MARSHALL EDWARDS, INC.

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

CONSOLIDATED BALANCE SHEETS

	December 31 2002 $'000 (Unaudited)	June 30 2002 $'000 (Note)
Assets		
Current Assets		
Cash and cash equivalents	8,121	9,164
Accounts receivable	29	10
Prepaid expenses	-	11
Total Current Assets	8,150	9,185
Total Assets	8,150	9,185
Liabilities and shareholders' equity		
Current Liabilities		
Accounts payable	396	198
Related party payable	104	88
Total Current Liabilities	500	286
Shareholders' equity:		
Common stock, $US 0.00000002 par value:		
Authorized shares - 113,000,000		
Issued and outstanding shares - 52,023,000 at December 31,2002 and June 30, 2002		
Additional paid in capital	9,022	9,022
Deficit accumulated during development stage	(1,372)	(123)
Total shareholders' equity	7,650	8,899
Total Liabilities and shareholders' equity	8,150	9,185

See notes to consolidated financial statements

Note: The consolidated balance sheet at June 30, 2002 has been derived from the audited financial statements at that date.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Period from July 1, 2002 through December 31, 2002	Year ended June 30, 2002	Period from December 21, 2000 through December 31, 2002
	$'000	$'000	$'000
	(Unaudited)	(Note)	(Unaudited)
Net Sales	-	-	-
Other Income	80	8	88
	80	8	88
Costs and Expenses:			
Cost of products sold	-	-	-
Research & development	(995)	(69)	(1,064)
Administration	(334)	(61)	(395)
	(1,329)	(130)	(1,459)
Loss from operations	(1,249)	(122)	(1,371)
Income tax expense	-	(1)	(1)
Loss arising during development stage	(1,249)	(123)	(1,372)
Loss per common share:			
- Basic and diluted	(0.024)	(0.002)	N/A
Average common shares outstanding	52,023,000	49,709,581	N/A

See notes to consolidated financial statements

Note: The consolidated statement of operations for the year ended June 30, 2002 has been derived from the audited financial statements at that date.

Consolidated Statement of Shareholders' Equity

	Common Stock Shares	Additional paid in capital $'000	Deficit accumulated during development stage $'000	Total $'000
Balance June 30, 2001 (adjusted for 49,500,000 to 1 split in April, 2001)	49,500,000	-	-	-
Share Issue - May 22, 2002	2,523,000	9,022		9,022
Loss arising during development stage			(123)	(123)
Cash Dividends				-
Balance at June 30, 2002 (Note)	**52,023,000**	**9,022**	**(123)**	**8,899**
Loss arising during development stage			(1,249)	(1,249)
Cash Dividends				-
Balance at December 31, 2002 (Unaudited)	**52,023,000**	**9,022**	**(1,372)**	**7,650**

See notes to consolidated financial statements

Note: The consolidated statement of shareholder's equity for the year ended June 30, 2002 has been derived from the audited financial statements at that date.

Consolidated Statements of Cash Flows

	Period from July 1, 2002 through December 31, 2002	Year ended June 30, 2002	Period from December 21, 2000 through December 31, 2002
	$'000	$'000	$'000
	(Unaudited)	(Note)	(Unaudited)
Operating Activities			
Net Loss	(1,249)	(123)	(1,372)
Adjustments to reconcile net loss to cash provided by operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable and prepaid expenses	(8)	(21)	(29)
Accounts payable	214	286	500
Net cash provided by operating activities	**(1,043)**	**142**	**(901)**
Financing Activities			
Net proceeds from issuance of common stock	-	9,022	9,022
Net cash provided by financing activities	**-**	**9,022**	**9,022**
Net increase/(decrease) in cash and cash equivalents	**(1,043)**	**9,164**	**8,121**
Cash and cash equivalents at beginning of period	9,164	-	-
Cash and cash equivalents at end of period	**8,121**	**9,164**	**8,121**
Interest paid	-	-	-
Income taxes paid	-	1	1

See notes to consolidated financial statements

Note: The consolidated statement of cash flows for the year ended June 30, 2002 has been derived from the audited financial statements at that date.

Organisation and Basis of Preparation of Financial Statements

Marshall Edwards, Inc. ("the company") is a development stage company and was incorporated in December 2000 but did not commence operations until May 2002 coinciding with the listing on the London Stock Exchange's Alternative Investment Market (AIM). To facilitate a more meaningful comparison, figures have been provided for the period May to June 30, 2002. There are no figures available for December 2001 as Marshall Edwards, Inc. did not commence trading until May 2002.

