

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

**FORM S-1/ A
Amendment No. 1**

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

**PROPANC HEALTH GROUP
CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

2834

(Primary Standard Industrial
Classification Code Number)

33-0662986

(I.R.S. Employer
Identification No.)

**576 Swan Street
Richmond, VIC, 3121, Australia
+61 (0)3 9208 4182**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Mr. James Nathanielsz
576 Swan Street
Richmond, VIC, 3121, Australia
+61 (0)3 9208 4182**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**Peter J. Gennuso, Esq.
Cheryll June Calaguio, Esq.
Gersten Savage LLP
600 Lexington Avenue, 10th Floor
New York, NY 10022
(212) 752-9700**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

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.

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.

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 number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common stock, \$0.001 par value per share(1)	14,383,174	\$ 1.50	\$ 21,574,761	\$ 2,504.83
Common stock, \$0.001 par value per share(3)	5,000,000	\$ 1.50	\$ 7,500,000	870.75
Total	19,383,174		\$ 29,074,761	\$ 3,375.58

- (1) The shares of our common stock being registered hereunder are being registered for sale by the selling shareholders named in the prospectus. Under Rule 416 of the Securities Act of 1933, the shares being registered include such indeterminate number of shares of common stock as may be issuable with respect to the shares being registered in this registration statement as a result of any stock splits, stock dividends or other similar event.
- (2) The proposed maximum offering price per share and the proposed maximum aggregate offering price have been estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457 under the Securities Act of 1933 on the basis of the last sales price of the company's common stock.
- (3) Represents shares of common stock being offered on a "best efforts" basis for the company's benefit.

The registrant hereby amends this registration statement on such date or date(s) 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 of 1933, or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission of which this prospectus is a part becomes effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

EXPLANATORY NOTE

This registration statement contains two forms of prospectus, as set forth below:

- Public Offering Prospectus. A prospectus to be used for the public offering by the registrant of up to 5,000,000 shares of common stock (the “Public Offering Prospectus”); and
- Selling Shareholders Prospectus. A prospectus to be used in connection with the potential resale by the selling shareholders listed on page SS-4 hereof of up to 14,383,174 shares of our common stock (the “Selling Shareholders Prospectus”).

The Public Offering Prospectus and the Selling Shareholders Prospectus will be identical in all respects except for the following principal points:

- they contain different front covers;
- the Shares Registered for Resale section is included in the Selling Shareholders Prospectus;
- they contain different Plan of Distribution sections;
- they contain different Use of Proceeds sections;
- a Selling Shareholders section is included in the Selling Shareholders Prospectus; and
- they contain different back covers.

The registrant has included in this registration statement, after the financial statements, a set of alternate pages to reflect the foregoing differences between the Public Offering Prospectus and the Selling Shareholders Prospectus.

Investors who receive the Public Offering Prospectus from the company will all be potential investors in the public offering. The purpose of the alternative prospectus in connection with the resale offering is that the selling shareholders, whose shares are being registered in the Selling Shareholders Prospectus, will be responsible for delivering the alternative prospectus in connection with the sales made by such selling Shareholders.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission of which this prospectus is a part becomes effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated August 18, 2011

PROPANC HEALTH GROUP CORPORATION

PROSPECTUS

5,000,000 Shares of Common Stock

This prospectus relates to the sale of a minimum amount of 500,000 (the "Minimum Shares") and a maximum of up to 5,000,000 (the "Maximum Shares") shares of our common stock that we are offering on a best efforts basis for up to ninety (90) days following the date of this prospectus at a fixed price of \$1.50, which period may be extended by the company for up to an additional ninety (90) day period. If all shares being offered by the company are sold, we will receive an aggregate of \$7,500,000, less approximately \$50,000 in expenses.

Since this Offering is being done on a best-efforts basis, we may receive no proceeds if we are not successful in selling the Minimum Shares.

Funds received for subscriptions of up to the Minimum Shares will be placed into escrow. Following the sale of the Minimum Shares, any subscriptions in excess of the Minimum Shares, up to the number of Maximum Shares, will be accepted on a rolling basis. Once we accept subscriptions in excess of the Minimum Shares, the funds will be deposited into an account maintained by us and be immediately available to us.

This offering is a self-underwritten offering and there will be no underwriter involved in the sale of the shares. We intend to offer the Shares through our officers and directors who will not be paid any commission for such sales. The company's officers and directors may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended, and any commissions or discounts given to any such officers and directors may be regarded as underwriting commissions or discounts under the Securities Act of 1933.

No public market currently exists for the shares being offered. The shares being offered by the selling shareholders will be sold at \$1.50 per share until such time as the company's shares of common stock are quoted on the OTC Bulletin Board and thereafter at prevailing market prices.

	public offering price	Underwriting discount and commissions	Proceeds to us*
Per share of common stock	\$ 1.50	\$ 0.00	\$ 1.495
Total amount of common stock	\$ 7,500,000	\$ 0.00	\$ 7,450,000

*reflects offering expenses of an aggregate of \$50,000

Our common stock is presently not listed on any national securities exchange. Subsequent to the initial filing date of this registration statement on Form S-1, in which this Prospectus is included, we intend to have an application filed on our behalf by a market maker for approval of our common stock for quotation on the OTC Bulletin Board quotation system. No assurance can be made, however, that we will be able to locate a market maker to submit such application or that such application will be approved.

The company is currently in the development stage and has minimal operations and revenues to date and there can be no assurance that the company will be successful in furthering its operations and/or revenues. Persons should not invest unless they can afford to lose their entire investment. Before purchasing any of the shares covered by this Prospectus, carefully read and consider the risk factors included in the section entitled "Risk Factors" beginning on Page 5. These securities involve a high degree of risk, and prospective purchasers should be prepared to sustain the loss of their entire investment. There is currently no public trading market for the securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August ____, 2011

TABLE OF CONTENTS

	<u>Page</u>
PROSPECTUS SUMMARY	1
RISK FACTORS	5
CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS	13
TAX CONSIDERATIONS	13
USE OF PROCEEDS	13
CAPITALIZATION	14
DETERMINATION OF OFFERING PRICE	14
DILUTION	14
MARKET FOR COMMON STOCK	15
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	15
BUSINESS	19
MANAGEMENT	30
EXECUTIVE COMPENSATION	33
PRINCIPAL SHAREHOLDERS	34
RELATED PARTY TRANSACTIONS	34
SELLING SHAREHOLDERS	SS-3
DESCRIPTION OF SECURITIES	35
PLAN OF DISTRIBUTION	36
LEGAL MATTERS	36
EXPERTS	36
ADDITIONAL INFORMATION	37
INDEX TO FINANCIAL STATEMENTS	F-1

You should rely only on information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. No selling shareholder is offering to sell or seeking offers to buy shares of common stock in jurisdictions where offers and sales are not permitted. 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 sale of our common stock. We are responsible for updating this prospectus to ensure that all material information is included and will update this prospectus to the extent required by law.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully including the section entitled “Risk Factors” before making an investment decision. Propanc Health Group Corporation, is referred to throughout this prospectus as “Propanc,” “we,” “our” or “us.”

Our Company

We are a research and development company whose primary activity is to develop new treatments for chronic diseases, in particular , cancer. We have generated very limited revenue, have no cancer treatment products available to market and have no products which have reached the clinical trial stage. We require substantial additional financing to develop our products.

In January 29, 2011, we completed an exchange offer with the shareholders of Propanc Pty Ltd., an Australian entity, which is now our operating subsidiary. Pursuant to the exchange offer, each shareholder of Propanc Pty Ltd. received one share of our common stock for every share of Propanc Pty Ltd. that such shareholder owned , and as a result thereof, we issued an aggregate of 64,700,525 shares of our common stock the shareholders of Propanc Pty Ltd. On the date of the exchange offer, the 64,700,525 shares of Propanc Pty Ltd., common stock that were exchanged for shares in Propanc Health Group Corporation represented 100% of total stock of Propanc Pty Ltd at that time.

The nature of operations of the Australian subsidiary prior to the exchange offer was, and continues to be, focused on research and development activities for chronic diseases, in particular cancer. Since the establishment of the Australian subsidiary in late 2007, James Nathanielsz has served as CEO and in collaboration with its directors, established the company’s research and development programs, set up joint research collaborations with academic institutions and developed its intellectual property base for commercial purposes.

We had nominal assets and liabilities as of the time of the exchange offer. All historical references in this prospectus are to Propanc Australia. All references in this prospectus are to U.S. dollars.

Corporate Information

We are a Delaware corporation formed on November 23, 2010. Our principal executive offices are located at 576 Swan Street, Richmond, VIC, 3121, Australia. Our phone number is +61(0)39208-4182 and our website can be found at www.propanc.com. The information on our website does not form a part of this prospectus.

THE OFFERING

Common Stock Outstanding Prior to the Offering :	71,915,889
Common Stock Offered by the Selling Shareholders :	14,383,174(1)
Common Stock Offered by the Company:	A minimum of 500,000 shares (the "Minimum Shares") and a maximum of up to 5,000,000 shares (the "Maximum Shares") of common stock , \$0.001 par value per share, on a best efforts basis at a fixed price of \$1.50 per share.
Common Stock Outstanding Immediately Following the Offering :	72,415,889, upon the sale of the Minimum Shares, or 76,915,889 if the Maximum Shares are sold.
Offering Period	The shares are being offered for a period of up to ninety (90) days following the date of this prospectus at a fixed price of \$1.50, which may be extended by the company for up to an additional ninety (90) day period.
Use of proceeds:	<p>We will not receive any proceeds from the sale of the shares of common stock being offered by the selling shareholders . The selling shareholders named herein will receive all proceeds therefrom . Please see "Selling Shareholders" beginning on page SS-3.</p> <p>We are offering a maximum of up to 5,000,000 shares of common stock on a best efforts basis at a fixed price of \$1.50 per share, and accordingly we would receive gross proceeds of up to \$7,500,000 assuming that all 5,000,000 shares are sold. We intend to use the net proceeds received from the sale of the shares of common stock pursuant to the best efforts offering for the purpose of clinical trials, continued research and development, the expansion of our business and for general working capital. There can be no assurance that we will sell any of such shares and accordingly, we may receive no proceeds from the offering if we are not successful in selling the Minimum Shares. Please see "Use of Proceeds" beginning on page 13.</p>
Market for Common Stock	There is no public market for our common stock. After the effective date of the registration statement of which this prospectus is a part, we intend to try to identify a market maker to file an application on our behalf to have our common stock quoted on the OTC Bulletin Board. In order for such application to be accepted, we will have to satisfy certain criteria in order for our common stock to be quoted on the OTC Bulletin Board. We currently have no market maker that is willing to list quotations for our stock. There is no assurance that a market maker will be willing to quote our stock, that the Financial Industry Regulatory Authority or FINRA will approve such application, that a trading market will develop, or, if developed, that it will be sustained.

Dividend Policy

We have not declared or paid any dividends on our common stock since our inception, and we do not anticipate paying any such dividends for the foreseeable future.

Risk Factors:

See "Risk Factors" beginning on page 5 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

(1) Currently issued and outstanding.

There are no outstanding options, warrants or other rights to obtain securities of Propanc.

SUMMARY FINANCIAL DATA

The following summary of our financial data should be read in conjunction with, and is qualified in its entirety by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements, appearing elsewhere in this prospectus.

Statements of Operations Data

	Year Ended June 30, 2010	Year Ended June 30, 2009	
Royalty revenue – related party	\$ 0	\$ 2,657	
Loss from operations	\$ (726,202)	\$ (392,013)	
Net loss	\$ (842,487)	\$ (443,849)	
Net loss per share – basic and diluted	\$ (0.02)	\$ (0.01)	
Weighted average number of shares of common stock (basic and diluted)	51,952,264	41,829,231	
			For the period from October 15, 2007 (Inception) to March 31, 2011
	For the Nine Months Ended March 31,		
	2011	2010	2011
	unaudited	unaudited	unaudited
Revenue			
Royalty revenue - related party	\$ -	\$ -	\$ 30,974
Net Loss	\$ (1,498,293)	\$ (293,874)	\$ (3,192,656)
Basic And Diluted Net Loss Per Share	\$ (0.02)	\$ (0.01)	\$ (0.08)
Basic And Diluted Weighted Average Shares Outstanding	62,238,581	51,300,000	41,374,601

Balance Sheet Data

	March 31, 2011 (unaudited)	June 30, 2010
Cash	\$ 54	\$ 528
Total assets	\$ 404,614	\$ 43,862
Total current liabilities	\$ 283,102	\$ 230,765
Deficit accumulated during development stage	\$ (3,192,656)	\$ (1,694,363)
Total stockholders' equity (deficit)	\$ 121,512	\$ (186,903)

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors before deciding whether to invest in Propanc. If any of the events discussed in the risk factors below occur, our business, financial condition, results of operations or prospects could be materially and adversely affected. In such case, the value and marketability of the common stock could decline.

Risks Relating to our Business

Our ability to continue as a going concern is in substantial doubt absent obtaining adequate new debt or equity financings.

Our continued existence is dependent upon us obtaining adequate working capital to fund all of our operations. Working capital limitations continue to impinge on our day-to-day operations, thus contributing to continued operating losses. For the year ended June 30, 2009 and 2010, we have sustained net losses of \$443,849 and \$842,487, respectively. Further, as of March 31, 2011, we had only \$54 in cash, \$2,608 in receivables and had an accumulated deficit of \$3,192,656. Thus, if we are unable to raise funds to fund the research and development of our products, we may not be able to continue as a going concern and you will lose your investment.

Because we are an early stage drug development company with no product near commercialization, we expect to incur significant additional operating losses.

Our Australian subsidiary was organized in 2007. We expect to incur substantial additional operating expenses over the next several years as our research, development, pre-clinical testing, and clinical trial activities increase. The amount of future losses and when, if ever, we will achieve profitability are uncertain. We have no products that have generated any commercial revenue, do not expect to generate revenues from the commercial sale of our products in the near future, if at all. Our ability to generate revenue and achieve profitability will depend on, among other things, the following:

- successful completion of the preclinical and clinical development of our products;
- obtaining necessary regulatory approvals from the European Medicines Agency, or EMA, the U.S. Food and Drug Administration, or the FDA, or other regulatory authority;
- establishing manufacturing, sales, and marketing arrangements, either alone or with third parties; and
- raising sufficient funds to finance our activities.

We might not succeed at any of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

Because we will need to finance our future cash needs through securities offerings, any additional funds that we obtain may not be on terms favorable to us or our shareholders and may be very dilutive.

To date, we have no approved product on the market and have generated no product revenues. The minimal revenue generated to date relate to a small non-commercial supply of an original three component formulation rather than a commercial sale of our products. Unless and until we receive approval from the EMA, the FDA or other regulatory authorities for our products, we cannot sell our products and will not have product revenues. Therefore, for the foreseeable future, we will have to fund all of our operations and capital expenditures from private or public equity offerings and debt financings.

We may seek to sell additional equity or debt securities, obtain a bank credit facility, or enter into a corporate collaboration or licensing arrangement. The sale of additional equity or debt securities, (if convertible,) will result in dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could also result in covenants that would restrict our operations. Raising additional funds through collaboration or licensing arrangements with third parties may require us to relinquish valuable rights to our products, future revenue streams, research programs or products, or to grant licenses on terms that may not be favorable to us or our shareholders.

