Warrant Certificates; and any registered holder of any Warrant Certificate, without the consent of the Warrant Agent or of any other holder of a Warrant Certificate, may, in his own behalf for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company suitable to enforce, or otherwise in respect of, his right to exercise the Warrants evidenced by such Warrant Certificate, for the purchase of

shares of the Common Stock in the manner provided in the Warrant Certificate and in this Agreement.

SECTION 12. Agreement of Holders of Warrant Certificates.

Every holder of a Warrant Certificate by accepting the same consents and agrees with the Company, the Warrant Agent and with every other holder of a Warrant Certificate that:

(a) the Warrant Certificates are transferable on the registry books of the Warrant Agent only upon the terms and conditions set forth in this Agreement; and

(b) the Company and the Warrant Agent may deem and treat the person in whose name the Warrant Certificate is registered as the absolute owner of the Warrant (notwithstanding any notation of ownership or other writing thereon made by anyone other than the Company or the Warrant Agent) for all purposes whatsoever and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

SECTION 13. Cancellation of Warrant Certificates.

In the event that the Company shall purchase or otherwise acquire any Warrant Certificate or Certificates after the issuance thereof, such Warrant Certificate or Certificates shall thereupon be delivered to the Warrant Agent and be canceled by it and retired. The Warrant Agent shall also cancel any Warrant Certificate delivered to it for exercise, in whole or in part, or delivered to it for transfer, split-up, combination or exchange. Warrant Certificates so canceled shall be delivered by the Warrant Agent to the Company from time to time, or disposed of in accordance with the instructions of the Company.

SECTION 14. WARRANT AGENT.

The Warrant Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Warrants, by their acceptance thereof, shall be bound:

The statements contained herein and in the Warrant Certificates shall be taken as statements of the Company and the Warrant Agent assumes no responsibility for the correctness of any of the same. The Warrant Agent assumes no responsibility with respect to the distribution of the Warrant Certificates except as herein otherwise provided.

The Warrant Agent shall not be responsible for any failure of the Company to comply with any of the covenants contained in this Agreement or in the Warrant Certificates to be complied with by the Company.

The Warrant Agent may consult at any time with counsel satisfactory to it (who may be counsel for the Company) and the Warrant Agent shall incur no liability or responsibility to the Company or to any holder of any Warrant Certificate in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion or the advice of such counsel.

The Warrant Agent shall incur no liability or responsibility to the Company or to any holder of any Warrant Certificate for any action taken in reliance on any Warrant Certificate, certificate of shares, notice, resolution, waiver, consent, order, certificate, opinion, direction or other paper, document or instrument believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

The Company agrees to pay to the Warrant Agent reasonable compensation, as agreed in writing from time to time, for all services rendered by the Warrant Agent in connection with this Agreement, to reimburse the Warrant Agent for all expenses, taxes and governmental charges and other charges of any kind and nature reasonably incurred by the Warrant Agent in connection with this Agreement (including, without limitation, reasonable fees and expenses of counsel) and to indemnify the Warrant Agent and its agents, employees, directors, officers, attorneys and affiliates and save it and them harmless against any and all losses, liabilities, damages and expenses of any nature whatsoever, including, without limitation, judgments, costs and counsel fees and actual expenses, for any action taken or omitted by the Warrant Agent or arising in connection with this Agreement and the exercise by the Warrant Agent of its rights hereunder and the performance by the Warrant Agent of any of its obligations hereunder except as a result of the Warrant Agent's gross negligence or bad faith or willful misconduct, which finding of liability shall have been determined by a court of competent jurisdiction.

The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more Holders of Warrant Certificates shall furnish the Warrant Agent with reasonable security and indemnity satisfactory to the Warrant Agent for any costs and expenses which may be incurred, but this provision shall not affect the power of the Warrant Agent to take such action as it may consider proper, whether with or without any such security or indemnity. All rights of action under this Agreement or under any of the Warrants may be enforced by the Warrant Agent without the possession of any of the Warrant Certificates or the production thereof at any trial or other proceeding relative thereto, and any such action, suit or proceeding instituted by the Warrant Agent shall be brought in its name as Warrant Agent and any recovery of judgment shall be for the ratable benefit of the Holders of the Warrants, as their respective rights or interests may appear.

The Warrant Agent, and any stockholder, director, officer or employee of it, may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

The Warrant Agent shall act hereunder solely as agent for the Company, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not be liable for anything which it may do or refrain from doing in connection with this Agreement except for its own willful misconduct, gross negligence or bad faith.

The Warrant Agent shall not at any time be under any duty or responsibility to any holder of any Warrant Certificate to make or cause to be made any adjustment of the

Exercise Price or number of the Equity Securities or other securities or property deliverable as provided in this Agreement, or to determine whether any facts exist which may require any of such adjustments, or with respect to the nature or extent of any such adjustments, when made, or with respect to the method employed in making the same. The Warrant Agent shall not be accountable with respect to the validity or value or the kind or amount of any Equity Securities or of any securities or property which may at any time be issued or delivered upon the exercise of any Warrant or with respect to whether any such Equity Securities or other securities will when issued be validly issued and fully paid and non-assessable, and makes no representation with respect thereto.

Before the Warrant Agent acts or refrains from acting with respect to any matter contemplated by this Agreement, it may require:

(i) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with; and

(ii) if reasonably necessary in the sole judgment of the Warrant Agent, an Opinion of Counsel for the Company stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each Officers' Certificate or, if requested, an Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Agreement shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

The Warrant Agent shall not be liable for any action it takes or omits to take in good faith in reliance on any such certificate or opinion.

The Warrant Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman of the Board, the President, a Vice President, the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer.

The Warrant Agent shall not have any duty to calculate or determine any adjustments with respect either to the Exercise Price or the kind and amount of shares or other securities or any property receivable by holders of Warrant Certificates upon the exercise or

tender of Warrants required from time to time, and the Warrant Agent shall have no duty or responsibility in determining the accuracy or correctness of such calculations.

The Company will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further acts, instruments and assurances as may be required by the Warrant Agent in order to enable it to carry out or perform its duties under this Agreement.

The Warrant Agent may rely and shall be fully protected in relying upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Warrant Agent need not investigate any fact or matter stated in the document.

The Warrant Agent may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

The Warrant Agent shall maintain the Warrant Register consistent with the terms and conditions of this Agreement.

SECTION 15. Merger or Consolidation or Change of Name of Warrant Agent.

Any corporation into which the Warrant Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party, or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor warrant agent under the provisions of Section 15 hereof. In case at the time such successor to the Warrant Agent shall succeed to the agency created by this Agreement, any of the Warrant Certificates shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent and deliver such Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, any successor to the Warrant Agent may countersign such Warrant Certificates either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

SECTION 16. Change of Warrant Agent.