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.

Novogen Limited retains 95.2% of MEI's issued capital as at 31 December, 2002.

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

All amounts in this Financial Report are denominated in US dollars.

1. Accounting Policies

Revenue Recognition

Interest
The only revenue the company has recorded 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 Ltd, which is a wholly owned Australian company. Significant intercompany accounts and transactions have been eliminated on consolidation.

Estimates

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

Cash and cash equivalents

Cash on hand and in banks and short term deposits are stated at the lower of cost and net realisable value. The company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Business risk is minimised through investment with multiple banks.

Accounts receivable and accounts payable

Trade receivables are recognised and carried at original invoice value less a provision for any uncollectible debts. Debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Receivables from related parties are recognised and carried at the nominal amount due.

All trade debtors are recognised at the amount receivable as they are predominantly due for settlement no more than 30 days from the date of recognition.

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Payables to related parties are carried at the principal amount.

Income Taxes

Income taxes have been provided for using the liability method in accordance with FASB Statement No. 109, *Accounting for Income Taxes.*

Foreign Currency Translation

The financial statements of the Australian subsidiary have been translated into U.S. dollars in accordance with FASB Statement No.52, *Foreign Currency Translation.* All balance sheet accounts have been translated 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. The gains and losses resulting from the changes in exchange rates from year to year have been reported in other comprehensive income. The effect on the consolidated statement of operations of transaction gains and losses is insignificant for all periods presented.

Research and Development Expenses

Costs incurred on research and development projects are expensed as incurred.

Stock Based Compensation

The company stock option plan provides for the grant of options to employees of the company. To date no options have been issued under the plan.

Basic and Diluted loss per Share

In computing basic earnings per share, the dilutive effect of stock options are excluded, where as for diluted earnings per share they are included unless the effect is anti-dilutive.

2. Taxation

Pretax loss, for the six months ended December 31,2002 and the year ended Juen 30, 2002, was taxed in the following jurisdictions:

	Period from July 1, 2002 through December 31, 2002 $'000	Year ended June 30, 2002 $'000
Domestic	(71)	(19)
Foreign	(1,178)	(103)
	(1,249)	(122)

Deferred tax liabilities and assets are comprised of the following at December 31, 2002 and Jnue 30, 2002:

	Period from July 1, 2002 through December 31, 2002 $'000	Year ended June 30, 2002 $'000
Deferred tax liabilities		
Prepayments	-	11
Total deferred tax liabilities	-	11
Deferred tax assets		
Clinical Trial expense accruals	305	16
Total deferred tax assets	305	16
Valuation allowance for deferred tax assets	(305)	(5)
Net deferred tax assets	-	11
Net deferred tax assets and liabilities	-	-

There was no benefit from income taxes recorded for the periods due to the Company's inability to recognise the benefit of net operating losses. The company had federal net operating loss carried forwards of approximately $71,000 and $19,000 at December 31, 2002 and June 30, 2002, respectively. These federal net operating losses will begin to expire in 2022.

Management evaluates the recoverability of the deferred tax asset and the level of valuation allowance. Due to the uncertainty surrounding the realisation of the favourable tax attributes in future tax returns, the company has recorded a valuation allowance against its net deferred tax asset at December 31, 2002 and June 30, 2002. At such time as it is determined that it is more likely than not that the deferred tax asset will be realised the valuation allowance will be reduced.

Foreign tax losses of $1,178,000 and $103,000 at December 31, 2002 and June 30, 2002, respectively, can be carried forward indefinitely.

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

	Period from July 1, 2002 through December 31, 2002		Year ended June 30, 2002	
	$'000	%	$'000	%
Tax at US statutory rates	(437)	35%	(43)	35%
Australian Tax	-	0%	1	(1%)
Current year losses not brought to account	437	(35%)	43	(35%)
	-	0%	1	(1%)

3. Loss Per Share

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

	Period ended December 31, 2002 $'000	Year ended June 30, 2002 $'000
Numerator		
Net Loss	(1,249)	(123)
Effect of dilutive securities		
Numerator for diluted earnings per share.	(1,249)	(123)
Denominator		
Denominator for basic earnings per share - weighted-average shares	52,023,000	49,769,581
Effect of dilutive securities	-	-
Dilutive potential common shares	52,023,000	49,769,581

The notional issue of potential ordinary shares of the 2,523,000 outstanding warrants exercisable prior to November 30, 2003 does not result in diluted earnings per share that shows an inferior view of the earnings performance of the company therefore the information has not been disclosed.