If we need additional capital to fund our growing operations, we may not be able to obtain sufficient capital and may be forced to limit the scope of our operations.

A severe recession, or freezing of the global credit markets may adversely affect our ability to raise capital in the future. If adequate additional financing is not available on reasonable terms or at all, we may not be able to undertake expansion and we may have to modify our business plans accordingly.

Even if we do find a source of additional capital, we may not be able to negotiate favorable terms and conditions for receiving the additional capital. Any future capital investments will dilute or otherwise materially and adversely affect the holdings or rights of our existing shareholders. In addition, new equity or debt securities issued by us to obtain financing could have rights, preferences and privileges senior to our common stock. We cannot give you any assurance that any additional financing will be available to us, or if available, will be on terms favorable to us.

Our independent registered accounting firm has expressed concerns about our ability to continue as a going concern indicating the possibility that we may not be able to operate in the future.

The report of our independent registered accounting firm expresses concern about our ability to continue as a going concern based on the absence of significant revenues, recurring losses from operations, and our need for additional financing. We can provide no assurance that we will be able to generate a sufficient amount of revenue, if any, from our business in order to achieve profitability. It is not possible at this time for us to predict with assurance the potential success of our business. The revenue and income potential of our proposed business and operations are unknown. If we cannot continue as a viable entity, we may be unable to continue our operations and you may lose some or all of your investment in our common stock.

Because our product candidates are in the early stages of development and may never lead to commercially viable drugs, you may lose your investment.

We are a research and development company presently focused on the development of new cancer treatments, all of which are at an early stage of development, which may be effective in treating cancer and have use in reducing the risk of cancer recurrence. Our drug development methods may not lead to commercially viable drugs for any of several reasons. For example, we may fail to identify appropriate compounds, our drug candidates may fail to be safe and effective in additional preclinical or clinical trials, or we may have inadequate financial or other resources to pursue discovery and development efforts for new drug candidates. Our product candidates will require significant additional development, clinical trials, regulatory clearances and additional investment by us before they can be commercialized. If, for any of these reasons, we are unsuccessful at commercializing our drug candidates, you may lose your investment.

Our products may cause undesirable side effects that could limit their use, require their removal from the market or prevent further development.

Side effects that may be caused by our products could interrupt, delay or halt our development programs, including clinical trials, and could result in adverse regulatory action by the FDA or other regulatory authorities. More severe side effects associated with our products may be also observed in the future. Even if we are able to complete the development of a new product and obtain any required regulatory approval, undesirable side effects could prevent us from achieving or maintaining market acceptance of the product or could substantially increase the costs and expenses of commercializing the product. Negative publicity concerning our products, whether accurate or inaccurate, could also reduce market or regulatory acceptance of our products, which could result in decreased product demand, removal from the market or an increased number of product liability claims, whether or not such claims have merit.

Because successful development of our products is uncertain, our results of operations may be materially harmed.

Our development of current and future product candidates is subject to the risks of failure and delay inherent in the development of new pharmaceutical products and products based on new technologies, including but not limited to the following:

- delays in product development, clinical testing, or manufacturing;
- unplanned expenditures in product development, clinical testing, or manufacturing;
- unexpected scientific, non-clinical or clinical findings relating to safety and/or efficacy;
- failure to receive regulatory approvals;
- emergence of superior or equivalent products;
- inability to manufacture our product candidates on a commercial scale on our own, or in collaboration with third parties; and
- failure to achieve market acceptance.

Because of these risks, our development efforts may not result in any commercially viable products. If a significant portion of these development efforts are not successfully completed, required regulatory approvals will not be obtained, or if any approved products are not commercialized successfully, our business, financial condition, and results of operations may be materially harmed.

Because pre-clinical and clinical trials required for our product candidates are expensive and time-consuming and their outcome is uncertain, we may incur significant additional operating expenses which would adversely affect our results of operations.

We have conducted a variety of pre-clinical studies which have provided evidence supporting the potential therapeutic utility of our lead product candidates, PRP and PRP-DCM. Studies include the in vitro assessment of these product's key components on cell growth and differentiation, and in vitro combination assays identifying synergistic effects by optimizing the ratios between the key components.

In addition, we, together with our scientific founder, Dr Julian Kenyon, have undertaken a retrospective analysis of cancer patients treated with PRP under UK and Australian compassionate access schemes. This review has generated clinical evidence supportive of the further development of PRP as a potential therapeutic for cancer.

However, before regulatory approval can be obtained for the commercial sale of PRP, or any of the product candidates currently under development by us, we will be required to complete formal preclinical studies and then comprehensive clinical trials in order to demonstrate the product's safety, tolerability and efficacy. Regulatory approval to market a new product will only be obtained once we can demonstrate to the satisfaction of the EMA, the FDA or other applicable regulatory authority that the product candidate has an acceptable safety profile, is effective in treating the target indication and otherwise meets the appropriate standards required by regulators for approval.

Conducting pre-clinical and clinical trials is a lengthy, time consuming, and expensive process. The length of time may vary substantially according to the type, complexity, novelty, and intended use of the product candidate, and often can be several years or more per clinical trial. Delays associated with products for which we are directly conducting pre-clinical or clinical trials may cause us to incur additional operating expenses. The commencement and time to completion of clinical trials may be delayed by many factors, including, for example:

- inability to manufacture sufficient quantities of drug suitable for use in clinical trials;
- failure to recruit a sufficient number of patients or slower than expected rates of recruitment;
- modification by regulatory authorities or ethics committees of clinical trial protocols;
- changes in regulatory requirements for obtaining drug approval;
- lack of the anticipated effectiveness during clinical trials;
- emergence of unforeseen safety issues in preclinical or clinical trials;
- delays, suspension, or termination of clinical trials by the institutional review board responsible for overseeing the study at a particular study site; and
- government or institutional review board or other regulatory delays or "clinical holds" requiring suspension or termination of the trials.

The results from pre-clinical testing and early clinical trials are not necessarily predictive of results that may be obtained in later clinical trials. Accordingly, even if we obtain positive results from pre-clinical or early clinical trials, we may not achieve the same success in later clinical trials.

Clinical trials may not demonstrate safety and effectiveness to the statistical standards required to obtain the regulatory approvals. The failure of clinical trials to demonstrate adequate safety and effectiveness for the desired indications could harm the development of our products. This failure could cause us to abandon a product and could delay development of other products. Any delay in, or termination of, our clinical trials may result in increased development costs for our products which would cause the market price of our shares to decline and limit our ability to obtain additional financing and, ultimately, our ability to commercialize our products and generate product revenues. Any change in, or termination of, our clinical trials could materially harm our business, financial condition and results of operations.

If we do not obtain the requisite regulatory approvals we need to market our products, we will not be able to commercialize our products.

We have not applied for nor received the regulatory approvals required for the commercial sale of any of our products in the United States or in any foreign jurisdiction. None of our product candidates has been determined to be safe and effective, and we have not submitted an application to the EMA, FDA or other regulatory authority for any of our products.

It is possible that none of our products will be approved for commercialization. Failure to obtain regulatory approvals, or delays in obtaining regulatory approvals, may adversely affect the successful commercialization of any of the products that we develop, impose additional costs on us, diminish any competitive advantages that we may have, and/or adversely affect our receipt of revenues or royalties.

If we are unable to obtain sufficient and adequate supplies necessary for manufacturing our product, our ability to obtain approval to commercialize our products will be harmed.

In order to minimize our dependency on a single product supplier, it is our intention to source the components of our product from a number of potential suppliers. We intend to use suppliers able to provide components manufactured to the required Good Manufacturing Practice (GMP) standard¹, with the suppliers providing the product documentation necessary to support our regulatory submission. Such regulatory authority may require testing and prior review and approval before they permit us to use an intended supplier. The loss of a supplier, or any significant decrease or interruption in supply could interrupt the development and/or testing of our products. Furthermore, the regulatory authority could extend these delays in situations where it requires approval of an alternative supplier. The loss of one of these suppliers could have a material adverse effect on our business.

Even if regulatory approval is obtained, our products will be subject to extensive post-approval regulation.

Once a product is approved, numerous post-approval requirements apply, including but not limited to requirements relating to manufacturing, labeling, packaging, advertising and record keeping. Even if regulatory approval of a product is obtained, the approval may be subject to limitations on the uses for which the product may be marketed, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Any such post-approval requirement could reduce our revenues, increase our expenses and render the approved product candidate not commercially viable. In addition, as clinical experience with a drug expands after approval because it is typically used by a greater number and more diverse group of patients after approval than during clinical trials, side effects and other problems may be observed after approval that were not seen or anticipated during pre-approval clinical trials or other studies. Any adverse effects observed after the approval and marketing of a product candidate could result in limitations on the use of such approved product or its withdrawal from the marketplace. Absence of long-term safety data may also limit the approved uses of our products. If we fail to comply with the regulatory requirements of the applicable regulatory authorities, or if previously unknown problems with any approved commercial products, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions or other setbacks, including:

¹ The standards used by pharmaceutical and biotech firms to ensure that products meet specific requirements for identity, strength, quality and purity

- restrictions on the products, manufacturers or manufacturing processes;
- warning letters and untitled letters;
- civil penalties and criminal prosecutions and penalties;
- fines;
- injunctions;
- product seizures or detentions;
- import or export bans or restrictions;
- voluntary or mandatory product recalls and related publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production; and
- refusal to approve pending applications for marketing approval of new products or of supplements to approved applications.

If we are slow or unable to adapt to changes in existing regulatory requirements or the promulgation of new regulatory requirements or policies, we or our licensees may lose marketing approval for our products which will impact our ability to conduct business in the future.

The successful commercialization of our products will depend on obtaining coverage and reimbursement for use of these products from third-party payors.

Sales of pharmaceutical products largely depend on the reimbursement of patients' medical expenses by government health care programs and private health insurers. Without the financial support of the government or third-party payors, the market for our products could be limited. These third-party payors are increasingly challenging the price of and examining the cost effectiveness of medical products and services. Significant uncertainty exists as to the reimbursement status of newly approved health care products. Third-party payors may not reimburse sales of our products or enable our collaborators to sell them at profitable prices, which would adversely affect our business.

If physicians and patients do not accept and use our products, our results of operations will be adversely affected.

Even if the EMA, the FDA or another regulatory authority approves one or more of our product candidates, physicians and patients may not accept and use it. Acceptance and use of our products will depend upon a number of factors including, but not limited to the following:

- perceptions by members of the health care community, including physicians, about the safety and effectiveness of our products;
- cost-effectiveness of our products relative to competing products;
- availability of reimbursement for our products from government or other healthcare payors; and
- effective marketing and distribution efforts by us and our licensees and distributors, if any.

If our current product candidates are approved, we expect sales to generate substantially all of our product revenues for the foreseeable future, and as such, the failure of these products to find market acceptance would harm our business and could require us to seek additional financing.

Because we plan on operating in multiple countries, we are exposed to political, economic and other risks that may adversely affect our business.

Currently our headquarters are in Australia, but we intend to penetrate other markets in the future. At such time, we will therefore be exposed to risks inherent in international operations. These risks include, but are not limited to:

- changes in general economic, social and political conditions;
- adverse tax consequences;
- the difficulty of enforcing agreements and collecting receivables through certain legal systems;
- inadequate protection of intellectual property;
- required compliance with a variety of laws and regulations of jurisdictions outside of Australia, including labor and tax laws;
- customers outside of the United States may have longer payment cycles;
- changes in laws and regulations of jurisdictions outside of Australia; and
- terrorist acts and natural disasters.

Our business success depends in part on our ability to anticipate and effectively manage these and other regulatory, economic, social and political risks inherent in a multinational business. We cannot assure you that we will be able to effectively manage these risks or that they will not have a material adverse effect on our multinational business or on our business as a whole.

If we lose key management or scientific personnel, cannot recruit qualified employees, directors, officers, or other personnel or experience increases in our compensation costs, our business may materially suffer.

We are highly dependent on our management team, specifically Dr. Julian Kenyon, Mr. James Nathanielsz and Dr. Douglas Mitchell. While we have a current employment agreement with our CEO, Mr. James Nathanielsz and while both Dr. Julian Kenyon and Dr. Douglas Mitchell each have letters of appointment, which outline their respective roles and responsibilities, such employment agreement with Mr. Nathanielsz, and each of the letters of appointment for Dr. Mitchell and Dr. Kenyon, permit the parties thereto to terminate such agreements upon notice. As such, each of these individuals may terminate their relationship with us upon notice. If we lose key employees, our business may suffer. Furthermore, our future success will also depend in part on the continued service of our key scientific and management personnel and our ability to identify, hire, and retain additional personnel. We do not carry “key-man” life insurance on the lives of any of our employees or advisors. We experience intense competition for qualified personnel and may be unable to attract and retain the personnel necessary for the development of our business. Because of this competition, our compensation costs may increase significantly.

We do not have any independent directors and there is a potential conflict of interest

Since we do not have an audit or compensation committee comprised of independent directors, the functions that would have been performed by such committees are performed by our directors, two of whom also serve as officers of the Company. Thus, there is an inherent conflict of interest.

If we fail to establish a method to sell, market or distribute our products, our results of operations would be adversely affected.

We have no experience in the sales, marketing and distribution of pharmaceutical products. If we fail to enter into arrangements with third parties relative to the provisioning sales and marketing services for any of our future potential product candidates, we would need to develop an internal sales and marketing organization with supporting distribution capability in order to directly market our products. Significant additional expenditures would be required for us to develop such an in-house sales and marketing organization, which would increase our operating cost and may adversely affect our results of operations.

If we do not obtain protection for our intellectual property rights, our competitors may be able to take advantage of our research and development efforts to develop competing drugs.

Our success will depend, in part, on our ability to maintain the confidentiality of our trade secrets and know how, and on our ability to operate and prevent others from infringing our proprietary rights. We have filed two national patent applications in Australia as well as an international application under the Patent Cooperation Treaty, or PCT. (*See Page 28 of this prospectus for a further description.*) The PCT will provide priority for any foreign applications that we may file for these inventions. The applications include claims intended to provide market exclusivity for certain commercial aspects of the product, including the formulation, the methods of making, the methods of using and the commercial packaging of the product.

Because the patent position of biopharmaceutical companies involves complex legal and factual questions, we cannot predict the validity and enforceability of patents with certainty. Our pending patent applications, those we may file in the future or those we may license from third parties may not result in patents being issued. If these patents are issued, they may not provide us with proprietary protection or competitive advantages against competitors with similar technology. The degree of future protection to be afforded by our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage.

Competitors may successfully challenge our patent applications, produce similar drugs or products that do not infringe our patents, or produce drugs in countries where we have not applied for patent protection or that do not respect our patents.

If any of these events occurs, or we otherwise lose protection for our trade secrets or proprietary know-how, the value of this information may be greatly reduced. Patent protection and other intellectual property protection are important to the success of our business and prospects, and there is a substantial risk that such protections will prove inadequate.

Legal proceedings or third-party claims of intellectual property infringement may require us to spend substantial time and money and could prevent us from developing or commercializing products.