The Warrant Agent may resign and be discharged from its duties under this Agreement upon 30 days' prior notice in writing mailed, by registered or certified mail, to the

Company. The Company may remove the Warrant Agent or any successor warrant agent upon 30 days' prior notice in writing, mailed to the Warrant Agent or successor warrant agent, as the case may be, by registered or certified mail. If the Warrant Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Warrant Agent and shall, within 15 days following such appointment, give notice thereof in writing to each registered holder of the Warrant Certificates. If the Company shall fail to make such appointment within a period of 15 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Warrant Agent, then the Company agrees to perform the duties of the Warrant Agent hereunder until a successor Warrant Agent is appointed. After appointment and execution of a copy of this Agreement in effect at that time, the successor Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Warrant Agent without further act or deed; but the former Warrant Agent shall deliver and transfer to the successor Warrant Agent, within a reasonable time, any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Failure to give any notice provided for in this Section, however, or any defect therein shall not affect the legality or validity of the resignation or removal of the Warrant Agent or the appointment of the successor warrant agent, as the case may be.

SECTION 17 Issuance of New Warrant Certificates.

Notwithstanding any of the provisions of this Agreement or the several Warrant Certificates to the contrary, the Company may, at its option, issue new Warrant Certificates in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Exercise Price or the number or kind of shares purchasable under the several Warrant Certificates made in accordance with the provisions of this Agreement.

SECTION 18 Notices.

Notice or demand pursuant to this Agreement to be given or made on the Company by the Warrant Agent or by the registered holder of any Warrant Certificate shall be sufficiently given or made if sent by first-class or registered mail, postage prepaid, addressed

(until another address is filed in writing by the Company with the Warrant Agent) as follows:

Marshall Edwards, Inc.
140 Wicks Road
North Ryde NSW 2113
Australia
Attention: David R. Seaton
Secretary

Subject to the provisions of Section 15, any notice pursuant to this Agreement to be given or made by the Company or by the holder of any Warrant Certificate to the Warrant Agent shall be sufficiently given or made if sent by first-class or registered mail, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company) as follows:

Computershare Investor Services, LLC
Two North LaSalle Street
Chicago, Illinois 60602
Attention: Relationship Manager

Any notice or demand authorized to be given or made to the registered holder of any Warrant Certificate under this Agreement shall be sufficiently given or made if sent by first-class or registered mail, postage prepaid, to the last address of such holder as it shall appear on the registers maintained by the Warrant Agent.

SECTION 19. Modification of Agreement.

The Warrant Agent may, without the consent or concurrence of the Holders, by supplemental agreement or otherwise, concur with the Company in making any changes or corrections in this Agreement that the Warrant Agent shall have been advised by counsel (who may be counsel for the Company) are necessary or desirable to cure any ambiguity or to correct any defective or inconsistent provision or clerical omission or mistake or manifest error herein contained, or to make any other provisions in regard to matters or questions arising hereunder and which shall not be inconsistent with the provisions of the Warrant Certificates and which shall not adversely affect the interests of the Holders. As of the date hereof, this Agreement contains the entire and only agreement, understanding, representation, condition, warranty or covenant between the parties hereto with respect to the matters herein, supersedes any and all other agreements between the parties hereto relating to such matters, and may be modified or amended only by a written agreement signed by both parties hereto pursuant to the authority granted by the first sentence of this Section.

SECTION 20. Successors.

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION 21. Applicable Law.

This Agreement and each Warrant Certificate issued hereunder shall for all purposes be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the choice of law rules thereof.

SECTION 22 Termination.

This Agreement shall terminate as of the close of business on the Expiration Date, or such earlier date upon which all Warrants shall have been exercised or redeemed, except that the Warrant Agent shall account to the Company as to all Warrants outstanding and all cash held by it as of the close of business on the Expiration Date.

SECTION 23 Benefits of this Agreement.

Nothing in this Agreement or in the Warrant Certificates shall be construed to give to any person or corporation other than the Company, the Warrant Agent, and their respective successors and assigns hereunder and the registered holders of the Warrant Certificates any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Warrant Agent, their respective successors and assigns hereunder and the registered holders of the Warrant Certificates.

SECTION 24 Descriptive Headings.

The descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 25 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, all as of the day and year first above written.

MARSHALL EDWARDS, INC.

By:

Name:
Title:

COMPUTERSHARE INVESTOR SERVICES, LLC

By:

Name:
Title:

EXHIBIT A

VOID AFTER 5 P.M. EASTERN TIME ON _____, 200__

WARRANTS TO PURCHASE COMMON STOCK

____ WARRANTS

MARSHALL EDWARDS, INC.

CUSIP 572322 11 3

THIS CERTIFIES THAT _____ or its registered assigns, is the registered holder of the number of Warrants ("Warrants") set forth above. Each Warrant, unless and until redeemed by the Company as provided in the Warrant Agreement, hereinafter more fully described (the "Warrant Agreement") entitles the holder thereof to purchase from Marshall Edwards Inc., a corporation incorporated under the laws of the State of Delaware the ("Company"), subject to the terms and conditions set forth hereinafter and in the Warrant Agreement, at any time on or before the close of business on _____, 200__ ("Expiration Date"), one fully paid and non-assessable share of Common Stock of the Company, par value $0.00000002 per share ("Common Stock") upon presentation and surrender of this Warrant Certificate, with the instructions for the registration and delivery of Common Stock filled in, at the stock transfer office in _____, of Computershare Investor Services, LLC, Warrant Agent of the Company ("Warrant Agent") or of its successor warrant agent or, if there be no successor warrant agent, at the corporate offices of the Company, and upon payment of the Exercise Price (as defined in the Warrant Agreement) and any applicable taxes paid either in cash, or by certified or official bank check, payable in lawful money of the United States of America to the order of the Company. Each Warrant initially entitles the holder to purchase one share of Common Stock for $_____. The number and kind of securities or other property for which the Warrants are exercisable are subject to adjustment in certain events, such as mergers, splits, stock dividends, splits and the like, to prevent dilution.

This Warrant Certificate is subject to all of the terms, provisions and conditions of the Warrant Agreement, dated as of _____, 200__, between the Company and the Warrant Agent, to all of which terms, provisions and conditions the registered holder of this Warrant Certificate consents by acceptance hereof. The Warrant Agreement is incorporated herein by reference and made a part hereof and reference is made to the Warrant Agreement for a full description of the rights, limitations of rights, obligations, duties and immunities of the Warrant Agent, the Company and the holders of the Warrant Certificates. Copies of the Warrant Agreement are available for inspection at the stock transfer office of the Warrant Agent or may be obtained upon written request addressed to the Company at 140 Wicks Road, North Ryde NSW 2113, Australia, Attn: Secretary.

