MARSHALL EDWARDS, INC.
PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2003

Results of Operations

The Company is a development stage company that is principally engaged in the clinical development of the anti-cancer drug phenoxodiol, which Novogen has licensed to the Company's wholly-owned subsidiary Marshall Edwards Pty Ltd ("MEPL"). The main focus during fiscal 2003 was to undertake human clinical testing of phenoxodiol. The Company commenced operations in May 2002, and as a result its financial results for fiscal 2003 represent its first full year of operations.

The Company recorded a consolidated loss of $3,033,000 and $123,000 for the fiscal years ended June 2003 and June 2002 respectively.

Consolidated operating expenses for fiscal 2003 were $3,178,000 versus $129,000 for fiscal 2002. The major operating expenses are the costs associated with conducting the clinical trials of phenoxodiol ($1,088,744) and the costs incurred under the licence agreement and the services and manufacturing agreements with Novogen including the cost of the clinical trial drug supplies ($1,739,982). The Company also received interest on its cash funds of $144,964.

The Company intends 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, the Company had cash resources of $7,244,478. Funds are invested in short-term money market accounts, pending use.

The implementation of the Company's business plan is dependent on its ability to maintain adequate cash resources to complete the clinical development program.

In May 2002 the Company raised $10,092,000 through a private placement of 2,523,000 shares of common stock in conjunction with listing on the London Stock Exchange's Alternative Investment Market. Total proceeds of $9,022,000 were received net of $1,070,000 of transaction costs. The 2,523,000 shares of common stock which amount to 4.8% of the issued capital, were issued at $4.00 per share. Each share has an attaching warrant or option exercisable 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 MEPL and to commence new clinical trials.

During June 2003, 9,000 warrants were exercised at $4.00 per share contributing $36,000 to capital.

The Company's ongoing operations through the conduct of the clinical trial program will continue to consume cash resources without generating revenues and it will need to raise additional funds to complete the Phase II and Phase III clinical development program.

The Company is currently considering funding options in order to raise the funds necessary to progress the clinical development of phenoxodiol.

Amounts may be payable to Novogen when certain milestones are met (refer Note 8).

The Company does not intend to incur any significant capital expenditure in the foreseeable future.

Pharmaceutical Segment

Expenditure on this segment amounted to $3,178,000 for the fiscal year ended June 30, 2003. The key objectives of this segment are to progress the development of phenoxodiol and to achieve regulatory approval of phenoxodiol in one or more dosage forms in major markets such as the US and Europe, and/or to enter into a commercial relationship with another party.

Obtaining regulatory approval generally involves testing the drug in three prescribed phases of clinical testing in humans. Although in general the phases are conducted sequentially, they may overlap.

Phase I includes the initial introduction of a new drug into humans. Studies are designed to determine the metabolic and pharmacological actions of the drug in humans, the side effects associated with increasing doses, and if possible, to gain early evidence of efficacy. The total number of subjects included in Phase I studies is generally in the range of 20 to 100.

Phase II studies aim to obtain some preliminary data on the efficacy of the drug in a particular indication in patients with the disease or condition. This phase also helps determine the common short term side effects and risks associated with the drug. Usually up to 500 people are involved in this phase of studies.

Phase III studies are intended to gather the additional information about effectiveness and safety that is needed to evaluate the overall benefit-risk relationship of the drug. They also provide an adequate basis for extrapolating the results to the general population and transmitting that information in the physician labelling. Phase III studies usually involve up to several thousand people.

Consolidated Balance Sheet

	June 30	
	2003 $'000	**2002 $'000**
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 shareholders' equity		
Current Liabilities		
Accounts payable	1,353	286
Total Current Liabilities	1,353	286
Shareholders' 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 and 2002, respectively	-	-
Additional paid in capital	9,058	9,022
Deficit accumulated during development stage	(3,156)	(123)
Accumulated other comprehensive income	31	-
Total shareholders' equity	5,933	8,899
Total Liabilities and shareholders' equity	7,286	9,185

See accompanying notes

Consolidated Statement of Operations

	Year ended June 30		Period from December 21, 2000 through June 30
	2003 $'000	2002 $'000	2003 $'000
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 administration	(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	(0.058)	(0.002)	NA
Weighted Average common shares outstanding	52,023,247	49,769,581	N/A

See accompanying notes

Consolidated Statement of Shareholders' Equity
For the Years Ended June 30, 2003 and 2002