The biotechnology and pharmaceutical industries have been characterized by extensive litigation regarding patents and other intellectual property rights, and companies have employed intellectual property litigation to gain a competitive advantage. We may become subject to infringement claims or litigation arising out of patents and pending applications of our competitors. The manufacture, use, offer for sale, sale or importation of our product candidates might infringe on the claims of third-party patents. A party might file an infringement action against us. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation or defense of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time. Consequently, we are unable to guarantee that we will be able to manufacture, use, offer for sale, sell or import our product candidates in the event of an infringement action. At present, we are not aware of pending or threatened patent infringement actions against us.

As a result of patent infringement claims, or to avoid potential claims, we may choose or be required to seek a license from a third party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could potentially limit our competitive advantage. Ultimately, we could be prevented from commercializing a product or be forced to cease some aspect of our business operations if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms. This inability to enter into licenses could harm our business significantly.

In addition to infringement claims against us, we may in the future become a party to other patent litigation or proceedings, including interference or re-examination proceedings filed with the United States Patent and Trademark Office or opposition proceedings in the European Patent Office regarding intellectual property rights with respect to our products and technology, as well as other disputes regarding intellectual property rights with licensees, licensors or others with whom we have contractual or other business relationships.

Risks Related to Our Common Stock

Currently there is no public market for our common stock, and we cannot predict the future prices or the amount of liquidity of our common stock.

Currently, there is no public market for our common stock and a public market may never develop. We are in the process of applying to list our common stock on the Over-the-Counter Bulletin Board. However, the Bulletin Board is not a liquid market in contrast to the major stock exchanges. We cannot assure you as to the liquidity or the future market prices of our common stock if a market does develop. If an active market for our common stock does not develop, the fair market value of our common stock could be materially adversely affected. Any public market will follow effectiveness of the registration statement for which this prospectus forms a part of and we cannot predict the price at which we will begin trading or the future prices of our common stock.

If we do not comply with the state regulations in regard to the sale of our common stock or find an exemption there may be potential limitations on the resale of your stock.

With few exceptions, every offer or sale of a security must, before it is offered or sold in a state, be registered or exempt from registration under the securities, or blue sky laws, of the state(s) in which the security is offered and sold. Blue sky statutes vary widely and there is very little uniformity in the blue sky filing requirements among state securities laws. As of the date hereof, we intend to offer our common stock upon effectiveness of the registration statement of which this prospectus forms a part to potential purchasers in the states of New York, Florida, Massachusetts, Connecticut and Illinois. While we intend to review the relevant blue sky laws of these states before the distribution of the common stock therein, should we fail to properly register the common stock as required by the respective states or find an exemption from registration, you may not be able to resell your stock once purchased.

We will be subject to the “penny stock” rules which will adversely affect the liquidity of our common stock.

The Securities and Exchange Commission, or the SEC, has adopted regulations which generally define “penny stock” to be an equity security that has a market price of less than \$5.00 per share, subject to specific exemptions. We expect the market price of our common stock will be less than \$5.00 per share and therefore we will be considered a “penny stock” according to SEC rules. This designation requires any broker-dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules limit the ability of broker-dealers to solicit purchases of our common stock and therefore reduce the liquidity of the public market for our shares should one develop.

Because directors and officers currently and for the foreseeable future will continue to control Propanc, it is not likely that you will be able to elect directors or have any say in the policies of Propanc.

Our shareholders are not entitled to cumulative voting rights. Consequently, the election of directors and all other matters requiring shareholder approval will be decided by majority vote. The directors and officers of Propanc beneficially own approximately 74.8% of our outstanding common stock. Due to such significant ownership position held by our insiders, new investors may not be able to effect a change in our business or management, and therefore, shareholders would have no recourse as a result of decisions made by management.

In addition, sales of significant amounts of shares held by our officer and directors, or the prospect of these sales, could adversely affect the market price of our common stock. Management’s stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

In the future we may issue preferred stock without the approval of our shareholders, which could make it more difficult for a third party to acquire us and could depress our stock price.

Our board of directors may issue, without a vote of our shareholders, one or more series of preferred stock with such rights and preferences. This could permit our board of directors to issue preferred stock to investors who support us and our management and permit our management to retain control of our business. Additionally, issuance of preferred stock could block an acquisition which could result in both a drop in our stock price and a decline in interest of our common stock.

Since we intend to retain any earnings for development of our business for the foreseeable future, you will likely not receive any dividends for the foreseeable future.

We have never declared or paid any cash dividends or distributions on our capital stock. We currently intend to retain our future earnings to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

A significant number of our shares will be eligible for sale and their sale or potential sale may depress the market price of our common stock.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock. This prospectus covers 14,383,174 shares of our common stock, which represents approximately 20% of our current issued and outstanding shares of our common stock. As additional shares of our common stock become available for resale in the public market pursuant to this offering, and otherwise, the supply of our common stock will increase, which could decrease its price. In addition some or all of the shares of common stock may be offered from time to time in the open market pursuant to Rule 144, and these sales may have a depressive effect on the market for our shares of common stock. Subject to certain restrictions beginning on July 29, 2011, a person who has held restricted shares for a period of six months may sell common stock into the market.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements including statements regarding our liquidity and capital requirements, our beliefs regarding our cancer treatments, expected intellectual property protection and expected clinical trials.

All statements other than statements of historical facts contained in this prospectus, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “potential,” “is likely,” “will,” “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” elsewhere in this prospectus.

Other sections of this prospectus may include additional factors which could adversely affect our business and financial performance. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements.

TAX CONSIDERATIONS

We are not providing any tax advice as to the acquisition, holding or disposition of the securities offered herein. In making an investment decision, investors are strongly encouraged to consult their own tax advisor to determine the U.S. federal, state and any applicable foreign tax consequences relating to their investment in our securities.

USE OF PROCEEDS

We are offering a minimum amount of 500,000 (the “Minimum Shares”) and a maximum of up to 5,000,000 (the “Maximum Shares”) shares of common stock on a best efforts basis at a fixed price of \$1.50 per share, and accordingly we would receive gross proceeds of up to \$7,500,000, assuming the sale of the Maximum Shares. We intend to use the net proceeds received from the sale of the 5,000,000 shares of common stock pursuant to the best efforts offering for clinical trials, continued research and development, the expansion of our business and for general working capital. The remaining funds will be used for working capital. There can be no assurance that we will sell any of such shares and accordingly, we may not receive proceeds from the offering.

In the event that less than the Maximum Shares are sold, we intend to reduce our investment of capital into our portfolio of earlier stage products, and to focus our capital investment on our lead products, PRP and PRP-DCM, with a view to progressing one or both of those products towards a value-adding event.

The following table summarizes our plans in respect of the development stage we expect to reach with the maximum proceeds being raised, and the stages we expect to reach if less than the proposed maximum amount of proceeds is obtained.

Percentage of monies raised	US\$ Amount	Project	Anticipated milestone achieved
100%	7,500,000	PRP	One of the projects completed Phase I clinical trial
		PRP-DCM	
		POP1	Development candidate identified
		PRP injection	Completed animal efficacy testing
50%	3,750,000	PRP	Project for initial development selected, and preclinical work completed, ready for Phase I
		PRP-DCM	
		POP1	Not progressed until further capital raised
		PRP injection	Not progressed until further capital raised
25%	1,875,000	PRP	Project for initial development selected, major components of pre-clinical development completed
		PRP-DCM	
		POP1	Not progressed until further capital raised
		PRP injection	Not progressed until further capital raised
10%	750,000	PRP	Completed major components of pre-clinical development
		PRP-DCM	Not progressed until further capital raised
		POP1	Not progressed until further capital raised
		PRP injection	Not progressed until further capital raised

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2011. The table should be read in conjunction with the financial statements and related notes included elsewhere in this prospectus:

	As of March 31, 2011 (unaudited)
Stockholders' equity:	
Common stock, \$0.001 par value;	\$ 64,700
Additional paid-in capital	3,286,851
Accumulated other comprehensive income (loss)	(37,383)
Deficit accumulated during development stage	(3,192,656)
Total stockholders' equity (deficit)	<u>\$ 121,512</u>

DETERMINATION OF THE OFFERING PRICE

There is no established public market for our shares of common stock. The offering price for the sale of common stock held by the selling shareholders of \$1.50 per share was determined by us arbitrarily. This price bears no relationship whatsoever to our business plan, the price paid for our shares by our founder, our assets, earnings, book value or any other criteria of value. The offering price should not be regarded as an indicator of the market price, if any, of the common stock that may develop in a trading market after this offering, which is likely to fluctuate.

The \$1.50 price of the shares that are being offered on a best efforts basis was arbitrarily determined in order for us to raise up to a total of \$7,500,000 in this offering, assuming we are able to sell the Maximum Shares.

There are no warrants, rights or convertible securities associated with this offering.

DILUTION

Our net tangible book value as of March 31, 2011 was approximately \$95,000, or \$0.00 per share of common stock based on 64,700,525 shares of common stock outstanding as of such date. Net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding as of March 31, 2011. Dilution in net tangible book value per share to new investors represents the difference between the amount per share paid by purchasers of shares in this offering and the net tangible book value per share of common stock immediately after completion of this offering.

After giving effect to the sale of all the shares being sold pursuant to this offering at the offering price of \$1.50 per share, and after deducting estimated offering expenses payable by us in the amount of \$50,000, our net tangible book value would be approximately 7,545,000, or \$0.11 per share of common stock. This represents an immediate increase in net tangible book value of \$0.11 per share of common stock to existing stockholders and an immediate dilution in net tangible book value of \$1.39 per share, or 92.7% per share, to new investors purchasing the shares in this offering.

The following table illustrates this per share dilution:

Offering (\$1.50)

Public offering price per share of common stock	\$ 1.50
Net tangible book value per common share as of March 31, 2011	\$ 0.00
Increase in net tangible book value per share attributable to existing stockholders	\$ 0.11
Net tangible book value per share as adjusted after this offering	\$ 0.11
Dilution per share to new investors	\$ 1.39

MARKET FOR COMMON STOCK

There is no public market for our common stock. After the effective date of the registration statement of which this prospectus forms a part, we intend to try to identify a market maker to file an application with the Financial Industry Regulatory Authority, Inc., or FINRA, to have our common stock quoted on the OTC Bulletin Board.

Although our common stock is not currently listed on a public exchange, we will be filing to obtain a listing on the OTC Bulletin Board when the Registration Statement of which this prospectus forms a part is declared effective by the SEC. In order to be quoted on the OTC Bulletin Board, a market maker must file an application on our behalf in order to make a market for our common stock. There can be no assurance that a market maker will agree to file the necessary documents with FINRA, which operates the OTC Electronic Bulletin Board, nor can there be any assurance that such an application for quotation will be approved. However, sales by a selling shareholder must be made at the fixed price of \$1.50 until a market develops for the stock. In the event we are successful in our attempts to have a market maker quote our stock on the OTC Bulletin Board, we will need to comply with ongoing reporting requirements in order to insure that the market maker will continue to quote our stock.

Our common stock may never be quoted on the OTC Bulletin Board, or, even if quoted, a liquid or viable market may not materialize. There can be no assurance that an active trading market for our shares will develop, or, if developed, that it will be sustained.

As of the date of this prospectus, there were 16 shareholders of record.

Beginning July 29, 2011, 18,110,950 shares may be sold under Rule 144 of the Securities Act by non-affiliates. The remaining shares may be sold by affiliates subject to the restrictions of Rule 144. A person who is one of our affiliates, or has been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock that are deemed restricted securities for at least six months would be entitled after such six-month holding period to sell his or her securities, provided that he or she sells an amount that does not exceed 1% of the number of shares of our common stock then outstanding (or 724,158 shares if the Minimum Shares is sold, or 769,158 in the event that the Maximum Shares is sold pursuant to this offering) immediately after this offering (or, if our common stock is listed on a national securities exchange, the average weekly trading volume of the shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale), subject to the continued availability of current public information about us, compliance with certain manner of sale provisions, and the filing of a Form 144 notice of sale if the sale is for an amount in excess of 5,000 shares or for an aggregate sale price of more than \$50,000 in a three-month period.

Dividend Policy

We have not paid cash dividends on our common stock and do not plan to pay such dividends in the foreseeable future. Our Board of Directors will determine our future dividend policy on the basis of many factors, including results of operations, capital requirements, and general business conditions. Dividends, under Delaware General Corporation Law, may only be paid from our net profits or surplus. To date, we have not had a fiscal year with net profits and do not have surplus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a research and development company whose primary activity is to develop new treatments for chronic diseases, in particular cancer. We have generated very limited revenue, have no cancer treatment products available to market and have no products which have reached the clinical trial stage. We require substantial additional financing to develop our products.

Results of Operations

The following discussion should be read in conjunction with the financial statements and notes thereto included elsewhere in this prospectus. The results discussed below are of the Company and its wholly-owned Australian subsidiary, Propanc Pty Ltd .

For the nine months ended March 31, 2011 compared to the nine months ended March 31, 2010

Revenue

We did not generate any revenue for the nine months ended March 31, 2011 nor any for the nine months ended March 31, 2010. We sustained net losses of \$1,498,293 and \$293,874, respectively, primarily due to recording of consulting fees paid and stock-based compensation expense in connection with the issuance of shares for services.

Administration Expense

Administration expense increased by \$1,051,442 to \$1,208,412 for the nine months ended March 31, 2011 as compared with \$156,970 for the nine months ended March 31, 2010. This increase is primarily attributable to \$816,365 of consulting fees paid to Churchill and Associates for financial consulting work, \$113,474 of stock based compensation expense recorded in connection with the shares issued to Churchill and Associates and \$100,550 of accounting and audit expense.

Occupancy Expense

Occupancy expense decreased by \$447 for the nine month period ended March 31, 2011 due to relocation of office space to a location with a lower rental rate.

Research and Development Expenses

Research and Development expense increased by \$338,201 to \$362,585 for the nine months ended March 31, 2011 as compared with \$24,384 for the nine months ended March 31, 2010. This is principally attributable to expenses incurred as a continuation of the initial work undertaken at University of Bath and University of Granada. This work is centered on additional cell cultures and animal studies, investigation of new combinations of ingredients selected, which were designed to enhance the effects of the proenzymes and create new patentable opportunities.

Interest Expense/Income

For the nine months ended March 31, 2011 interest expense decreased to \$0 from \$103,722 for the nine month period ended March 31, 2010. This is primarily attributable to conversion of interest bearing loans into common stock held by two directors and the CEO during fiscal 2010.

For the Year Ended June 30, 2010 compared to the Year ended June 30, 2009

Revenue

For the fiscal year 2010, we generated no revenue as compared to \$2,657 of revenue in fiscal year 2009. The revenue of \$2,657 in 2009 is related to the sale to European Nutripharm ENP for a supply of an unlicensed medicine (pancreatic proenzyme formulation) for the treatment of metastatic cancer patients at the Dove Clinic. A Limited Distributor Deed between Propanc and ENP Limited recognizes the intellectual property rights in respect of the unlicensed medicine supplied by ENP to Dove Clinic, where ENP paid to Propanc 25% of the wholesale purchase price payable for the unlicensed medicine. Our management believes, although no assurance can be given, that there will be no potential ramifications to the company, whether legal or from a liability standpoint, relating to the supply of unlicensed medicine to the Dove Clinic as such was undertaken by The Dove Clinic Ltd under informed consent via the UK Specials License Scheme.