The Company shall not be required upon the exercise of the Warrants evidenced by this Warrant Certificate to issue fractions of Warrants, Common Stock or other securities, but

shall make adjustment therefor in cash on the basis of the current market value of any fractional interest as provided in the Warrant Agreement.

In certain cases, the sale of securities by the Company upon exercise of Warrants would violate the securities laws of the United States, certain states thereof or other jurisdictions. The Company has agreed to use its best efforts to cause a registration statement to continue to be effective during the term of the Warrants with respect to such sales under the Securities Act of 1933, and to take such reasonable action under the laws of various states as may be required to cause the sale of securities upon exercise to be lawful. However, the Company will not be required to honor the exercise of Warrants if, in the opinion of the Board of Directors, upon advice of counsel, the sale of securities upon such exercise would be unlawful.

This Warrant Certificate, with or without other Certificates, upon surrender to the Warrant Agent, any successor warrant agent or, in the absence of any successor warrant agent, at the corporate offices of the Company, may be exchanged for another Warrant Certificate or Certificates evidencing in the aggregate the same number of Warrants as the Warrant Certificate or Certificates so surrendered. If the Warrants evidenced by this Warrant Certificate shall be exercised in part, the holder hereof shall be entitled to receive upon surrender hereof another Warrant Certificate or Certificates evidencing the number of Warrants not so exercised.

No holder of this Warrant Certificate, as such, shall be entitled to vote, receive dividends or be deemed the holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose whatever, nor shall anything contained in the Warrant Agreement or herein be construed to confer upon the holder of this Warrant Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof or give or withhold consent to any corporate action (whether upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any merger, recapitalization, issuance of stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, conveyance or otherwise) or to receive notice of meetings or other actions affecting stockholders (except as provided in the Warrant Agreement) or to receive dividends or subscription rights or otherwise until the Warrants evidenced by this Warrant Certificate shall have been exercised and the Common Stock purchasable upon the exercise thereof shall have become deliverable as provided in the Warrant Agreement.

If this Warrant Certificate shall be surrendered for exercise within any period during which the transfer books for the Company's Common Stock or other class of stock purchasable upon the exercise of the Warrants evidenced by this Warrant Certificate are closed for any purpose, the Company shall not be required to make delivery of certificates for shares purchasable upon such transfer until the date of the reopening of said transfer books.

Every holder of this Warrant Certificate by accepting the same consents and agrees with the Company, the Warrant Agent, and with every other holder of a Warrant Certificate that:

(a) this Warrant Certificate is transferable on the registry books of the Warrant Agent only upon the terms and conditions set forth in the Warrant Agreement, and

(b) the Company and the Warrant Agent may deem and treat the person in whose name this Warrant Certificate is registered as the absolute owner hereof (notwithstanding any notation of ownership or other writing thereon made by anyone other than the Company or the Warrant Agent) for all purposes whatever and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. The Company shall not be required to issue or deliver any certificate for shares of Common Stock or other securities upon the exercise of Warrants evidenced by this Warrant Certificate until any tax which may be payable in respect thereof by the holder of this Warrant Certificate pursuant to the Warrant Agreement shall have been paid, such tax being payable by the holder of this Warrant Certificate at the time of surrender.

This Warrant Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Warrant Agent.

WITNESS the facsimile signatures of the proper officers of the Company.

Dated: MARSHALL EDWARDS, INC.

By:

President and CEO

COUNTERSIGNED

COMPUTERSHARE INVESTOR SERVICES, LLC,
as Warrant Agent

By:

Authorized Officer

Exhibit 4.3

WARRANT WARRANT

THIS CERTIFICATE IS TRANSFERRABLE IN
NEW YORK, NEW YORK OR CHICAGO, ILLINOIS

CERTIFICATE NUMBER	SHARES
ZQ 000176	

MARSHALL EDWARDS, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &
MR. SAMPLE & MRS. SAMPLE

[CUSIP 572322 11 3]

SEE REVERSE FOR
CERTAIN DEFINITIONS

is the owner of

* * * SIX HUNDRED THOUSAND
SIX HUNDRED AND TWENTY * * *

WARRANTS TO PURCHASE SHARES OF COMMON STOCK, PAR VALUE $.00000002 PER SHARE, OF MARSHALL EDWARDS, INC. (HEREINAFTER CALLED THE "COMPANY"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the warrants represented hereby, are issued and shall be held subject to all of the provisions of the Warrant Agreement between the Company and the Warrant Agent, dated as of _____, 2003, (a copy of which is on file with the Company and with a Warrant Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Warrant Agent and Registrar.

WITNESS the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

DATED <> FACSIMILE SIGNATURE TO COME ---------

--------- COUNTERSIGNED AND REGISTERED: President [Company Name Here]

COMPUTERSHARE INVESTOR SERVICES, LLC. [ ]

(CHICAGO) [SEAL] WARRANT AGENT AND REGISTRAR, [2000] [DELAWARE] FACSIMILE SIGNATURE TO COME ---------

--------- Secretary

By_____
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

VOID AFTER 5 P.M. EASTERN TIME ON _____, 200_
WARRANTS TO PURCHASE COMMON STOCK

_____ WARRANTS
MARSHALL EDWARDS, INC.
CUSIP 572322 11 3

THIS CERTIFIES THAT _____ or its registered assigns, is the registered holder of the number of Warrants ("Warrants") set forth above. Each Warrant, unless and until redeemed by the Company as provided in the Warrant Agreement, hereinafter more fully described (the "Warrant Agreement") entitles the holder thereof to purchase from Marshall Edwards Inc., a corporation incorporated under the laws of the State of Delaware the ("Company"), subject to the terms and conditions set forth hereinafter and in the Warrant Agreement, at any time on or before the close of business on _____, 200__ ("Expiration Date"), one fully paid and non-assessable share of Common Stock of the Company, par value $0.00000002 per share ("Common Stock") upon presentation and surrender of this Warrant Certificate, with the instructions for the registration and delivery of Common Stock filled in, at the stock transfer office in _____, of Computershare Investor Services, LLC, Warrant Agent of the Company ("Warrant Agent") or of its successor warrant agent or, if there be no successor warrant agent, at the corporate offices of the Company, and upon payment of the Exercise Price (as defined in the Warrant Agreement) and any applicable taxes paid either in cash, or by certified or official bank check, payable in lawful money of the United States of America to the order of the Company. Each Warrant initially entitles the holder to purchase one share of Common Stock for $_____. The number and kind of securities or other property for which the Warrants are exercisable are subject to adjustment in certain events, such as mergers, splits, stock dividends, splits and the like, to prevent dilution.