	Common stock	Additional paid in capital	Deficit accumulated during development stage	Accumulated other comprehensive income	Total
	Shares	**$'000**	**$'000**	**$'000**	**$'000**
Balance June 30, 2001	49,500,000	-	-	-	-
Share Issue May 22, 2002	2,523,000	9,022			9,022
Net loss arising during development stage			(123)		(123)
Balance at June 30, 2002	52,023,000	9,022	(123)	-	8,899
Net loss arising during development stage			(3,033)		(3,033)
Translation adjustments				31	31
Comprehensive Loss					(3,002)
Share Issue 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

Consolidated Statement of Cash Flows

	Year ended June 30		Period from December 21, 2000 through June 30
	2003 $'000	2002 $'000	2003 $'000
Operating Activities			
Net Loss arising during development stage	(3,033)	(123)	(3,156)
Adjustments to reconcile net loss to cash provided by operating activities:			
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(21)	(21)	(42)
Accounts payable	1,067	286	1,353
Net cash (used in) provided by operating activities	(1,987)	142	(1,845)
Financing Activities			
Net proceeds from issuance of common stock	36	9,022	9,058
Net cash provided by financing activities	36	9,022	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

1. Organization and Basis of Preparation of Financial Statements

Marshall Edwards, Inc. (the "Company") 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, were issued in May 2002. 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 95.2% of the Company's common stock.

The Company, including an Australian subsidiary, Marshall Edwards Pty. Limited ("MEPL") (together the "MEI Group") is a pharmaceutical company with a primary focus on oncology drugs. 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 (together the "Novogen Group") 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 under way for the development of phenoxodiol.

2. Accounting Policies

Revenue Recognition

Interest

The only revenue earned to date is interest on cash balances.

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 financial statements and the accompanying notes. Actual results could differ from those estimates.

Estimates have been used in determining the Company's 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.

The milestone license fee due December 31, 2003 for the 2003 calendar year has been accrued as at June 30, 2003 on a pro-rata basis.

Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost or net realizable value. 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 relizable.

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 trials of phenoxodiol. Research and development costs are charged to expense as incurred.

Stock-Based Compensation

The Company's stock option plan provides for the grant of options to employees of the Novogen Group. To date no options have been issued 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 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 shareholders' equity that are excluded from net loss and include changes in foreign currency translation adjustments. Comprehensive loss for all periods presented has been reflected in the Consolidated Statement of Shareholders' Equity.

3. Income Taxes

Loss from operations consists of the following jurisdictions:

	Year ended June 30	
	2003	2002
	$'000	$'000
Domestic	(186)	(19)
Foreign	(2,847)	(103)
	(3,033)	(122)

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

	Year ended June 30			
	2003		2002	
	$'000	%	$'000	%
Tax at US statutory rates	(1,062)	35	(43)	35
Australian tax	-	-	1	-
Valuation allowance	1,062	(35)	43	(35)
	-	-	1	-

Deferred tax liabilities and assets are comprised of the following:

	Year ended June 30	
	2003	2002
	$'000	$'000
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 carry forwards 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 tax losses of approximately $2,039,000 and $103,000 at June 30, 2003 and 2002, respectively, can be carried forward indefinitely.

4. Loss Per Share

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

	Year ended June 30	
	2003	**2002**
	$'000	**$'000**
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 shares	52,023,247	49,769,581
Effect of dilutive securities	-	-
Dilutive potential common shares	52,023,247	49,769,581

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. Expenditure Commitments

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

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 $'000	June, 30 2002 $'000	June, 30 2003 $'000	June, 30 2002 $'000	June, 30 2003 $'000	June, 30 2002 $'000	June, 30 2003 $'000	June, 30 2002 $'000
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 and thereafter is nonexclusive. The Company or Novogen may terminate the agreement with three months notice. 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 November 1, 2002 or later 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.
2. A lump sum license fee of $5,000,000 is payable to Novogen on November 1, 2003 or later 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.

Amounts payable for milestone license fees under the License Agreement for the calendar years ended December 31 are as follows:

Calendar Year	
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 milestone payments will be reduced for amounts paid under the lump sum license fee requirements above. For the year ended June 30, 2003, $500,000 has been included as license fee expense in the Consolidated Statement of Operations.

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 MEI 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. Novogen will provide these services at cost plus a 10% markup. The Company may terminate the agreement with three months notice.

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 at any time.

Transactions amounting to $1,363,032 and $87,603 were made under the Services Agreement and the Manufacturing License and Supply Agreement with Novogen during the financial years ended June 30, 2003 and 2002, respectively, and $141,749 and $87,603 are included in accounts payable at June 30, 2003 and 2002, respectively.