Administration Expense

Administration expense increased by \$421,275 to \$680,110 for the year ended June 30, 2010 as compared with \$258,835 for the year ended June 30, 2009. This increase is primarily attributable to the recording of stock based compensation expense during the year 2010 in connection with the issuance of shares issued during 2010 for services rendered to the company of approximately \$476,000.

Occupancy Expense

Occupancy expense decreased by \$2,405 or 17% for the year ended June 30, 2010 due to the relocation of our office to a location with a lower rental rate.

Research and Development Expenses

Research and Development expense decreased by \$87,338 or 72% for the year ended June 30, 2010 as compared with \$121,369 for the year ended June 30, 2009. This is primarily attributable to reduced funding being made available for further research and development work.

Interest Expense/Income

Interest expense increased by \$62,152 to \$116,674 for the year ended June 30, 2010 as compared with \$54,522 for the year ended June 30, 2009. This is primarily attributable to additional shareholder loans offered to the company from two of the directors for year ended June 30, 2010 as compared to June 30, 2009.

Liquidity and Capital Resources

	For the Nine Months Ended March 31, (unaudited)	
	2011	2010
Net cash used in operating activities	\$ (1,316,761)	\$ (146,786)
Net cash used in investing activities	\$ (28,528)	\$ 0
Net cash provided by financing activities	\$ 1,268,780	\$ 135,659

	For the Fiscal Year Ended June 30,	
	2010	2009
Net cash used in operating activities	\$ (191,509)	\$ (408,350)
Net cash used in investing activities	\$ 0	\$ 0
Net cash provided by financing activities	\$ 180,810	\$ 280,178

Net cash used in operations was \$191,509 for the fiscal year ended June 30, 2010 compared to \$408,350 for the same period in 2009. This decrease was primarily attributable to our net loss in 2010 of \$(842,487), offset by stock-based compensation expense of \$176,705 and \$299,737 and changes in operating assets and liabilities of \$172,708. In 2009 net cash used in operations of \$(408,350) was primarily attributable to net loss of \$(443,849) offset by changes in operating assets and liabilities of \$33,267.

There were no cash transactions from investing activities in fiscal year 2010 and 2009.

Cash flows provided by financing activities for the fiscal year ended June 30, 2010 were \$180,810 compared to \$280,178 for the fiscal year ended June 30, 2009. During the fiscal year ended June 30, 2010 and 2009, we received \$91,810 and \$0, respectively, from the sale of common stock. During the fiscal year ended June 30, 2010 and 2009, we received \$89,000 and \$280,174, respectively, in loan proceeds.

We have substantial capital resource requirements and have incurred significant losses since inception. As of March 31, 2011, we had \$54 in cash. Based upon our current business plans, we will need considerable cash investments to be successful. Such capital requirements are in excess of what we have in available cash and what we currently have commitment for. Therefore, we do not have enough available cash to meet our obligations over the next 12 months.

On August 3, 2010 we entered into an Investment Banking & Listing Agreement with Churchill and Associates, LLC (“C&A”), a financial services consulting firm located in Atlanta, GA, to provide certain business consulting services involving: (i) assisting with causing our common stock to trade on the OTC markets in the U.S., (ii) assisting in negotiating any proposed equity and/or debt financings; and (iii) interfacing with investor and public relations firms and presenting us to the investment community. On September 16, 2010, we entered into an additional Investment Banking & Listing Agreement with C&A which provided for services involving assisting us in locating certain targets to acquire and analyzing and negotiating any proposed agreements to acquire those targets. As compensation for services in connection with the August 3, 2010 agreement, C&A received \$300,000 in consulting fees. As compensation for the September 16, 2010 agreement, C&A received \$467,000, which consisted of \$67,000 in consulting fees and \$400,000 as a down payment toward prospective acquisitions. On June 6, 2011, we terminated both agreements. The Company is currently evaluating its position with respect to C&A. No affiliation exists between Propanc and C&A.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board, or FASB issued ASU 2010-06, “Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements”. This update provides amendments to Topic 820 to provide more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3. The adoption of ASU 2010-06 did not have a material impact on our results of operations or financial condition.

In February 2010, the FASB issued ASU 2010-09, “Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements”. This update addresses both the interaction of the requirements of Topic 855, “Subsequent Events”, with the SEC’s reporting requirements and the intended breadth of the reissuance disclosures provision related to subsequent events (paragraph 855-10-50-4). The amendments in this update have the potential to change reporting by both private and public entities, however, the nature of the change may vary depending on facts and circumstances. The adoption of ASU 2010-09 did not have a material impact on our results of operations or financial condition.

In April 2010, the FASB issued ASU No. 2010-13, "Compensation – Stock Compensation". This update clarified the classification of an employee share based payment award with an exercise price denominated in the currency of a market in which the underlying security trades. This update will be effective for the first fiscal quarter beginning after December 15, 2010, with early adoption permitted. We do not expect the provisions of ASU 2010-13 to have a material effect on our results of operations or financial condition.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The following items in our financial statements require significant estimates and judgments:

Accounting for Income Taxes. We are governed by the income tax laws of the Australian Taxing Authority. We follow FASB ASC 740 when accounting for income taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

We have adopted provisions of ASC 740, Sections 25 through 60, "Accounting for Uncertainty in Income Taxes." These sections provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. Upon the adoption of ASC 740, the Company had no unrecognized tax benefits. During the years ended June 30, 2010 no adjustments were recognized for uncertain tax benefits. All years from 2008 through 2010 are still subject to audit. Any change in the income tax laws of Australian Taxing Authority or significant change in the tax basis of our assets and liability could result in a significant change in our estimate of tax position.

Related Party Transactions

From inception through June 30, 2010, we borrowed approximately \$370,000 from three directors, one of whom is also an officer of the company such loans had no specific repayment terms and bore interest at a rate of 30% per annum. The loans were to be convertible into shares of common stock at a conversion rate equal to the initial price we sold our stock, which is \$0.16. On May 13, 2010, the entire outstanding amount on the loans and accrued interest due to the directors was converted into 3,305,615 shares of common stock.

During fiscal year 2011, we borrowed additional sums from a shareholder . These advances are non-interest bearing. The total amount owed the shareholder at August 16 , 2011 is \$94,850.50. The shareholder has agreed that the entire amount outstanding will be converted into shares of our common stock at a conversion price of \$1.50 per share.

BUSINESS

Overview

Propanc Health Group Corporation is a development stage healthcare company whose current focus is the development of new cancer treatments for patients with solid tumors such as pancreatic and colorectal cancer.

Propanc, together with its scientific and oncology consultants, has developed a rational, composite formulation of anti-cancer compounds which together exert a number of anti-cancer actions. Propanc's leading products, PRP and PRP-DCM, are novel, patented suppository formulations based on proenzymes, which are inactive precursors of enzymes. There is a substantial body of literature on the potential utility of both proenzymes and enzymes in the treatment of cancer, and Propanc is of the view that its proprietary products PRP and PRP-DCM will provide a potent, multi-pronged attack on cancerous cells.

In the near term, Propanc's development target is patients with limited remaining therapeutic options for the treatment of solid tumors such as colorectal or pancreatic tumors. The data generated to date suggests that Propanc's lead product, PRP, is well tolerated, and hence in the longer term, Propanc will be targeting the development of its lead product as a treatment for earlier stage cancer, and also as a preventative for patients at high risk of developing cancer –eg. those diagnosed with precancerous diseases, or patients identified as being at high risk of developing cancer based on genetic analysis.

Company History

Propanc's scientific roots date back almost 100 years to the work of Professor John Beard at the University of Edinburgh in the UK whose pioneering work on tumor cell biology and potential new approaches to treating cancer by targeting specific pathways which kill off cancer cells, but leave healthy cells alone. In more recent times interest in the work of Professor Beard has re-emerged, driven by the insights into his work offered with modern day knowledge of tumor cell and molecular biology.

Work over the last fifteen years by other scientists and clinicians, including Dr. Josef Novak in the US and a since-retired oncologist, Dr. Frantisek Trnka, from the Czech Republic, has shined new light on the therapeutic potential of Professor Beard's insights .

In early 2007, Dr. Julian Kenyon, the Medical Director of the Dove Clinic in the United Kingdom and now a director of our company, and Dr. Douglas Mitchell, also a director, further developed the therapeutic concepts of Beard and identified strategies which could improve upon the therapeutic potential of Beard's original ground-breaking work. In 2007, Drs. Kenyon and Mitchell received approval from the UK and Australian regulatory authorities respectively to treat cancer patients with a novel, suppository formulation of proenzymes. The approval to undertake this patient treatment was provided in the UK by the MHRA under their 'Specials' regulations designed for patients who have special clinical needs that cannot be met by licensed medicinal products, and in Australia by the TGA under the Special Access Scheme, a mechanism which provides for the import and/or supply of an unapproved therapeutic good for a single patient, on a case by case basis. No suppository formulation of the proenzymes was available and it was necessary for a novel suppository formulation to be manufactured specifically for these patients. The suppository formulation was developed by Drs Kenyon and Mitchell in an effort to improve on results reported in the literature pertaining to the potential therapeutic use of enzymes in cancer treatment. To date, proenzyme suppositories have not been available for commercial use for the treatment of cancer.

Forty-six late stage cancer patients suffering from a range of malignancies in the UK and Australia received treatment with the proenzyme suppositories over periods of time ranging from 1 month to in excess of 17 months. A retrospective patient history review was undertaken by Dr Kenyon, and this report was subject to review by Professor Klaus Kutz who, at the time of the review, was an independent consultant in clinical pharmacology and safety, specializing in oncology. It should be noted that, as this was not a formally constituted clinical trial but a retrospective review of the patient notes and that the data is incomplete with some details not recorded in the patient notes, with some patients discontinuing treatment for a variety of reasons, and some patients being lost to follow up. In addition, there were no predefined treatment or control groups, no formal end-points, and no statistical analysis was or could reasonably be conducted. Of the approximately 50% of patients for whom there is sufficient data, 16 lived substantially longer than the treating clinician predicted, based on their clinical experience, at the time of commencing treatment with the proenzyme suppositories, and 6 more reached the expected survival time. No patients were reported as living for a period less than that predicted by the treating clinician. Please see Table 1 below.

Table 1 – Tabulated listing from independent review by Professor Klaus Kutz of patients surviving longer than predicted by treating clinician.

Patient No.	Disease	Life expectation*	Survival*
1	Pancreas carcinoma	2	8
2	Bladder, Ovarian	4	11
5	Stomach cancer	2	8
6	Non-Hodgkin Lymphoma	2	9
7	Ovarian cancer	6	12**
9	Mesothelioma	3	9
10	Ovarian cancer	6	11
11	Prostate cancer	1	5
13	Breast cancer	6	9***
15	Neuro-endocrine tumor	10	17****
16	Colon rectal cancer	6	17****
19	NSCLC	3	5
28	Gastric cancer	3	7
29	Prostate cancer	12	14****
30	Prostate cancer	12	12****
43	Pancreas carcinoma	3	7****

* in months

*treatment was stopped after 12 months

*** treatment was stopped after 9 months

**** treatment continues, patient still alive

Neither Propanc nor its founders have conducted any other clinical treatments or investigations with the proenzyme suppository formulation

Following the unpublished retrospective review of the patient histories of the 46 cancer patients, Dr. Kenyon, Dr. Mitchell and Mr. James Nathanielsz, Propanc's Chief Executive Officer, developed a strategy to commercialize the newly developed proenzyme suppository formulation, now designated PRP. Propanc Pty Ltd, our subsidiary, was established in Australia late 2007 to refine, develop and commercialize novel, patented proenzyme therapeutics for the treatment of cancer.

Important milestones over the years following the establishment of Propanc Pty Ltd include:

- The establishment of a research collaborative partnership with Dr David Tosh from Bath University in early 2008 to investigate the molecular mechanisms by which the Propanc proenzyme formulation is acting.
- The establishment in 2008 of a Scientific Advisory Board comprising Professor John Smyth (Edinburgh University), Professor Klaus Kutz (Bonn University) and Professor Karrar Khan (De Montfort University).
- A meeting in 2008 with the MHRA (UK Health Authority) who advised that, based on the data presented, the pharmacology supported the clinical development of PRP, and that the conduct of a 28 day multiple ascending dose study in patients with advanced carcinoma (cancer) could be initiated.
- In 2009, two provisional patents were filed covering novel formulations of proenzymes and their use in the treatment of cancer.
- In 2009, additional scientific research was undertaken with Bath University and Granada University identifying anti-cancer effects of the proenzymes including triggering cell necrosis (cell death) and apoptosis (programmed cell death) and the induction of cell differentiation (i.e. inducing cancer cells to exhibit more normal cell behaviour). This provided an avenue for Propanc to increase its intellectual property base and patent new pharmaceutical compositions designed to enhance the effects of the proenzymes whilst maintaining their safety profile.
- In 2010, the above work was supplemented with additional data showing further mechanisms of anticancer effects of proenzymes, including anti-angiogenic activity (preventing new blood vessel formation) in tumors, and anti-metastases (prevention of tumor spreading) by increasing adhesion between tumor cells.
- In mid 2010 the identification of an enhanced formulation of PRP, designated PRP-DCM with greater ability to inhibit blood vessel formation in tumors compared to PRP. Patents covering this additional formulation were filed in late 2010.
- In late 2010, the establishment of Propanc Inc.

Propanc's Technology

PRP

Our lead product, PRP, is a novel, patented once daily suppository formulation of proenzymes. In limited human testing as outlined earlier, supplemented by laboratory research at the Universities of Bath and Granada on the mechanism of action of the proenzyme mixture, evidence

has been obtained which suggests PRP:

- Increases survival rates and quality of life;
- Does not cause substantial major side effects;
- Is easily self-administered; and
- May be effective against a range of common solid tumors

Most cancer treatments currently on the market suffer from limitations of excessive toxicity or the development of resistance, limiting the extent to which they can be used chronically to control cancer over the long term. Whilst the clinical findings with PRP are early and subject to confirmation in future clinical trials, these data gathered to date, together with the observation that no evidence has been observed of the development of resistance by the cancer to PRP, suggest that PRP may be suitable for long term, chronic therapy.

PRP-DCM

Recent work undertaken by Propanc has focused on maximizing the potential of PRP as a drug suitable for long term maintenance by:

- Enhancing the effects of the proenzyme formulation by selecting additional ingredients at non-toxic dose levels which can augment the anti-cancer activity; and
- Building on Propanc's knowledge of the mechanism of action of proenzymes in treating cancer to create additional patent opportunities to further protect Propanc's competitive position in the field.

Scientific research has focused on developing a novel combination of anti-cancer agents working in combination with proenzymes which enhance PRP's anti-cancer effects. The enhanced proenzymes-based formulations combine PRP with at least one of two types of identified compounds considered on the basis PRP's mechanism of action to synergistically enhance the anti-cancer effects of PRP.

In November 2010, in collaboration with Dr. Paul Clayton, an expert in cancer prevention and nutrition and former advisor to the Committee on Safety of Medicines (UK), we identified a novel formula comprising of specific anti-cancer agents in combination with PRP which enhance the ability of PRP to target cancerous cells with minimal side effects to healthy cells. Experimental results conducted by Propanc researchers show the novel formulation, designated PRP-DCM, was superior to PRP in vitro. As a result of the work undertaken in collaboration with Dr. Paul Clayton, an international patent application was filed late 2010 which is directed to enhanced proenzyme patent formulations and combination therapies comprising trypsinogen and chymotrypsin. Dr. Clayton was awarded a success fee in the form of shares of our common stock representing 1% of the shares then currently issued and outstanding in recognition of his contribution to this research.