This Warrant Certificate is subject to all of the terms, provisions and conditions of the Warrant Agreement, dated as of _____, 200__, between the Company and the Warrant Agent, to all of which terms, provisions and conditions the registered holder of this Warrant Certificate consents by acceptance hereof. The Warrant Agreement is incorporated herein by reference and made a part hereof and reference is made to the Warrant Agreement for a full description of the rights, limitations of rights, obligations, duties and immunities of the Warrant Agent, the Company and the holders of the Warrant Certificates. Copies of the Warrant Agreement are available for inspection at the stock transfer office of the Warrant Agent or may be obtained upon written request addressed to the Company at 140 Wicks Road, North Ryde NSW 2113, Australia, Attn: Secretary.

The Company shall not be required upon the exercise of the Warrants evidenced by this Warrant Certificate to issue fractions of Warrants, Common Stock or other securities, but shall make adjustment therefor in cash on the basis of the current market value of any fractional interest as provided in the Warrant Agreement.

In certain cases, the sale of securities by the Company upon exercise of Warrants would violate the securities laws of the United States, certain states thereof or other jurisdictions. The Company has agreed to use its best efforts to cause a registration statement to continue to be effective during the term of the Warrants with respect to such sales under the Securities Act of 1933, and to take such reasonable action under the laws of various states as may be required to cause the sale of securities upon exercise to be lawful. However, the Company will not be required to honor the exercise of Warrants if, in the opinion of the Board of Directors, upon advice of counsel, the sale of securities upon such exercise would be unlawful.

This Warrant Certificate, with or without other Certificates, upon surrender to the Warrant Agent, any successor warrant agent or, in the absence of any successor warrant agent, at the corporate offices of the Company, may be exchanged for another Warrant Certificate or Certificates evidencing in the aggregate the same number of Warrants as the Warrant Certificate or Certificates so surrendered. If the Warrants evidenced by this Warrant Certificate shall be exercised in part, the holder hereof shall be entitled to receive upon surrender hereof another Warrant Certificate or Certificates evidencing the number of Warrants not so exercised.

No holder of this Warrant Certificate, as such, shall be entitled to vote, receive dividends or be deemed the holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose whatever, nor shall anything contained in the Warrant Agreement or herein be construed to confer upon the holder of this Warrant Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof or give or withhold consent to any corporate action (whether upon any matter submitted to stockholders at any meeting thereof, or give or withhold consent to any merger, recapitalization, issuance

of stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, conveyance or otherwise) or to receive notice of meetings or other actions affecting stockholders (except as provided in the Warrant Agreement) or to receive dividends or subscription rights or otherwise until the Warrants evidenced by this Warrant Certificate shall have been exercised and the Common Stock purchasable upon the exercise thereof shall have become deliverable as provided in the Warrant Agreement.

If this Warrant Certificate shall be surrendered for exercise within any period during which the transfer books for the Company's Common Stock or other class of stock purchasable upon the exercise of the Warrants evidenced by this Warrant Certificate are closed for any purpose, the Company shall not be required to make delivery of certificates for shares purchasable upon such transfer until the date of the reopening of said transfer books.

Every holder of this Warrant Certificate by accepting the same consents and agrees with the Company, the Warrant Agent, and with every other holder of a Warrant Certificate that:

(a) this Warrant Certificate is transferable on the registry books of the Warrant Agent only upon the terms and conditions set forth in the Warrant Agreement, and

(b) the Company and the Warrant Agent may deem and treat the person in whose name this Warrant Certificate is registered as the absolute owner hereof (notwithstanding any notation of ownership or other writing thereon made by anyone other than the Company or the Warrant Agent) for all purposes whatever and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. The Company shall not be required to issue or deliver any certificate for shares of Common Stock or other securities upon the exercise of Warrants evidenced by this Warrant Certificate until any tax which may be payable in respect thereof by the holder of this Warrant Certificate pursuant to the Warrant Agreement shall have been paid, such tax being payable by the holder of this Warrant Certificate at the time of surrender.

This Warrant Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Warrant Agent.

WITNESS the facsimile signatures of the proper officers of the Company.

Dated: MARSHALL EDWARDS, INC.

By: _____
President and CEO

COUNTERSIGNED

COMPUTERSHARE INVESTOR SERVICES, LLC, as Warrant Agent

By: _____
Authorized Officer

(WATERMARK)

Exhibit 5

[Letterhead of Morgan, Lewis & Bockius LLP]

October 31, 2003

Marshall Edwards, Inc.
140 Wicks Road
North Ryde NSW 2113
Australia

Re: Issuance of 2,300,000 Common Stock Units
pursuant to Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as counsel to Marshall Edwards, Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), of a Registration Statement (the "Registration Statement") on Form S-1 (Reg. No. 333-109129) relating to the proposed public offering by the Company of an aggregate of 2,300,000 common stock units ("Units") (including up to 300,000 Units subject to an over-allotment option), each Unit consisting of one share of the Company's common stock, par value $0.00000002 per share ("Common Stock") and one warrant to purchase a share of Common Stock ("Warrant").

In so acting, we have examined originals, or copies certified or otherwise identified to our satisfaction, of (a) the Restated Certificate of Incorporation of the Company, (b) the Amended and Restated By-Laws of the Company and (c) such other documents, records, certificates and other instruments of the Company as in our judgment are necessary or appropriate for purposes of this opinion.

Based on the foregoing, we are of the following opinion:

1. The Company is a corporation duly incorporated and validly existing in good standing under the laws of Delaware.

2. The Units, the shares of Common Stock, the Warrants and the shares of Common Stock issuable upon the exercise of the Warrants offered pursuant to the Registration Statement have been duly authorized by the Company and the Units, the shares of Common Stock, the Warrants and the shares of Common Stock issuable upon the exercise of the Warrants, when issued, fully paid for and delivered, as contemplated by the

Registration Statement, will be duly and validly issued and fully paid and non-assessable.

We render the foregoing opinion as members of the Bar of the State of New York and express no opinion as to any law other than the General Corporation Law of the State of Delaware (the "DGCL"), the applicable provisions of the Delaware Constitution and the reported decisions interpreting the DGCL and the applicable provisions of the Delaware Constitution.