4. Financial Instruments

(a) *Credit risk exposures*

The credit risk on financial assets of the company is the carrying amount, net of any provisions for doubtful debts.

(b) *Interest Rate Risk Exposures*

The company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below.

	Floating Interest Rate		Non-interest bearing		Total		Weighted Average Rate of Interest	
	December 31, 2002 $'000	June 30, 2002 $'000	December 31, 2002 $'000	June 30, 2002 $'000	December 31, 2002 $'000	June 30, 2002 $'000	December 31, 2002 %	June 30, 2002 %
Financial assets								
Cash	8,121	9,164	-	-	8,121	9,164	1.65%	1.82%
Receivables	-	-	29	10	29	10		
	8,121	9,164	29	10	8,150	9,174		
Financial liabilities								
Payables	-	-	396	198	396	198		
	-	-	396	198	396	198		
Net financial assets/(liabilities)	8,121	9,164	(367)	(188)	7,754	8,976		

(c) *Net fair value of financial assets and liabilities*

The net 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.

5. Expenditure Commitments

	December 31, 2002 $'000	June 30, 2002 $'000
Other Expenditure commitments		
Research and development contracts for service to be rendered:		
Not later than one year	1,192	887
Later than 1 year but not later than 2 years	730	-
	1,922	887

6. Segment Information

	USA		Australia		Eliminations		TOTAL	
	December 31, 2002 $'000	June 30, 2002 $'000	December 31, 2002 $'000	June 30, 2002 $'000	December 31, 2002 $'000	June 30, 2002 $'000	December 31, 2002 $'000	June 30, 2002 $'000
Geographical Segments								
Other income	61	6	19	2	-	-	80	8
Total income	61	6	19	2	-	-	80	8
Loss from operations	(71)	(19)	(1,178)	(103)	-	-	(1,249)	(122)
Income tax expense							-	(1)
Loss arising during development stage							(1,249)	(123)
Segment assets	8,940	9,188	1,194	1,981	(1,984)	(1,984)	8,150	9,185
Segment liabilities	8	185	492	101	-	-	500	286

7. Contingent Liabilities

Parent Company Guarantees

MEI has guaranteed, in a deed dated May 16, 2002, the payment of monies owed to Novogen by MEPL arising in connection with a Licence Agreement, a Manufacturing and Supply Agreement and a Services Agreement with Novogen.

8. Subsequent Events

There have been no significant events occurring after the balance date which have had a material impact on the business.

9. Transactions With Related Parties

Agreements with Novogen include the following:

- *The License Agreement*

  The license agreement is an agreement under which Novogen grants to MEPL a world wide non- transferable licence to conduct clinical trials and commercialise 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 non exclusive.

- *The 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.

- *The Services Agreement*

Neither MEI nor MEPL currently intends to directly employ any staff. Under the services agreement, Novogen will provide or procure services reasonably required by the MEI Group relating to the development and commercialisation of phenoxodiol. Novogen will provide these services at cost plus a 10% mark-up.

- *The Manufacturing License and Supply Agreement*

Under the terms of this agreement, Novogen will supply phenoxodiol in its primary manufactured form for both the clinical trial development program and Phenoxodiol's ultimate commercial use. Novogen will supply phenoxodiol at cost plus a 50% mark-up.

For the six month period ended December 31, 2002 and the year ended June 30, 2002 transactions amounting to $633,863 and $87,603, respectively were made under the Services Agreement and the Manufacturing and Supply Agreement with Novogen. $104,482 and $87,603 is included in accounts payable at December 31, 2002 and June 30, 2002 respectively.

INDEPENDENT ACCOUNTANTS' – REVIEW REPORT

Signatures

The registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Marshall Edwards Inc.

February 28, 2003

Christopher Naughton

President & CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

February 28, 2003	February 28, 2003
Graham Kelly, Chairman	Christopher Naughton, President & CEO
February 28, 2003	February 28, 2003
Philip Johnston, Director	David Seaton, Company Secretary & CFO