As is frequently seen in cancer research, animal cancer models using PRP-DCM have in some instances shown very encouraging results, with activity comparable to the approved drug Nexavar™, with less clear cut results in other animal models. Propanc is working to understand which models are most appropriate, and how to further optimize the PRP-DCM formulation.

The research work being undertaken on PRP-DCM is being conducted by the University of Granada and the Australian companies vivoPharm who are undertaking the work under contract with Propanc and have no continuing financial interest in the development and commercialization of PRP-DCM. Alternative suppliers of these research services have been identified, should such alternatives be required. For completeness, it should be noted that the Managing Director of vivoPharm, Dr Ralf Brandt, is presently engaged as a member of the Propanc Scientific Advisory Board.

POP1

In order to maximize its proprietary knowledge on the use of proenzymes in the treatment of cancer, Propanc is presently undertaking research to identify the mechanism at the molecular level by which Propanc's proenzyme formulation is acting to cause cancer cell death. A research program has been established with Propanc's collaborators at the University of Granada to investigate the changes in genetic and protein expression which occur in cancer cells as a consequence to being exposed to Propanc's proenzyme formulation. The objective of this work is to understand at the molecular level the targets of Propanc's proenzyme formulation, thereby providing the opportunity for the identification of new, patentable drugs which can be further developed by Propanc, such as synthetic recombinant proteins designed to improve the quality, safety and performance of proenzymes used in the proposed formulations.

The POP1 research work is being conducted by the University of Granada which is undertaking the work under contract with Propanc and has no continuing financial interest in the development and commercialization of any outcomes from this project.

PRP Injection

The present focus of the development of PRP is to create an anti-cancer product that is effective in treating cancer, and which is sufficiently well tolerated to be suitable for chronic, long term use in patients with diagnosed cancer, and potentially in the longer term in patients at high risk of developing cancer.

An additional opportunity for PRP is in the treatment of solid tumor masses by the direct injection of PRP into those tumor masses. In order to achieve this, Propanc is developing an injectable form of PRP which would be suitable for direct injection into tumor masses, the intention being to cause shrinkage of individual problematic tumor masses.

The development of the PRP Injection is still at the early stage, with the focus for Propanc being on the development of the PRP suppository. Subject to the availability of sufficient capital, Propanc's intention is to undertake the early development of the PRP Injection in parallel with the non-clinical and clinical development of PRP. Should the data from this development work support the further development of the PRP Injection, Propanc may undertake the development of the PRP Injection as a follow on product to PRP, leveraging the data package which has been generated on PRP to progress the PRP Injection relatively rapidly through non-clinical development and into clinical studies.

No research organizations are currently under contract in respect of the research and development of PRP Injection.

The PRP Mechanism of Action

The mechanism by which proenzymes exert an anticancer effect is not fully known.

There is evidence showing that proenzymes are activated at the tumor site and tumor cell surface and that these in turn activate Protease Activated Receptors Type 2 (PAR2). Activation of PAR2 results in a cascade of intracellular activities, including activation of a major component of the cell which controls its structure and architecture, the actin cytoskeleton. In a cancer cell, proenzymes have the effect of converting globular actin into tight filamentous actin, which causes the cancer cell structure to collapse and induce cell death. This reduces tumor volume and is often noticed in clinical practice.

Other mechanisms are thought to also contribute to the anticancer effects of proenzymes, including inactivation of growth factors which can often contribute to cancer cell growth. Inactivation of growth factors is one of the mechanisms of action by which other anti cancer drugs work, eg. Avastin™ which blocks a growth factor called vascular endothelial growth factor, or VEGF, and inhibits the growth of blood vessels at the site of the tumor. Data has been generated showing PRP also inhibits the growth of blood vessels, although the mechanism by which this is achieved is not fully known.

Additional effects which have been observed, although their mechanism is not fully understood, include triggering cell necrosis (cell death), induction of apoptosis (programmed cell death), the induction of cell differentiation (i.e. inducing cancer cells to exhibit more normal cell behavior), the inhibition of angiogenesis (preventing new blood vessel formation) in tumors, and anti-metastases (prevention of tumor spreading) by increasing adhesion between tumor cells.

The PRP Formulation

Oral enzymes have been administered previously in a variety of circumstances, and are in current clinical use in conditions where the pancreas is unable to produce sufficient enzymes for the digestion of food. Oral enzymes have also been investigated previously for the treatment of cancer and, whilst generating encouraging results, their widespread use has been hampered by the very large quantities that have been considered necessary for effective treatment – 130 or more tablets per day! The high dose used with oral delivery is considered necessary due to the oral enzymes being broken down in the stomach and duodenum, the first part of the small intestine, and very little actually being absorbed into the general circulation.

The patented PRP drug product is a mixture containing amylase and proenzymes that has been specifically formulated as suppositories suitable for rectal administration. By administering a proenzyme mixture rectally, and by using a specific formulation, the normal digestion of the oral enzymes in the duodenum is avoided and the drug can be absorbed intact. Recent scientific evidence suggests a rectally administered proenzyme formulation may dramatically reduce the dose required to achieve beneficial clinical results.

Target Indications

The management of cancer differs widely, with a multitude of factors impacting on the choice of treatment strategy. Some of those factors include:

- The type of tumor, usually defined by the tissue in the body from which it originated.
- The extent to which it has spread beyond its original location.
- The availability of treatments, driven by multiple factors including cost, drugs approved, local availability of suitable facilities etc.
- Regional and geographic differences.
- Whether the primary tumor is amenable to surgery, either as a potentially curative procedure, or as a palliative one.
- The balance between potential risks and potential benefits from the various treatments, and probably most importantly, the patient's wishes.

For many patients with solid cancers, such as breast, colorectal, lung and pancreatic cancer, surgery is frequently the first treatment option, frequently followed by first line chemotherapy +/- radiotherapy. Whilst hopefully such procedures are curative, in many instances the tumor returns, and second line treatment strategies are chosen in an effort to achieve a degree of control of the tumor. Sadly, in many such instances, the benefit is temporary, and eventually the point is reached where the patient's tumor either fails to adequately respond to treatment, or the treatment has unacceptable toxicity which severely limits its usefulness.

Should the larger scale clinical trials confirm the efficacy of Propanc's PRP products, along with the excellent safety and tolerability profile suggested by experience to date, Propanc envisages PRP, and/or PRP-DCM, will potentially have utility in a number of clinical situations, including:

- In the early stage management of solid tumors, most likely as part of a multi-pronged treatment strategy in combination with existing therapeutic interventions
- As a product that can be administered long term for patients following the completion of their initial treatment, in order to prevent or delay recurrence
- As an agent which can reduce the risk of the development of cancer in patients at high risk of developing cancer, e.g. Patients who have been diagnosed with pre-cancerous conditions, or those in whom genetic analysis identifies them as being at high risk of developing cancer.

Whilst the above constitute long term opportunities for PRP and/or PRP-DCM, they are not the initial targets for which Propanc plans to develop PRP and/or PRP-DCM. In the first instance, Propanc plans to target patients with solid tumors, most likely colorectal and pancreatic tumors, for whom other treatment options have been exhausted. This is a common approach by which most new drugs for cancer are initially tested. Once efficacy and safety has been demonstrated in this patient population, exploration of the potential utility of the drug in earlier stage disease can be undertaken, together with investigation of the drug's utility in other types of cancer.

Development Strategy

Propanc's strategy for the development of its technology is to undertake early stage non-clinical and clinical development of its drug products through to a significant value inflexion point. Such value inflexion points in the context of cancer drugs are typically at the point where formal, controlled clinical trials have demonstrated 'proof of concept' – typically meaning that there is controlled clinical trial evidence that the drug is effective in the proposed target patient population, has an acceptable safety profile, and is suitable for further development. From a 'big picture' perspective, it is Propanc's intention to progress the development of its technology through to completion of a 'proof of concept' clinical trial, and then to seek a licensee for the further development beyond that point.

As part of that commercial strategy, Propanc will:

- Continue research and development to build our existing intellectual property portfolio, and to seek new, patentable discoveries.
- Seek to ensure all product development is undertaken in a manner that makes its products approvable in the major pharmaceutical markets, including the U.S., Europe, the UK and Japan.
- Aggressively pursue the protection of our technology through all means possible, including patents in all major jurisdictions, and potentially trade secrets
- Acquire new targets: We will investigate opportunities to acquire new targets which complement our future goals and expand our products and services within related healthcare fields. Examples of potential acquisitions include research and development facilities, intellectual property to expand our pipeline, radiology clinics and pharmaceutical manufacturers.

Development Plan and Milestones

Propanc's development plans for its existing product portfolio are summarized below.

PRP and PRP-DCM

As outlined earlier, Propanc has identified an enhanced version of PRP, designated PRP-DCM, which based on data to date, potentially offers improved efficacy compared to the existing lead product, PRP. Propanc is presently undertaking additional preclinical studies investigating the potential of PRP-DCM and, based on the results of those studies, plans to select one of PRP or PRP-DCM to progress into formal non-clinical and clinical development.

Once the development candidate has been selected, Propanc plans to progress the selected candidate down a conventional non-clinical and early stage clinical development pathway. Propanc plans to undertake its early clinical development in Germany, and thus the first step proposed is a meeting with the German regulatory authority, BfArM, to discuss Propanc's non-clinical and clinical development plans. Following that advice, the development program will be finalized, key aspects of which will be:

- Finalisation of formulation
- Development of manufacturing and manufacture of drug substance for non-clinical development
- Conduct of non-clinical safety pharmacology, genotoxicity and toxicology studies
- Finalise a regulatory submission to conduct a Phase I safety study in Germany, and submit to the German regulatory authority, BfArM, for approval.
- Undertake a Phase I safety study in Germany – potentially in healthy volunteers and then late stage cancer patients – dependent on outcomes from non-clinical studies.
- Undertake a Phase IIa proof of concept study in late stage solid tumor patients utilising surrogate efficacy markers and clinical endpoints.

Anticipated timelines

	2011				2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Complete efficacy animal models on PRP-DCM												
Select development candidate between PRP and PRP-DCM			X									
Manufacturing, production of drug substance and product for preclinical and clinical trials												
Non-clinical development												
Obtain regulatory approval						X						
Phase I												
Phase II – Proof of Concept												

POPI

As outlined previously, a research program has been established with Propanc’s collaborators at the University of Granada to investigate the changes in genetic and protein expression which occur in cancer cells as a consequence to being exposed to Propanc’s proenzyme formulation. The objective of this work is to understand at the molecular level the targets of Propanc’s proenzyme formulation, thereby providing the opportunity for new, patentable drugs which can be further developed by Propanc.

Propanc anticipates results from this work flowing from early 2012. Subject to the results from this work identifying the potential mechanism by which PRP is acting, Propanc plans to commence a targeted drug discovery program utilizing the identified molecular target to search for novel anticancer agents.

PRP Injection

Propanc’s initial focus will be on the selection of a PRP development candidate, and the progression of the selected candidate down a formal drug development pathway. In parallel with that work, Propanc plans to investigate in animal models of cancer the potential efficacy and tolerability of injecting PRP directly into a solid tumor. Subject to that work producing favorable results, Propanc plans to commence the formal non-clinical and clinical development of the injectable PRP formulation. It is anticipated that the animal model studies will be completed by mid-2012, enabling a decision in respect of progressing PRP Injection at that time.

Budget

Propanc's proposed expenditure for the program is outlined in Table 2 below.

Budget Allocation	Project	Activity to be Completed	Tasks	A\$ Cost
Research & Development	PRP	One lead project will be selected and taken to completion of Phase I	Phase I	2,500,000
	PRP-DCM		Preclinical Development	1,500,000
			CMC	1,100,000
	POP1	Identification of development candidate	Lead compound screening	320,000
			Molecular target identification	60,000
PRP injection	Determination of <i>in vivo</i> efficacy of proenzymes via intra-tumoral injection	Pharmacology/ <i>in vivo</i> efficacy in relevant tumor model	100,000	
Intellectual property	PCT WO 2011/047434 A1	Completion of national phase entry	Filing of patent in individual countries	80,000
Overheads	-	-	-	1,800,000

Multiple factors, many of which are outside of Propanc's control, can impact on the ability of Propanc to achieve its target objectives within the planned time and budgetary constraints. Subject to these caveats, it is Propanc's objective to achieve the following R&D milestones within the proposed budget:

- One of PRP or PRP-DCM completed Phase I clinical trial
- Development candidate identified from the POP1 program
- PRP Injection completed animal efficacy testing

Corporate Strategy

Propanc operates as a 'virtual' company contracting services, skills and expertise as required to achieve its scientific and corporate objectives. This out-sourcing strategy is common in the biotechnology sector, and is an efficient way to obtain access to the necessary skills required to progress a project, in particular as the required skills change as the project progresses from discovery, through manufacturing and non-clinical development, and into clinical trials. Propanc anticipates continuing to utilize this model, thereby retaining the flexibility to contract in the appropriate resource as and when required. Additional project management expertise is likely to be required, and Propanc anticipates a modest increase in employees in order to effectively manage its contractors as the project progress down the development pathway.

Current Operations

Propanc is at a pre-revenue stage. We do not know when, if ever, we will be able to commercialize our PRP products. Presently, we are focusing our efforts on organizing, coordinating and financing the various aspects of the drug research and development program outlined earlier in this document. In order to commercialize our PRP products, we must complete preclinical development, and Phase 1, 2 and 3 clinical trials in Germany, the UK, Australia, or elsewhere, and satisfy the applicable regulatory authority that PRP is safe and effective. We estimate that this will take approximately seven years. Once we have progressed our development projects sufficiently down the development pathway to achieve a major increase in value, we will consider seeking a suitable licensing partner to complete the remaining development activities, seek regulatory approval, and market the product.

Key Highlights

In summary, the key highlights of this opportunity are:

- A new treatment in oncology: Cancer is the leading cause of death worldwide. Global demand for effective, safe and easy to administer cancer treatments is increasing rapidly. We believe our treatment will uniquely target many aggressive tumor types for which little or few treatment options exist. We are ready to capitalize on the significant market opportunity which exists for an effective, well tolerated anti-cancer therapeutic.
- Multiple mechanisms of action: Unlike many products approved for the treatment of cancer, our treatment exerts multiple effects on cancerous cells which inhibits tumor growth and potentially stops it from spreading throughout the body.
- Encouraging data from patient treatment: Scientific research undertaken over the last 15 years and the clinical experience from treating patients in the UK and Australia has provided persuasive evidence that PRP is an effective treatment against cancer.
- Unique intellectual property: We are focusing on building a significant portfolio of intellectual property around our scientific understanding of the effects of proenzymes in cancer, identifying new formulations, new routes of administration and potential new therapeutic targets. To date, we have filed two patent applications covering PRP, and one covering the novel product PRP-DCM.



Current Therapies/Drugs Available

Current drugs in the market offer, at most, a few months of extra life or tumor stabilization. Studies are revealing the genetic changes in cells that cause cancer and spur its growth and are providing scientific researchers with dozens of molecules, or “targets” that drugs could block. Tumor cells, however, can develop resistance to drugs. Some experts believe that drugs that kill most tumor cells do not affect cancer stem cells which can regenerate the tumor (e.g. chemotherapy).