We consent to the use of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption "Legal Matters" in the Registration Statement. In giving this consent, we do not admit that we are acting within the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/s/ Morgan Lewis & Bockius LLP

Exhibit 23.2

Consent of Independent Auditors

We consent to the reference to our firm under the captions "Summary Historical Consolidated Financial Data" and "Experts" and to the use of our report dated July 31, 2003, in Amendment No. 1 to Registration Statement (Form S-1 No. 333-109129) and related Prospectus of Marshall Edwards, Inc. (a development stage company) for the registration of 2,300,000 common stock units.

/s/ Ernst & Young LLP

Stamford, Connecticut
October 31, 2003

Exhibit 99.1

[LOGO OF MARSHALL EDWARDS,INC.]

_____, 2003

To: Certain Eligible Security Holders
Designated by Marshall Edwards, Inc.:

As you may know, Marshall Edwards, Inc. is undertaking an initial public offering of common stock units in the United States. Each unit consists of one share of our common stock and one warrant to purchase an additional share of common stock. As part of this process, we are undertaking a "Directed Share Subscription Program" to offer certain security holders such as you with the opportunity to buy our common stock units at the initial public offering price. The initial public offering is being made through Janney Montgomery Scott LLC as the underwriter. Janney Montgomery Scott is the dealer manager for the Directed Share Subscription Program.

Attached for your information is a copy of our preliminary prospectus dated _____ __, 2003, which is part of the registration statement that we filed with the U.S. Securities and Exchange Commission as part of the initial public offering process. No sale of the common stock units may be made until the registration statement has been declared effective by the SEC.

As part of the Directed Share Subscription Program, we are offering up to 1,500,000 common stock units to the following persons: (i) U.S. holders of our common stock, (ii) U.S. holders of ordinary shares of Novogen Limited, our parent company, and (iii) U.S. holders of Novogen's American Depositary Receipts, in each case, who held these securities on October 20, 2003.

Set forth below is a description of how the Directed Share Subscription Program will work in connection with our initial public offering. Please review this description and the attached preliminary prospectus carefully in deciding whether or not you wish to participate in the Directed Share Subscription Program.

If, after reading the prospectus, you have an interest in subscribing to purchase common stock units in the Directed Share Subscription Program, please so indicate by

completing the enclosed three-page Expression of Interest form. In this regard, you are permitted to reserve units only for your own personal account, and you cannot reserve units on behalf of any other person. You may not reserve fewer than 100 units (a "round lot"). There is no maximum on the number of units you can reserve, but they must be in round lot increments. Given the 1,500,000 maximum amount of common stock units offered in the Directed Share Subscription Program, however, you will not be assured of obtaining the number of units that you request, although each subscriber will be allocated at least 100 common stock units. It should also be understood that such reservations of units and ultimate sales are subject to the discretion of Marshall Edwards, Inc., as well as any final state securities law clearance in each state involved which cannot be determined at this time.

The Expression of Interest form must be completed and received by us no later than noon on _____, 2003. In order to meet this deadline, we suggest that you submit the form by facsimile or use Express Mail, Federal Express, or a similar service.

By sending the form (do not send any money with the form), you will not be binding yourself to purchase any units. The form will simply give us some indication of how many units may be requested by you. You will be notified by an account executive for the dealer manager of the number of units which Marshall Edwards, Inc. has determined are available for purchase by you.

This notice and the preliminary prospectus are for informational purposes only. No offer to buy common stock units can be accepted and no part of the purchase price can be received by the dealer manager or us until the registration statement has been declared effective by the SEC. Any such offer to buy may be withdrawn or revoked, without obligation or commitment of any kind, at any time prior to notice of its acceptance given after the effective date of the Registration Statement. An indication of interest in response to this letter will involve no obligation or commitment of any kind.

Who can Subscribe

Only U.S. holders of shares of our common stock, the U.S. holders of Novogen ordinary shares and U.S. holders of Novogen ADRs who held these securities on October 20, 2003 are eligible to participate in the Directed Share Subscription Program. Eligibility to participate is also subject to final state securities law clearance and any other applicable restrictions.

You may not Transfer your Opportunity to Subscribe

Your opportunity to participate in the Directed Share Subscription Program may not be transferred except by involuntary operation of law such as death or certain dissolutions. There will be no trading market for your subscription opportunity.

Number of Units for which you may Subscribe

You are eligible to purchase a minimum of 100 common stock units and there is no maximum on the number of units for which you can subscribe. While you are not guaranteed to receive the full amount of units you subscribe for, you are guaranteed to receive at least 100 units, subject to final state securities law clearance and any other applicable restrictions. In addition, all subscriptions must be in round lot increments of 100 units. Subscriptions for less than 100 units will not be accepted.

Subscription Price

The price per common stock unit under the Directed Share Subscription Program will be the same price that all investors will pay in our initial public offering. The price per unit in the initial public offering will be determined by negotiations between us and the underwriter of our offering. The factors that we expect to consider in these negotiations are described in the attached prospectus under the heading "Determination of the Offering Price." We currently anticipate that the offering price will be between $4.50 and $6.50 per unit. We will inform you of the initial public offering price as described below under "How to Subscribe."

How to Subscribe

Enclosed with this notice is a subscription form which you must return to the underwriter after we have priced the common stock units in the offering. We expect to determine the initial public offering price in late November or early December 2003, but various factors could hasten or delay us. We will close the initial public offering and the Directed Share Subscription Program and stop accepting subscription forms three business days after we determine the initial public offering price.

IN ORDER TO PURCHASE UNITS UNDER THE PROGRAM, YOU MUST ADHERE TO THE FOLLOWING PROCEDURES:

. Subscription forms and payments will not be accepted until after we have determined our initial public offering price. Any subscription forms or payments received before then will be returned to you.

. Time may not permit us to notify you directly of our initial public offering price and closing date. Instead, we will take the following actions:

. notify you by electronic mail of the offering price and closing date (if you have supplied us with your electronic mail address)

. publicize the offering price and the closing date through a press release or other news media;

. make every effort to notify each broker, dealer, bank, trust company or other nominee that holds shares as nominee of the offering price and closing date;

. make available an automated investor information line (_____) on a 24 hour basis; and

You will have to monitor these media to know when to place your order and deliver payment. Also, if you do not hold your shares or ADRs directly, you will need to keep in close contact with your broker, bank or other nominee that holds your shares or ADRs on your behalf since they will need to process the subscription form for our units and arrange payment on your behalf.

. We will stop accepting orders under the program at 3:00 p.m. New York City time on the third business day after we determine the initial public offering price. Subscription forms and payments that have not been received by this deadline will not be honored. For example, if we determine the initial public offering price on a Tuesday, we must receive all orders and payments by 3:00 p.m. New York City time on the following Friday. This deadline would be extended if there were any intervening holidays on which the Nasdaq Stock Market was closed.