We are developing a therapeutic solution for the treatment of patients with advanced stages of cancer targeting solid tumors, which is cancer that originates in organs or tissues other than bone marrow or the lymph system. Common cancer types classified as solid tumors include lung, colorectal, ovarian cancer, pancreatic cancer and liver cancers. In each of these indications, there is a large market opportunity to capitalize on the limitations of current therapies.

Limitations of Current Therapies

PRP was developed because of the limitation of current cancer therapies. While surgery is often safe and effective for early stage cancer, many standard therapies for late stage cancer urgently need improvement; with current treatments generally providing modest benefits, and frequently causing significant adverse effects. Our focus is to provide oncologists and their patients with therapies for metastatic cancer which are more effective than current therapies, and which have a substantially better side effect profile.

According to an article by Catherine Arnst in Business Week magazine issued on May 21, 2008, while progress has been made within the oncology sector in developing new treatments, the overall cancer death rate has only improved 7% over the last 30 years. Most of these new treatments have some limitations, such as :

- Have significant toxic effects
- Are highly expensive
- Often have limited survival benefits

We believe that our treatment will provide a competitive advantage over the following treatments:

- Chemotherapeutics: Side effects from chemotherapy can include pain, diarrhea, constipation, mouth sores, hair loss, nausea and vomiting, as well as blood-related side effects, which may include a low number of infection fighting white blood cell count (neutropenia), low red blood cell count (anemia), and low platelet count (thrombocytopenia). Our goal is to demonstrate that our treatment will be more effective than chemotherapeutic and hormonal therapies with fewer side effects.
- Targeted therapies: Most common type is multi-targeted kinase inhibitors. Common side effects include fatigue, rash, hand-foot reaction, diarrhea, hypertension and dyspnoea (shortness of breath). Furthermore, the tyrosine kinases inhibited by these drugs appear to develop resistance to these inhibitors. Whilst the clinical findings with PRP are early and subject to confirmation in future clinical trials, no evidence has yet been observed of the development of resistance by the cancer to PRP.
- Monoclonal antibodies: Development of monoclonal antibodies is often difficult due to safety concerns. Side effects which are most common include skin and gastro-intestinal toxicities. For example, several serious side effects from Avastin, a leading cancer drug, include gastrointestinal perforation and dehiscence (e.g. rupture of the bowel), severe hypertension (often requiring emergency treatment) and nephrotic syndrome (protein leakage into the urine). Antibody therapy can be applied to various cancer types in some cases, but can also be limited to certain genetic sub populations in many instances.
- Immunotherapy: There is a long history of attempts to develop therapeutic cancer vaccines to stimulate the body's own immune system to attack cancer cells. These products, whilst they generally do not have the poor safety profile of standard therapeutic approaches, have rarely been particularly effective. Whilst there are a number of therapeutic cancer vaccines currently in development, most are in the early stages of clinical development. To date, only one therapeutic cancer vaccine has been approved by the US Food and Drug Administration.

Market Opportunity

Oncology drug sales are experiencing rapid growth and reached US\$ 56.7 billion in 2007 according to IMS Health (© Business Insights Limited, 2008). This will make oncology the single biggest segment in the global drug market. Some important factors which contribute are :

- Cancer currently affects 1 in 3 people: The most commonly occurring cancers are those of the lung, breast and colon and it is these tumors that we seek to treat. (IMS Health, The Challenge Goes Commercial, 2006)
- Growth in cancer comparative to other medical segments: Cancer is one of the largest and fastest growing markets in the pharmaceutical industry. (IMS Health, The Challenge Goes Commercial, 2006)

As a proportion of the total global oncology drug sales, the market for new cancer treatments (defined as any new chemical or biological entity approved in the last ten years to treat cancer) has steadily risen, with the segment growing in absolute terms from US\$7B in 2003 to just under US\$22B in 2006. This definition ensures that only drugs recently launched, showing some superiority over established therapies, are included.

Our cancer treatment is intended to be positioned among the five types of cancer drug classes currently contributing to the significant growth in the oncology market. The five main drug classes are chemotherapeutics, hormonals, immunotherapy and vaccines, targeted therapies and monoclonal antibodies.

Global cancer innovatives market, 2003-2006

	2003 (US\$m)	2004 (US\$m)	2005 (US\$m)	2006 (US\$m)	2005-06 growth
Monoclonal antibodies	2,942	4,781	7,091	10,480	47.8%
Targeted therapies	1,640	2,518	3,394	4,924	45.1%
Chemotherapeutics	1,856	2,936	4,266	4,846	13.6%
Hormonals	567	876	1,186	1,504	26.8%
Immunotherapy and vaccines	0	0	0	235	n/a
Total cancer innovatives market	7,005	11,110	15,937	21,989	38.0%

n/a – not available

(© Business Insights Limited, 2007)

Demand for new cancer products can largely be attributed to a combination of a rapidly aging population in western countries and changing environmental factors, which together are resulting in rising cancer incidence rates. According to the World Health Organization, cancer is expected to increase from 7.6 million annual deaths in 2005 to 9 million annual deaths by 2015, exceeding 11 million annual deaths by 2030. As such, global demand for new cancer treatments which are effective, safe and easy to administer is rapidly increasing. Our treatment will potentially target many aggressive tumor types for which little or few treatment options exist.

In the first instance, Propanc plans to target patients with solid tumors, most likely colorectal and pancreatic tumors, for whom other treatment options have been exhausted. It is reported by the World Health Organization that in 2008, globally these cancers resulted in over 600,000 and 260,000 deaths per year, respectively. With such a high mortality rate, a substantial unmet medical need exists for new treatments which can extend survival.

For example, current standard treatment for colorectal cancer consists of cytotoxics, which are associated with high levels of toxicity. Despite the relatively recent approval of Erbitux™ and Avastin™, both of which are monoclonal antibodies, for the treatment of colorectal cancer, significant treatment-related adverse effects continue to be problematic for patients with colorectal cancer. The need exists for tolerable agents that will improve quality of life for patients as well as offering a potential cure (Datamonitor, 2004).

For pancreatic cancer, due to a lack of effective therapies on the market for pancreatic cancer, any newly approved agents with some efficacy are likely to see significant uptake once commercialized (Datamonitor, 2004). Targeted therapies may fulfill this need, although further intensive R&D is necessary.

Once the efficacy and safety of PRP has been demonstrated in late stage patient populations, Propanc plans to undertake exploration of the utility of the drug in earlier stage disease, together with investigation of the drug's utility in other types of cancer.

License Agreements

We currently have an exclusive license with the University of Bath (UK), where we and the University co-own the intellectual property relating our proenzyme formulations. This exclusive license will convert into an assignment of the intellectual property to us once certain development milestones are met. An opportunity to purchase the commercial rights is available to us at any stage of development.

We have a joint commercialization agreement with the University of Bath and will continue to work together to patent and commercialize these discoveries, while continuing to elucidate the properties of proenzymes with the long term aim of screening new compounds for development. At present, we are engaged in discussions with several technology companies who are progressing new developments in the oncology field as potential additions to our product line. Initially targeting the oncology sector, our focus is to identify and develop novel treatments which are highly effective targeted therapies, with few side effects as a result of toxicity to healthy cells.

Propanc previously sponsored a collaborative research project at the University of Bath to investigate the cellular and molecular mechanisms underlying the potential clinical application of Propanc's proprietary pancreatic proenzyme formulation. Under the terms of the contract in respect of that project (effective 18th July 2008) the University of Bath owns the intellectual property in the project results (with Propanc having certain rights to the same). Ownership of intellectual property in Propanc's proprietary application existing prior to the commencement of the research project remained unaffected.

At the completion of the research, Propanc and The University of Bath established an agreement regarding the proenzyme technology where Propanc retained the exclusive rights and license to commercialize the joint patents and any other original research IP. The agreement enabled the two parties to agree to terms for the commercialization of the technology, specifying future income sharing, royalty rates and license payments. Terms of the Agreement include:

- Propanc shall pay to the University of Bath a royalty being two (2) per cent of any and all net revenues.
- In addition to payment of the royalty, Propanc shall pay to the University of Bath an additional sum of five (5) per cent of each and every licensee payment.
- Propanc can make an upfront payment to the University of Bath which would serve as a buyout option, which takes into account future royalty rates and additional sums in the future to the University of Bath.
- Unless terminated earlier, the agreement between the University of Bath and Propanc will continue until the date on which all of the patents worldwide have been held invalid or abandoned, or the date of expiration of the last patent.
- Propanc has the exclusive right to prepare, file, prosecute, maintain, re-examine and reissue the patents, at Propanc's sole cost and expense.
- Following both successful completion of a Phase I clinical trial in man and commencement of a Phase IIa (Proof of Concept) clinical trial in man, in both cases involving the administration of a product or materials within a claim of any of the patents, the University of Bath shall assign its entire right, title and interest in and to the patents to Propanc.

Intellectual Property

We have recently filed an international patent application directed to enhanced proenzyme formulations and combination therapies comprising trypsinogen and chymotrypsin. The international patent application has been based on previous provisional patent applications capturing our ongoing research and development in this area.

The international patent application was filed on October 22, 2010, which claims priority from Australian provisional patent application nos. 2009905147 (filed October 22, 2010) and 2010902655 (filed June 17, 2010). The details of such patent is as follows:

- Title: A Pharmaceutical Composition For Treating Cancer Comprising Trypsinogen And/Or Chymotrypsinogen And An Active Agent Selected From A Selenium Compound, A Vanilloid Compound, And A Cytoplasmic Glycolysis Reduction Agent
- Date filed: 22nd October 2010
- Jurisdiction: The Patent Cooperation Treaty or PCT is an international agreement for filing patent applications having effect in up to 117 countries. Under the PCT, an inventor can file a single international patent application in one language with one patent office in order to simultaneously seek protection for an invention in up to 117 countries.
- Application Status: Pending
- Patent costs: To be paid by Propanc.
- Expiration date: Not applicable.

The Company is currently undergoing the 30-month national phase filing deadline for this international PCT application, which is on the 22nd of April 2012. This date is the deadline for entering the national phase in each country. We have allocated expenses for costs related to intellectual property in the amount of \$80,000.

Further, provisional patents (patent filing applications which do not include any formal patent claim, oath, declaration or informational disclosures. These applications provide the means to establish an early effective filing date in a non-provisional patent application filed later in time and allow the term "patent pending" to be applied in connection with the description of the invention or work subject to the patent application.) are also expected to be filed to capture and protect additional patentable subject matter that is identified, namely further enhanced formulations, combination treatments, use of recombinant products, modes of action and molecular targets.

Our intellectual property portfolio also includes an extensive amount of confidential information, know-how and expertise in relation to the development and formulation of proenzyme based combination therapies.

The basis of Propanc's intellectual property protection will be built around the following elements:

- **Method of use:** Understanding the mechanism of action of the PRP proenzyme formulations, enabling the identification of new molecular targets, potential new therapeutic compounds and identification of new formulations that are adapted to enhance activity.
- **Formulation:** We have developed an enhanced formulation containing the proenzyme trypsinogen in combination with at least one of two types of identified compounds considered effective for providing synergistic enhancement of the proenzyme based formulations. A patentability assessment, based on an international prior art search, has indicated that strong potential exists for successfully obtaining patent claims covering a broad class of compounds based on the compounds identified.
- **Composition of Matter:** Synthetic recombinant proteins designed to improve the quality, safety and performance of proenzymes used in the proposed formulations form part of the research and development program.

Government Approvals

Dr. Julian Kenyon, as Medical Director of Dove Clinic, received approval via a UK 'Specials' License to have manufactured and use a novel three component suppository formulation. The suppository formulation was developed by Dr. Julian Kenyon and was manufactured by an approved UK 'Specials' licensed manufacturer. This custom manufactured product was used in the treatment of patients, at their expense, at the Dove Clinic and was also made available for the treatment of patients at the Opal Clinic in Australia, with an approval granted via Australia's Special Access Scheme. The UK 'Specials' regulations are designed to enable access to unlicensed products by individual patients who have special clinical needs that cannot be met by licensed medicinal products, and in Australia the TGA's Special Access Scheme is a mechanism which provides for the import and/or supply of an unapproved therapeutic good for a single patient, on a case by case basis.

Based on the favorable results reported for the patients treated by the Dove Clinic and the Opal Clinic, as well as some initial experimental animal studies, a meeting was held with the Medicinal Products and Healthcare Regulatory Agency, or the MHRA, in the UK, to determine whether sufficient data was available to initiate patient trials.

In 2008 the MHRA advised that, based on the data presented, the pharmacology supported the clinical development of PRP, and that the conduct of a 28 day multiple ascending dose study in patients with advanced carcinoma could be initiated. This meeting helped Propanc to formalize the development program, with the objective of seeking worldwide regulatory approval for PRP to establish broader commercial acceptance for this type of treatment and thus enable us to generate global sales.

Since that meeting, we have identified a potentially superior formulation of PRP, designated PRP-DCM. A decision as to the final development candidate will be made once additional data is available on PRP-DCM, and this may impact on the product development pathway. Unlike the proenzyme formulation of PRP, for which there is considerable clinical experience, albeit by a different route of administration, some of the components in PRP-DCM have limited previous clinical usage, and thus a more substantial non-clinical and early clinical development program will be required should PRP-DCM be the selected development candidate.

The current goals for our lead development program are:

- The development of a PRP treatment for late stage colorectal or pancreatic cancer, with development for earlier stage disease to follow.
- Conduct clinical trials in Central Europe, possibly through the German Health Authorities who have experience with enzyme therapy and its use in oncology. This approach should help facilitate a path to approval in Europe through the European Medicines Agency and eventually US Food and Drug Administration approval.

We intend to meet the German regulatory authority to discuss the proposed development program in the second half of 2011.

Clinical Trials

We intend to run the Phase I clinical trials in Central Europe within the next 12 – 18 months. The trials will be managed and supervised by Professor Klaus Kutz, our Acting Chief Medical Officer, and assisted by Dr. Julian Kenyon and Professor John Smyth, a Scientific Advisory Board Member.

Employees

As of August 16, 2011, we had one employee apart from the members of our management and research and development team, who was a full time employee.

Our Corporate Information

Our principal executive offices are located at 576 Swan Street, Richmond, VIC, 3121, Australia and our phone number is +61 (0)3 9208 4182. We were founded in 2010. Our Australian subsidiary, Propanc Pty Ltd shares offices with us. It was organized on October 15, 2007.

Corporate History

We were incorporated in the state of Delaware on November 23, 2010. We were formed for the specific purpose of having shareholders of Propanc Pty Ltd, our Australian subsidiary, directly owning an interest in a U.S. company. On January 29, 2011, we issued 64,700,525 shares of our common stock in exchange for 64,700,525 shares of Propanc Pty Ltd common stock.

Available Information

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents that we will file with or furnish to the SEC will be available free of charge by sending a written request to our Corporate Secretary at our corporate headquarters. Additionally, the documents we file with the SEC is or will be available free of charge at the SEC's Public Reference Room at 100 F Street, NE, Washington D.C. 20549. Other information on the operation of the Public Reference Room is or will be available by calling the SEC at (800) SEC-0330.

Property

Our corporate offices are located in Australia. The lease costs \$849 per month and expires on one months notice by either Propanc or the leasing company.

Research and Development

During the last two fiscal years, we have spent \$34,031 and \$121,369 on research and development expenses.

MANAGEMENT

The following is a list of our directors and executive officers. All directors serve one-year terms or until each of their successors are duly qualified and elected. The officers are elected by our Board.

Name	Age	Position
Dr. Douglas Mitchell	72	President and Chairman of the Board
James Nathanielsz	37	Chief Executive Officer, Secretary, Treasurer and Director
Dr. Julian Kenyon	64	Director

Dr. Douglas G. Mitchell, PhD has served as our Chairman of the Board since inception. Dr. Mitchell has served as Chairman of the Board of our Australian company since October 2007. Dr. Mitchell also currently serves as the Chairman of Selective Strategic Investments, LLC, a U.S. based financial management company since September 2009 and was formerly Research Director for Fort Orange Capital Management, a U.S based financial management company from July 2006 to January 2009. Dr. Mitchell was selected as a director because of his expertise in business and financial management and his knowledge of the scientific field. Dr. Mitchell graduated from the University of Melbourne with a Bachelor of Science degree. He obtained his Masters of Science and Doctor of Philosophy from the University of London.

James Nathanielsz has served as a director since inception. Mr. Nathanielsz has served as a director and Chief Executive Officer of our Australian company since October 2007. From July 2006 until October 2007, Mr. Nathanielsz served as the New Products Manager of Biota Holdings Limited, an anti-infective drug development company in Australia. Mr. Nathanielsz was selected as a director because he is the Co-Founder of our Australian company and for his experience in R&D and manufacturing and distribution. Mr. Nathanielsz graduated with a Bachelor of Applied Science, majoring in Biochemistry/Applied Chemistry and subsequently with a Master of Entrepreneurship & Innovation from Swinburne University of Technology in Melbourne, Australia.

Dr. Julian Kenyon has served as a director since inception. Dr. Kenyon founded our Australian company and was appointed as a director of our Australian company on February 12, 2008. Since 2000, Dr. Kenyon has served as an integrated medical physician and Medical Director of the Dove Clinic for Integrated Medicine in Winchester and London. Dr. Kenyon is the Founder-Chairman of the British Medical Acupuncture Society in 1980 and Co-Founder of the Centre for the Study of Complementary Medicine in Southampton and London. Dr. Kenyon was selected as a director because he is the Co-Founder of the Australian subsidiary and the business is based on his initial work at the Dove Clinic. Dr. Kenyon graduated from the University of Liverpool with a Bachelor of Medicine and Surgery and subsequently with a research degree, Doctor of Medicine. Since 1972, he was appointed a Primary Fellow of the Royal College of Surgeons, Edinburgh.

Committees of the Board of Directors

We presently do not have an audit committee, nominating committee, compensation committee, or other committee or committees performing similar functions, as our management believes that until this point it has been premature at the early stage of our management and business development to form an audit, compensation or other committees.

Scientific Advisory Board

We have a Scientific Advisory Board that provides advice relating to the following:

- The identification, assessment, evaluation, selection, conduct and management of research projects, both those which are under review and are in progress;
- Intellectual property;
- Commercialization;

The Scientific Advisory Board may also address issues related to improving project selection, formal review processes and management procedures within Propanc Health Group. The Scientific Advisory Board will generally be composed of an advisory panel of clinicians with expertise in translational research.

As of August 16, 2011, the members of the Scientific Advisory Board were:

- Professor John Smyth
- Professor Klaus Kutz (Acting Chief Medical Officer, Propanc Health Group)
- Professor Karrar Khan
- Dr. Ralf Brandt

Professor John Smyth

John Smyth has for the past 25 years served as Chair of Medical Oncology in the University of Edinburgh Medical School, where his major research interest is the development and evaluation of new anti-cancer drugs. He has published over 300 papers and is Editor-in-Chief of the European Journal of Cancer. He served for several years on the UK Committee on Safety of Medicines; currently Chair's the Expert Advisory Group for Oncology & Haematology for the Commission on Human Medicines and serves on the Expert Oncology Advisory Group to the European Drug Licensing Board. He is a fellow of the Royal College of Physicians of Edinburgh and London, and fellow of the Royal Society of Edinburgh. He is a past-president of the European Society of Medical Oncology and was from 2005 - 2007 President of the Federation of European Cancer Societies.

Professor Klaus Kutz

Professor Kutz has ten years experience as independent consultant in Clinical Pharmacology and Safety for pharmaceutical companies and clinical research organizations. His specialty over the last six years is Oncology, including preparation of multiple NDAs and INDs for small and medium sized pharmaceutical companies. He has prepared, organized and reported clinical Phase I studies in oncology and Phase II studies in different cancer indications (prostate, gastric, ovarian, small cell lung cancer) and Non-Hodgkin Lymphomas. Professor Kutz has more than 12 years experience as Head of Clinical Pharmacology with world-wide responsibilities for Phase I and Clinical Pharmacokinetics in two internationally operating pharmaceutical companies, setting up and restructuring international Clinical Pharmacology departments. His achievements include the successful world-wide registration of multiple important Sandoz' compounds by preparation of multiple NDAs (New Drug Applications) and Expert reports (including Written Summary), as well as the preparation of multiple INDs (Investigational New Drug Applications) for Sandoz Pharma Ltd and Sanofi Research. A specialist for Internal Medicine, Gastroenterology, and Clinical Pharmacology, he is also Professor of Medicine at the University of Bonn, Germany.

Professor Karrar Khan

Professor Khan has over 35 years of experience in drug discovery, pharmaceutical development, registration and management of pharmaceutical scientists. Professor Khan has also held various product development and management positions with Abbott Laboratories and Beecham Pharmaceuticals. In these roles, he developed medicines for several therapeutic areas including antibiotics, anti depressant, anti inflammatory, anti obesity, psychosis, cardiovascular, pain, cancer, Parkinson's disease and diabetes. Professor Khan developed and contributed to the launch of two once a day controlled release dosage forms. His expertise ranged from development for phase 1 to phase 3- 4 and significant experience of bringing prescription and OTC products to market on a worldwide bases (contributed to the registration and launch of over 60 pharmaceutical products). He is a qualified person under the EC quality assurance directive. He now works as a pharmaceutical development consultant. Professor Khan has authored or co-authored more than 40 scientific publications and is an inventor of several development patents. He has been an invited speaker at many national and international conferences.

Dr. Ralf Brandt

Dr. Brandt is the co-founder of vivoPharm. He is a biochemist and cell biologist with over 15 years experience in research programs of experimental oncology. Furthermore, he has immense experience in in vivo pharmacology and anti-cancer drug profiling. He received his Licence (BSc in Biochemistry and Animal Physiology) in 1986, and his PhD (in Biochemistry) in 1991 from the Martin-Luther University of Halle-Wittenberg, Germany. Dr. Brandt was employed at research positions at the National Cancer Institute in Bethesda, MD, USA and at Schering AG, Germany. Since 1990, Dr. Brandt has been active in the field of preclinical oncology. He led the Tumour Biology program at Novartis Pharma AG, Switzerland and established several transgenic mouse lines developing tumors under the control of oncogenes. During Dr. Brandt's long career in the pharmaceutical industry he has acquired significant knowledge and expertise in leading business units and representation of services to the pre-clinical research market. Dr. Brandt is a member of the Scientific Advisory Board at Receptor Inc. in Toronto Canada.

Code of Ethics

Our Board has adopted a Code of Ethics that applies to all of our employees, including our President, Chief Executive Officer and Treasurer. Although not required, the Code of Ethics also applies to our Board. The Code provides written standards that we believe are reasonably designed to deter wrongdoing and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, full, fair, accurate, timely and understandable disclosure and compliance with laws, rules and regulations, including insider trading, corporate opportunities and whistle-blowing or the prompt reporting of illegal or unethical behavior. We will provide a copy of the Code of Ethics to any person without charge, upon request. The request for a copy can be made in writing to 576 Swan Street, Richmond, VIC, 3121, Australia, Attention: Corporate Secretary.

Shareholder Communications

Although we do not have a formal policy regarding communications with the Board, shareholders may communicate with the Board by writing to us at 576 Swan Street, Richmond, VIC, 3121, Australia, Attention: Corporate Secretary, or by facsimile +61 (0) 3 9208 4110. Shareholders who would like their submission directed to a member of the Board may so specify, and the communication will be forwarded, as appropriate.

Board Diversity

While we do not have a formal policy on diversity, our Board considers diversity to include the skill set, background, reputation, type and length of business experience of our Board members as well as a particular nominee's contributions to that mix. Our Board believes that diversity brings a variety of ideas, judgments and considerations that benefit Propanc and our shareholders. Although there are many other factors, the Board seeks individuals with experience in business, financial and scientific research and development.

Board Structure

We have chosen to separate the Chief Executive Officer and Board Chairman positions. We believe that this Board leadership structure is the most appropriate for Propanc. Our chairman provides us with significant experience in research and development. Our Chief Executive Officer who is responsible for day to day operations is the founder of Propanc who brings significant experience in manufacturing and distribution.

Board Assessment of Risk

Our risk management function is overseen by our Board. Our management keeps our Board apprised of material risks and provides our directors access to all information necessary for them to understand and evaluate how these risks interrelate, how they affect Propanc, and how management addresses those risks. Mr. Nathanielsz, as our Chief Executive Officer works closely together with the Board once material risks are identified on how to best address such risk. If the identified risk poses an actual or potential conflict with management, our independent directors may conduct the assessment. Presently, the primary risks affecting Propanc is the lack of working capital, the inability to generate sufficient revenues so that we have positive cash flow from operations and success of future clinical trials. The Board focuses on these key risks at each meeting and actively interfaces with management on seeking solutions.

EXECUTIVE COMPENSATION

Termination Provisions

Upon termination by Propanc and in accordance with Mr. Nathanielsz employment agreement, Mr. Nathanielsz is entitled to six months base salary. Upon his resignation, Mr. Nathanielsz is entitled to 12 weeks base salary.

Summary Compensation Table

The following information is related to the compensation paid, distributed or accrued by us for the last two fiscal years to our Chief Executive Officer (principal executive officer). Mr. Nathanielsz is the only employee to receive compensation in excess of \$100,000 in the past two fiscal years. This compensation was paid by our Australian subsidiary.

Summary Compensation Table for Fiscal 2010

Name and Principal Position (a)	Year (b)	Salary \$(c)	All Other Compensation \$(i)(2)	Total \$(f)
James Nathanielsz (1)	2010	96,293	9,523	105,816
Chief Executive Officer	2009	98,580	9,750	108,330

(1) Under an employment agreement dated August 15, 2010, Mr. Nathanielsz receives a gross annual salary of \$150,000 AUD per year.

(2) Represents contributions of 9% of Mr. Nathanielsz's base salary to a pension fund of which he is the beneficiary.

Under an employment agreement, Mr. Nathanielsz receives a gross annual salary of \$150,000AUD per year which includes a 9% contribution to a pension of which he is the beneficiary.

Outstanding Equity Awards

There are no outstanding equity awards.

Equity Compensation Plan Information

We currently do not have an equity compensation plan.

Director Compensation

We do not pay cash compensation to our directors for service on our Board and our employees do not receive compensation for serving as members of our Board. Directors are reimbursed for reasonable expenses incurred in attending meetings and carrying out duties as board members.

PRINCIPAL SHAREHOLDERS

The following table sets forth the number of shares of our voting stock beneficially owned, as of August 16, 2011 by (i) those persons known by Propanc to be owners of more than 5% of Propanc's common stock, (ii) each director, (iii) our Named Executive Officer, and (iv) all executive officers and directors as a group:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner(1)	Percent of Class (1)
Common Stock	James Nathanielsz 576 Swan Street Richmond, VIC, 3121, Australia (2)	10,032,261	13.9%
Common Stock	Dr. Douglas Mitchell 145 Male Street Brighton 3186, Australia (3)	32,938,614	45.8%
Common Stock	Dr. Julian Kenyon Beechwood, Embley Lane East Wellow, Near Romsey, Hampshire, SO51 6DN, United Kingdom (4)	10,834,064	15.1%
Common Stock	All directors and executive officers as a group (3 persons)	53,804,939	74.8%
5% Shareholders:			
Common Stock	Ostrowski Properties Pty Ltd 33 Allambee Avenue Elsternwick, VIC, 3185, Australia (5)	6,300,395	8.8%

* Less than 1%

- (1) Applicable percentages are based on 71,915,889 shares outstanding, adjusted as required by rules of the SEC. Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants and convertible notes currently exercisable or convertible, or exercisable or convertible within 60 days are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Unless otherwise indicated in the footnotes to this table, Propanc believes that each of the shareholders named in the table has sole voting and investment power with respect to the shares of common stock indicated as beneficially owned by them.
- (2) Mr. Nathanielsz is a director and executive officer. Represents shares of common stock held by North Horizon Investments Pty Ltd ATF Nathanielsz Family Trust. Mr. Nathanielsz has voting and investment power over these shares.
- (3) Dr. Mitchell is a director and executive officer. Shares are held by Putney Consultants Ltd., an entity controlled by Dr. Mitchell.
- (4) Dr. Kenyon is a director. Represents shares of common stock.
- (5) Mr. Jan Ostrowski and Mrs. Ywonna Ostrowski, Mr. Nathanielsz's father-in-law and mother-in-law, have voting power and investment power over these shares.

RELATED PARTY TRANSACTIONS

From October 2009 through May 2010, Dr. Douglas Mitchell, a director and executive officer, lent a total of \$89,000 to Propanc. As of the date of this prospectus, Propanc owes Mr. Mitchell approximately \$75,000 under this non-interest bearing loan. Also, Dr. Mitchell and Dr. Kenyon are owed approximately \$64,000 for travel and startup costs incurred in October 2007.

From inception, we borrowed approximately \$370,000, which including interest, totaled \$534,856 from three directors, one of whom is also an officer, where the loans had no specific repayment terms and bore interest at a rate of 30% per annum. The loans were to be convertible into shares of common stock at \$0.16 per share. On May 13, 2010 loans and accrued interest due to directors was converted into 3,305,615 shares of common stock.

DESCRIPTION OF SECURITIES

We are authorized to issue 100,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of blank check preferred stock, par value \$0.01 per share.

Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of shareholders, including the election of directors. There is no cumulative voting in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the board of directors out of funds legally available for payment of dividends subject to the prior rights of holders of preferred stock and any contractual restrictions we have against the payment of dividends on common stock. In the event of our liquidation or dissolution, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights and have no right to convert their common stock into any other securities.

Anti-takeover Effects of Delaware Law

We are subject to the "business combination" provisions of Section 203 of the Delaware General Corporation Law. In general, such provisions prohibit a publicly-held Delaware corporation from engaging in various "business combination" transactions such as a merger with any interested shareholder which includes, a shareholder owning 15% of a corporation's outstanding voting securities, for a period of three years after the date in which the person became an interested shareholder, unless:

- The transaction is approved by the corporation's Board prior to the date the shareholder became an interested shareholder;
- Upon closing of the transaction which resulted in the shareholder becoming an interested shareholder, the shareholder owned at least 85% of the shares of stock entitled to vote generally in the election of directors of the corporation outstanding excluding those shares owned by persons who are both directors and officers and specified types of employee stock plans; or
- On or after such date, the business combination is approved by the Board and at least 66 2/3% of outstanding voting stock not owned by the interested shareholder.