. To place an order for our units under this program, you will have to take the following actions:

. If you hold your shares or ADRs in your own name, you must complete and sign the subscription form and return it with full payment to the dealer manager at the address indicated on the subscription form. Your subscription form

and payment must be received by the dealer manager before 3:00 p.m. New York City time on the third business day after we determine the initial public offering price. We will not honor any subscription form received after that date.

We suggest, for your protection, that you deliver your subscription form and payment to the underwriter by overnight or express mail courier (or by facsimile transmission if you intend to wire funds) as follows:

By Hand Delivery:

By Overnight or Express Mail Courier:

By Facsimile Transmission and Wire Transfer:

. If you hold your shares or ADRs through a broker, bank, trust company or other nominee, then after we determine the initial public offering price, you will have to contact the nominee that holds your shares or ADRs if you wish to place an order and arrange for payment. WE CAUTION YOU THAT BROKERS AND OTHER NOMINEES WILL REQUIRE SOME TIME TO PROCESS SUBSCRIPTION FORMS. THEREFORE, THEY MOST LIKELY WILL STOP ACCEPTING SUBSCRIPTION FORMS EARLIER THAN THE THIRD BUSINESS DAY AFTER WE DETERMINE THE INITIAL PUBLIC OFFERING PRICE.

. You must pay the subscription price by cash, check or money order in U.S. dollars payable to "Janney Montgomery Scott" or by wire transmission.

. We will provide to each broker, dealer, bank, trust company, clearing corporation and other nominee who holds your shares or ADRs for the account of others copies of the preliminary and final prospectus to provide to the beneficial owners. Each of those entities will be responsible for providing you with a copy of the preliminary and final prospectus.

. We will decide all questions as to the validity, form and eligibility of subscriptions (including times of

receipt, beneficial ownership and compliance with minimum exercise provisions). The acceptance of subscription forms, the subscription price and the subscription amount will be determined by us. Alternative, conditional or contingent subscriptions will not be accepted. We reserve the absolute right to reject any subscriptions not properly submitted. In addition, we may reject any subscription if the acceptance of the subscription would be unlawful. We also may waive any irregularities or conditions in the subscription forms, and our interpretation of the terms and conditions of the program will be final and binding.

. We are not obligated to give you notification of defects in your subscription. We will not consider a subscription to be made until all defects have been cured or waived. If your subscription is rejected, your payment of the exercise price will be promptly returned.

Cancellation of Offering

We may cancel our initial public offering and Directed Share Subscription Program at any time up until the closing. If the initial public offering is canceled, we will publicize the cancellation through a press release or other news media. The Directed Share Subscription Program gives you no right to purchase our common stock units if we cancel our initial public offering and any funds previously submitted by you will be returned promptly without deduction or interest.

Federal Tax Consequences

We believe that you will not be considered to have received a taxable distribution of property as a result of your having the opportunity to participate in this offering. Furthermore, we believe that, if the opportunity were considered to be a property right, its value would be minimal, because your opportunity is nontransferable, is of short duration and gives you only the ability to purchase our common stock under the program at the same price as other purchasers in our initial public offering. The Internal Revenue Service, however, is not bound by this position, and you are encouraged to consult with your tax advisors about the federal, state and other tax consequences of the program.

Stabilization

The underwriter of our initial public offering may engage in certain transactions that stabilize the price of our common stock. We make no representation as to the direction or magnitude of any effect that such transactions may have on the trading price of our common stock.

Risk Factors

Investing in our common stock units involves certain risks which are disclosed on page of the attached preliminary prospectus.

Certain Restrictions

In managing the program, we will take reasonable steps to comply with the laws of the different states in which our U.S stockholders and the U.S holders of Novogen ordinary shares and ADRs reside. If compliance is too burdensome in one or more jurisdiction, eligible persons residing in such countries will not be offered the opportunity to purchase our units under the program.

In addition, residents of the State of California must complete the short questionnaire included at the end of the attached Expression of Interest form.

The following statement is required to be included in this letter by the rules and regulations of the SEC:

> A Registration Statement relating to the Common Stock Units has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the Registration Statement becomes effective. This notice shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any sate in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such sate.

We do not wish to influence in any way your decision in this matter. This notice is not designed to encourage you to request any units. It is simply intended to inform you that there is a proposed offering available should you be interested in subscribing.

* * *

If you have any questions regarding the Directed Share Subscription Program, please contact .

Sincerely,

Enclosure

Expression of Interest Form

IF YOU ARE INTERESTED IN RESERVING UNITS, YOU MUST COMPLETE ALL PAGES OF THIS FORM AND RETURN IT SO THAT IT IS RECEIVED BY US AS INDICATED BELOW NO LATER THAN NOON ON _____, 2003.

_____ __, 2003

VIA TELECOPY 410-XXX-XXXX

Janney Montgomery Scott LLC
16 North Washington Street
Easton, MD 21601
Attention: Mr. Richard Grieves

Dear Ladies and Gentlemen,

I am interested in purchasing _____ common stock units of Marshall Edwards, Inc. (the "Company") and would like such number of units to be reserved for me. In this regard, I hereby acknowledge that:

1. I have received and read my copy of the Preliminary Prospectus dated _____, 2003.

2. The number of common stock units requested is for my own personal account and not on behalf of any other person.

3. I AM NOT ASSURED OF OBTAINING ALL OF THE NUMBER OF UNITS REQUESTED, AND I WILL BE NOTIFIED OF THE NUMBER OF UNITS AVAILABLE FOR PURCHASE BY ME.

4. No offer to buy any of the units can be accepted and no part of the purchase price can be received by the Company or dealer manager until the Registration Statement covering the proposed offering has been declared effective by the Securities and Exchange Commission and until the units have been qualified for sale, where required, by the administrative authorities of the jurisdiction in which I reside, and any such offer may be withdrawn or revoked, without obligation or

commitment of any kind, at any time prior to notice of its acceptance given after the effective date of the Registration Statement. This indication of interest involves no obligation or commitment of any kind.

Signature_____
Social Security No._____

IF YOU ARE INTERESTED IN RESERVING UNITS, YOU MUST COMPLETE ALL PAGES OF THIS FORM AND RETURN IT SO THAT IT IS RECEIVED BY US AS INDICATED BELOW NO LATER THAN NOON ON _____, 2003.

Full Name _____ Date_____
First Middle Initial Last

Street_____

City_____ State _____Zip_____

CALIFORNIA RESIDENTS MUST COMPLETE THE QUESTIONNAIRE INCLUDED AT THE END OF THIS LETTER.

Telephone Business ( )_____
Residence ( )_____

E-mail address: _____

Citizen Of What State? _____

Are You Over 21? _____

May we notify you of the final subscription price by e-mail?

Yes _____ No _____

Do You Have An Account With the Dealer Manager? _____
If So, Address Of Branch

_____

Name Of Account Executive _____

Account No. _____

Name Of Your Bank _____

In Whose Name Do You Wish Stock To Be Registered?

_____

Relationship To You _____

I ___ Do ___ Do Not (Check One) Want the Dealer Manager To Hold The Stock Certificate and Warrant Certificate For My Account.

If your employer is not the Company, describe briefly your or your employer's relationship with the Company, if any.

_____

IF YOU ARE INTERESTED IN RESERVING UNITS, YOU MUST COMPLETE ALL PAGES OF THIS FORM AND RETURN IT SO THAT IT IS RECEIVED BY US AS INDICATED BELOW NO LATER THAN NOON ON _____, 2003.

Please answer the following:

Are you, or is any member of your immediate family, an officer, director, general partner, stockholder, employee or agent of any broker-dealer in securities or otherwise associated with any broker-dealer in securities? If so, please name the broker-dealer and describe the relationship.

Are you, or is any member of your immediate family, a senior officer of a bank, savings and loan institution, insurance company, registered investment company, registered investment advisory firm or any other institutional type account? If so, please name the bank, etc. and describe the relationship.

Are you, or any member of your immediate family, engaged as an attorney, accountant or financial consultant to any broker-dealer in securities? If so, please name the broker-dealer and describe the relationship.

Are you, or is any member of your immediate family, a person who may influence, or whose activities directly or indirectly involve or are related to, the function of buying or selling securities, for any bank, savings and loan institution, insurance company, registered investment company, registered investment advisory firm or any other institutional type account? If so, please name the bank, etc. and describe the relationship.

CALIFORNIA RESIDENTS MUST ANSWER THE FOLLOWING QUESTIONS:

1. Did you have an annual income in excess of $65,000 for the year 2002 and have a net worth of $250,000 or more?

_____ Yes _____ No

2. Do you have a net worth exceeding $500,000?

_____ Yes _____ No

Exhibit 99.2

[Broker Dealer letter to accompany MEI letter delivered in connection with Directed Subscription Program]

[Janney Montgomery Scott LLC letterhead]

_____ , 2003

To: Certain Eligible Security Holders
Designated by Marshall Edwards, Inc.:

In connection with the Marshall Edwards, Inc. Directed Share Subscription Program relating to a public offering of its common stock units, you are receiving:

- a letter from Marshall Edwards, Inc. explaining the Directed Share Subscription Program, and

- a copy of Marshall Edwards, Inc.'s preliminary prospectus relating to its public offering and the Directed Share Subscription Program.

Please direct any questions regarding the Directed Share Subscription Program to Mr. Richard Grieves on our investor information line at 410-822-1181 or by email at rgrieves@jmsonline.com. Please do not call Marshall Edwards directly. Only our investor information line or our representatives will be able to answer your questions.

The following statement is required to be included in this letter by the rules and regulations of the SEC:

A Registration Statement relating to the Common Stock Units has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the Registration Statement becomes effective. This notice shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Very truly yours,

Janney Montgomery Scott LLC

Exhibit 99.3

[LOGO OF MARSHALL EDWARDS, INC.]

_____,2003

Dear Broker:

As you may know, we are undertaking an initial public offering of our shares of common stock units. In this regard, we are conducting a Directed Share Subscription Program to offer the U.S. holders of our common stock units, the U.S. holders of the ordinary shares of our parent Novogen Limited and the U.S. holders of Novogen American Depositary Receipts, in each case who held securities on October 20, 2003, the opportunity to buy shares of our common stock at the initial public offering price. The price per unit under this program will be the same price that all investors will pay in our initial public offering.

The right to participate in this program may not be transferred. There will be no trading market for this subscription right, and there will be no over-subscription privilege.

If you have any questions regarding the Directed Share Subscription Program, please call Mr. Richard Grieves on our investor information line at 410-822-1181 or by email at rgrieves@jmsonline.com. Please do not call Marshall Edwards directly. Only our investor information line or our representatives will be able to answer your questions.

Under this program, each U.S. holder of our common stock, each U.S. holder of Novogen ordinary shares and each U.S. holder of Novogen ADRs will be eligible to purchase a minimum of 100 common stock units. There is no maximum on the number of units that any one eligible holder may subscribe for under the Directed Share Subscription Program, but the units must be purchased in round lot increments. Eligible holders are not guaranteed to receive the full amount of units subscribed for but are each guaranteed to receive at least 100 units.

Subscription forms and payment cannot be accepted until after we have determined our initial public offering price. Once our initial public offering price has been determined, Marshall Edwards will take the actions outlined

in the accompanying letter to publicize the Subscription Price and the date by which you must respond to the offer that is being made under this program. Depository Trust Company has advised us that they will notify their participants electronically of the initial public offering price and the expiration date for this program. _____ will provide you with final prospectuses for distribution to the eligible holders who received a preliminary prospectus.

All subscription forms and payments must be received by Janney Montgomery Scott by 3:00 p.m. New York City time on the third business day after we have determined our initial public offering price. In order for your customers to purchase units under the program, you will have to act promptly and advise your customers to act promptly.

When you exercise this subscription privilege on behalf of eligible holders through Depository Trust Company's Automated Subscription Offer Program, you will be required to certify that each beneficial owner for whom you are subscribing meets the eligibility requirements of this program.

If you have any questions regarding the Directed Share Subscription Program, please call Mr. Richard Grieves on our investor information line at 410-822-1181 or by email at rgrieves@jmsonline.com. Please do not call Marshall Edwards directly. Only our investor information line or our representatives will be able to answer your questions.

The following statement is required to be included in this letter by the rules and regulations of the SEC:

> A Registration Statement relating to the Common Stock Units has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the Registration Statement becomes effective. This notice shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Sincerely,

Exhibit 99.4

FORM OF SUBSCRIPTION AGREEMENT

- ---------- ----------
Account # Directed Share Subscription Program #

- ----------
Record Date

MARSHALL EDWARDS, INC.
DIRECTED SHARE SUBSCRIPTION PROGRAM

- ---

SUBSCRIPTION FORM

The shareholder named below is subscribing to purchase, pursuant to the terms and conditions of the Marshall Edwards, Inc. Directed Share Subscription Program, the number of common stock units, each unit consisting of one share of common stock, par value $.00000002 per share, and one warrant to purchase one share of common stock, of Marshall Edwards, Inc. indicated above at a Subscription Price that will be determined as outlined below. THE DIRECTED SHARE SUBSCRIPTION PROGRAM WILL EXPIRE AT 3:00 P.M. NEW YORK CITY TIME ON THE THIRD BUSINESS DAY AFTER THE INITIAL PUBLIC OFFERING PRICE IS DETERMINED. As described in the preliminary prospectus accompanying this Subscription Form, each U.S. holder of our common stock, each U.S. holder of Novogen ordinary shares and each U.S. holder of Novogen ADRs will be eligible to purchase a minimum of 100 units. There is no maximum on the number of units that any one eligible holder may subscribe for under the Directed Share Subscription Program, but the units must be purchased in round lot increments. Eligible holders are not guaranteed to receive the full amount of units, subscribed for but are each guaranteed to receive at least 100 units, subject to final state securities law clearance and any other applicable restrictions.

The Subscription Price per unit under the program will be the same price that all investors will pay in Marshall Edward Inc.'s initial public offering. The price per unit will be determined by negotiations between Marshall Edwards, Inc. and

the underwriter of the offering. The factors to be considered in these negotiations are described in the preliminary prospectus accompanying this Subscription Form under the heading "Determination of Public Offering Price." Marshall Edwards, Inc. currently anticipates that its initial public offering price will be determined in November or early December 2003 but various factors could hasten or delay this determination. Time will not permit Marshall Edwards, Inc. to notify you directly of the Subscription Price and the expiration date for this offering, but it will take the actions described in the accompanying letter to publicize this information.

No offer to buy securities can be accepted, and no part of the subscription price can be received, until the initial public offering price has been determined and the registration statement, of which the preliminary prospectus accompanying this Subscription Form is a part, has been declared effective by the SEC. Any Subscription Forms or payments received before then will be returned to you. All persons electing to subscribe for units of Marshall Edwards, Inc. must complete the Election to Purchase on the reverse side of this Subscription Form and return the Subscription Form, together with full payment of the Subscription Price, to Janney Montgomery Scott at the addresses on the back of this Subscription Form. If you do not properly complete and sign this Subscription Form, it may be rejected. The Subscription Form and full payment of the Subscription Price must be received by _____ no later than 3:00 p.m. New York City time on the third business day after the initial public offering price is determined. Janney Montgomery Scott will not honor any subscriptions received after that time and date. If you do not wish to subscribe for units, you do not need to return this Subscription Form. Before completing and returning this Subscription Form, however, you are urged to read carefully the Preliminary Prospectus mailed to you with this Subscription Form for a more complete explanation of the offering and for information about Marshall Edwards, Inc. If Marshall Edwards, Inc. cancels the initial public offering, you will have no rights to purchase units of Marshall Edwards, Inc. and any funds previously submitted by you will be promptly returned without interest or deduction.

You should not return this Subscription Form or deliver any payment until after Marshall Edwards, Inc. has determined its initial public offering price. Any subscription forms or payment received before then will be returned to you. Once the initial public offering price has been determined, Marshall Edwards, Inc. will take the actions described in the accompanying letter

to publicize the subscription price and the date by which you must respond to the offer that has been made to you under this program.

If you wish to subscribe for shares at that time, you should complete this Subscription Form and deliver payment of the subscription price to Janney Montgomery Scott. Janney Montgomery Scott must receive the properly completed and signed Subscription Form and full payment of the Subscription Price by 3:00 p.m. New York City Time, on the third business day after Marshall Edwards, Inc. determines its initial public offering price. Janney Montgomery Scott will stop accepting Subscription Forms after that time and date.

We suggest, for your protection, that you deliver the completed Subscription Form and payment of the subscription price to Janney Montgomery Scott by overnight or express mail courier. The addresses for Janney Montgomery Scott are as follows:

By Hand Delivery:	By Overnight Delivery/Express Mail Courier:
- -----------------	----------

If you wish to pay the subscription price by wire transfer, please see the Facsimile Transmission and Wire Transfer Instructions on page __ of the letter accompanying the Preliminary Prospectus.

- ---

SUBSCRIPTION FORM--ELECTION TO PURCHASE

Subject to the terms and conditions of the Directed Share Subscription Program described in the preliminary prospectus, receipt of which is hereby acknowledged, the undersigned hereby elects to purchase shares of common stock units of Marshall Edwards, Inc., Inc. as indicated below.

Number of units purchased/1/ _____(NOTE: 100 unit minimum required; round lot increments only)/2/

Per Share Subscription Price $_____

Payment enclosed/3/ $_____

/1/ If the amount enclosed is not sufficient to pay the Subscription Price for all shares that are stated to be purchased, or if the number of shares being purchased is not specified, the number of shares purchased will be assumed to be the maximum number that could be purchased upon payment of such amount. Any amount remaining after such division shall be returned to the purchaser.

/2/ Any order for less than the minimum purchase requirement will be rejected.

/3/ The Subscription Price must be paid by cash, check, wire transfer or money order in U.S. dollars representing "good funds" payable to _____. The payment enclosed should equal the total shares purchased multiplied by the per share subscription price.

Common stock units of Marshall Edwards, Inc. will be issued promptly following the closing of the offering. Such units will be registered in the same manner set forth on the face of this Subscription Form. If your shares are held in joint ownership, all joint owners must sign. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such. If signing for a corporation, an authorized officer must sign and provide title. If signing for a partnership, an authorized partner must sign and indicate title. Please provide

a telephone number at which you can be reached in the event that we have questions regarding the information that you have supplied.

Daytime Telephone Number ( ) _____

Evening Telephone Number ( ) _____

e-mail address: _____

(IF JOINTLY OWNED, BOTH MUST SIGN)

SIGNATURE(S): _____

Dated:_____, 2003

- ----------

NOTE: The above signature(s) must correspond with the name(s) as written upon the face of this Subscription Form in every particular without alteration.

==========

SUBSTITUTE FORM W-9
DEPARTMENT OF THE TREASURY, INTERNAL REVENUE SERVICE--
PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)
Failure to complete this form may subject you to 31%
federal income tax withholding.

Part 1: PLEASE PROVIDE YOUR TAXPAYER IDENTIFICATION NUMBER IN THE SPACE PROVIDED AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW

TIN_____
Social Security or Employer Identification Number

Part 2: Check the box if you are awaiting a TIN [_]

Part 3: CERTIFICATION--UNDER PENALTIES OF PERJURY, I CERTIFY THAT (1) the number shown on this form is my correct taxpayer identification number (or a TIN has not issued to me but I have mailed or delivered an application to receive a TIN or intend to do so in the near future), (2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or the IRS has notified me that I am no longer subject to backup withholding, and (3) all other information provided on this form is true, correct and complete.

Dated:_____, 2003

SIGNATURE:_____

You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding, you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2).