A Delaware corporation may opt out of Section 203 with either an express provision in its original Certificate of Incorporation or an amendment to its Certificate of Incorporation or Bylaws approved by its shareholders. We have not opted out of this Statute. This Statute could prohibit, discourage or delay mergers or other takeover attempts to acquire us.

Dividends

We have not paid dividends on our common stock since inception and do not plan to pay dividends on our common stock in the foreseeable future.

Transfer Agent

Direct Transfer LLC is acting as our transfer agent. The contact information for Direct Transfer LLC is 500 Perimeter Park Drive, Suite D, Morrisville, North Carolina 27560, phone: (919) 481-4000 and facsimile (202) 521-3505.

Share Eligible for Future Sale

We are registering 19,383,174 shares of common stock. Beginning July 29, 2011, the remaining shares of our common stock will be available for sale under Rule 144 provided that we are current in our filings with the SEC.

PLAN OF DISTRIBUTION

Upon effectiveness of the registration statement, of which this prospectus is a part, we will conduct the sale of shares we are offering on a self-underwritten, best-efforts basis. This offering will be conducted on a best-efforts basis utilizing the efforts of our officers and directors. Further, these officers and directors conducting our best efforts offering will inform prospective investors that the shares they may purchase are offered by the Company and not the officers and directors personally. There is no public market for our common stock. To date, we have not obtained listing or quotation of our securities on a national stock exchange or association, or inter-dealer quotation system. We have not identified any market makers with regard to assisting us to apply for such quotation. We are unable to estimate when we expect to undertake this endeavor or whether we will be successful. In the absence of listing, no market is available for investors in our common stock to sell the shares offered herein. We cannot guarantee that a meaningful trading market will develop or that we will be able to get the shares listed for trading.

If the shares ever become tradable, the trading price of such could be subject to wide fluctuations in response to various events or factors, many of which are beyond our control. As a result, investors may be unable to sell the shares at a price greater than the price at which they are being offered. We do not anticipate entering into any agreements or arrangements for the sale of the shares with any broker/dealer or sales agent. However, if we were to enter into such arrangements, we will file a post effective amendment to disclose those arrangements.

We will not be conducting a mass-mailing in connection with this offering, nor will we use the Internet to conduct this Offering.

Our CEO, James Nathanielz, is not subject to a statutory disqualification as such term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934. He will rely on Rule 3a4-1 to sell our securities without registering as a broker-dealer. Mr. Nathanielz serves as an our Chief Executive Officer and primarily perform substantial duties for or on our behalf otherwise than in connection with transactions in securities and will continue to do so at the end of the offering, and has not been a broker or dealer, or an associated person of a broker or dealer, within the preceding 12 months, and has not nor will not participate in the sale of securities for any issuer more than once every 12 months. He will not receive commissions in connection with his participation.

We plan to offer our shares to the public at a price of \$1.50 per share, with a minimum of 500,000 shares to be sold. Our officers and directors will not purchase any shares under this offering. We will keep the offering open until we sell all of the shares registered, or for ninety (90) days from the date of this offering, whichever occurs first. The Board of Directors may also elect to extend the offering for up to a further ninety (90) days, if all shares have not been sold by the end of the initial ninety (90) day period. There can be no assurance that we will sell all or any of the shares offered. We have no arrangement or guarantee that we will sell any shares.

In order to comply with the applicable securities laws of certain states, the securities may not be offered or sold unless they have been registered or qualified for sale in such states or an exemption from such registration or qualification requirement is available and with which we have complied. The purchasers in this offering and in any subsequent trading market must be residents of such states where the shares have been registered or qualified for sale or an exemption from such registration or qualification requirement is available. As of this date, we intend to offer our common stock upon effectiveness of this prospectus in New York, Florida, Massachusetts, Connecticut and Illinois. The Company anticipates opening an office in New York prior to the effectiveness of the registration statement.

Investors can purchase the shares in this offering by contacting the company. All payments must be made in United States currency either by personal check, bank draft, or cashier's check. There is no minimum subscription requirement. We expressly reserve the right to either accept or reject any subscription. All accepted subscription agreements are irrevocable. Any subscription rejected will be returned to the subscriber within five (5) business days of the rejection date. Furthermore, once a subscription agreement is accepted, it will be executed without reconfirmation to or from the subscriber. Once we accept a subscription, the subscriber cannot withdraw it.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for us by Gersten Savage LLP, New York, New York.

EXPERTS

The audited financial statements appearing in this prospectus and registration statement for the years ended June 30, 2010 and 2009 and for the period from October 15, 2007 (Inception) through June 30, 2010, have been audited by Salberg & Company, P.A., an independent registered public accounting firm, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, including the exhibits, schedules, and amendments to this registration statement, under the Securities Act with respect to the shares of common stock to be sold in this offering. This prospectus, which is part of the registration statement, does not contain all the information set forth in the registration statement. For further information with respect to us and the shares of our common stock to be sold in this offering, we make reference to the registration statement. You may read and copy all or any portion of the registration statement or any other information, which we file at the SEC's public reference room at 100 F Street, N.E., Washington, DC 20549, on official business days during the hours of 10:00 AM to 3:00 PM. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Also, the SEC maintains an internet site that contains reports, proxy and information statements, and other information that we file electronically with the SEC, including the registration statement. The website address is www.sec.gov.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Years Ended June 30, 2010 and 2009	
Report of Independent Registered Public Accounting Firm	F-2
Balance Sheets	F-3
Statements of Operations and Comprehensive Loss	F-4
Statements of Changes in Stockholders' Equity (Deficit)	F-5
Statements of Cash Flows	F-7
Notes to Financial Statements	F-9
Nine Months Ended March 31, 2011 and 2010	
Consolidated Balance Sheets	Q-1
Consolidated Statements of Operations and Comprehensive Loss (Unaudited)	Q-2
Consolidated Statements of Cash Flows (Unaudited)	Q-3
Notes to Consolidated Financial Statements (Unaudited)	Q-5



SALBERG & COMPANY, P.A.

Certified Public Accountants and Consultants

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of:
Propanc Health Group Corporation:

We have audited the accompanying balance sheets of Propanc Health Group Corporation (a development stage company) at June 30, 2010 and 2009, and the related statements of operations and comprehensive loss, changes in stockholders' equity (deficit) and cash flows for each of the years in the two-year period ended June 30, 2010 and for the period from October 15, 2007 (Inception) through June 30, 2010. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 financial position of Propanc Health Group Corporation (a development stage company) as of June 30, 2010 and 2009, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2010 and for the period from October 15, 2007 (Inception) through June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net loss and net cash used in operating activities in 2010 of \$842,487 and \$191,509, respectively, and has a working capital deficit, stockholders' deficit and a deficit accumulated during development stage of \$190,820, \$186,903 and \$1,694,363, respectively, at June 30, 2010. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's Plan in regards to these matters is also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
Boca Raton, Florida
June 22, 2011

2295 NW Corporate Blvd., Suite 240 • Boca Raton, FL 33431-7328
Phone: (561) 995-8270 • Toll Free: (866) CPA-8500 • Fax: (561) 995-1920
www.salbergco.com • info@salbergco.com
Member National Association of Certified Valuation Analysts • Registered with the PCAOB

Member CPAConnect with Affiliated Offices Worldwide • Member AICPA Center for Audit Quality

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
BALANCE SHEETS

	June 30,	
	2010	2009
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 528	\$ 18,507
GST Tax Receivable	18,456	4,819
Other current assets	20,961	2,775
TOTAL CURRENT ASSETS	39,945	26,101
Property and Equipment, net	3,917	5,415
TOTAL ASSETS	\$ 43,862	\$ 31,516
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 42,215	\$ 10,985
Accrued expenses and other payables	38,673	2,418
Due to directors - related parties	53,222	50,751
Loans from directors - related parties	75,579	303,690
Accrued interest - related parties	-	59,093
Employee benefit liability	21,076	13,970
TOTAL CURRENT LIABILITIES	230,765	440,907
Commitments and Contingencies (See Note 9)		
STOCKHOLDERS' DEFICIT:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; zero shares issued and outstanding as of June 30, 2010 and 2009, respectively	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 56,281,061 and 51,300,000 shares issued and outstanding as of June 30, 2010 and 2009, respectively	56,281	51,300
Additional Paid-in Capital	1,551,766	444,387
Accumulated other comprehensive income (loss)	(100,587)	(53,202)
Deficit accumulated during development stage	(1,694,363)	(851,876)
TOTAL STOCKHOLDERS' DEFICIT	(186,903)	(409,391)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 43,862	\$ 31,516

The accompanying notes are an integral part of these financial statements.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009, AND
FOR THE PERIOD FROM OCTOBER 15, 2007 (INCEPTION) TO JUNE 30, 2010

	<u>Year Ended June 30,</u>		<u>For the period from October 15, 2007 (Inception) to June 30, 2010</u>
	<u>2010</u>	<u>2009</u>	
REVENUE			
Royalty revenue - related party	\$ -	\$ 2,657	\$ 30,974
OPERATING EXPENSES			
Administration expenses	680,110	258,835	1,276,770
Occupancy expenses	12,061	14,466	31,781
Research and development	34,031	121,369	252,267
TOTAL OPERATING EXPENSES	<u>726,202</u>	<u>394,670</u>	<u>1,560,818</u>
LOSS FROM OPERATIONS	<u>(726,202)</u>	<u>(392,013)</u>	<u>(1,529,844)</u>
OTHER INCOME (EXPENSES)			
Interest expense	(116,674)	(54,522)	(171,196)
Interest income	64	2,866	8,425
Foreign currency transaction gain (loss)	325	(180)	(1,748)
TOTAL OTHER INCOME (EXPENSES)	<u>(116,285)</u>	<u>(51,836)</u>	<u>(164,519)</u>
NET LOSS	<u>(842,487)</u>	<u>(443,849)</u>	<u>(1,694,363)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation	<u>(47,385)</u>	<u>(50,680)</u>	<u>(100,587)</u>
COMPREHENSIVE LOSS	<u>\$ (889,872)</u>	<u>\$ (494,529)</u>	<u>\$ (1,794,950)</u>
BASIC AND DILUTED NET LOSS PER SHARE	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>
BASIC AND DILUTED WEIGHTED			
AVERAGE SHARES OUTSTANDING	<u>51,952,264</u>	<u>41,829,231</u>	<u>36,096,622</u>

The accompanying notes are an integral part of these financial statements.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009, AND
FOR THE PERIOD FROM OCTOBER 15, 2007 (INCEPTION) TO JUNE 30, 2010

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Deficit Accumulated During Development Stage</u>	<u>Total Stockholders' Equity (Deficit)</u>
	<u>Number of</u>		<u>Number of</u>					
	<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>				
Balance at October 15, 2007 (Inception of Development Stage)	-	-	-	-	-	-	-	-
Issuance of Common Stock for cash @ \$0.01 - related parties	-	-	41,040,000	41,040	(41,022)	-	-	18
Contributed capital - related party	-	-	-	-	495,665	-	-	495,665
Foreign currency translation gain (loss)	-	-	-	-	-	(2,522)	-	(2,522)
Net loss, October 15, 2007 (Inception) through June 30, 2008	-	-	-	-	-	-	(408,027)	(408,027)
Balance at June 30, 2008	-	-	41,040,000	41,040	454,643	(2,522)	(408,027)	85,134
Issuance of Common Stock for cash @ \$0.01 - related parties	-	-	10,260,000	10,260	(10,256)	-	-	4
Foreign currency translation gain (loss)	-	-	-	-	-	(50,680)	-	(50,680)
Net loss, June 30, 2009	-	-	-	-	-	-	(443,849)	(443,849)
Balance at June 30, 2009	-	-	51,300,000	51,300	444,387	(53,202)	(851,876)	(409,391)
Issuance of common stock for cash @ \$0.18	-	-	583,334	583	91,227	-	-	91,810
Issuance of stock for services	-	-	1,092,112	1,092	175,613	-	-	176,705
Officer shares contributed to third party for services rendered	-	-	-	-	299,737	-	-	299,737
Conversion of notes payable and accrued interest to common stock - Related parties	-	-	3,305,615	3,306	531,550	-	-	534,856
Gain on related party debt converted to common stock	-	-	-	-	9,252	-	-	9,252
Foreign currency translation gain (loss)	-	-	-	-	-	(47,385)	-	(47,385)
Net loss, June 30, 2010	-	-	-	-	-	-	(842,487)	(842,487)
Balance at June 30, 2010	-	\$ -	56,281,061	\$ 56,281	\$1,551,766	\$ (100,587)	\$(1,694,363)	\$ (186,903)

The accompanying notes are an integral part of these financial statements.

(A Development Stage Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009,
AND FOR THE PERIOD FROM OCTOBER 15, 2007 (INCEPTION) TO JUNE 30, 2010

	<u>Year Ended June 30,</u>		<u>For the Period from October 15, 2007 (Inception) to June 30, 2010</u>
	<u>2010</u>	<u>2009</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	\$ (842,487)	\$ (443,849)	\$ (1,694,363)
Adjustments to Reconcile Net loss to Net Cash Used in Operating Activities:			
Issuance of common stock for services	176,705	-	176,705
Officer shares contributed to third party consultant	299,737	-	299,737
Depreciation expense	1,828	2,232	6,500
Changes in Assets and Liabilities:			
Accounts receivable	-	2,977	(664)
GST receivable	(13,917)	192	(19,396)
Other assets	(18,743)	200	(21,919)
Accounts payable	31,874	5,287	43,089
Provision for annual leave	6,673	6,758	20,928
Accrued expenses	37,526	(36,669)	48,431
Accrued interest	129,295	54,522	183,817
NET CASH USED IN OPERATING ACTIVITIES	<u>(191,509)</u>	<u>(408,350)</u>	<u>(957,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of equipment	-	-	(11,280)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(11,280)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Sale of common stock	91,810	-	91,810
Contributed capital	-	-	495,665
Subscription receivable - related party	-	4	22
Related party expenses paid on behalf of company	-	-	57,262
Loan payable to principal stockholder	89,000	280,174	369,174
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>180,810</u>	<u>280,178</u>	<u>1,013,933</u>
Effect of exchange rate changes on cash	(7,280)	(40,248)	(44,990)
NET INCREASE (DECREASE) IN CASH	(17,979)	(168,420)	528
CASH AT BEGINNING OF YEAR	<u>18,507</u>	<u>186,927</u>	<u>-</u>
CASH AT END OF YEAR	<u>\$ 528</u>	<u>\$ 18,507</u>	<u>\$ 528</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period:			
Interest	\$ -	\$ -	\$ -
Income Tax	\$ -	\$ -	\$ -
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Conversion of notes payable to common stock	\$ 341,208	\$ -	\$ 341,208
Conversion of accrued interest to common stock	\$ 193,648	\$ -	\$ 193,648
Gain on related party debt conversion	\$ 9,252	\$ -	\$ 9,252

The accompanying notes are an integral part of these financial statements.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of the Business

Propanc Health Group Corporation, formerly Propanc PTY LTD, ("the Company", "we", "us", "our") is a development stage enterprise. Propanc PTY LTD was incorporated in Melbourne, Victoria Australia on October 15, 2007 and is based in Richmond, Victoria Australia. Since inception, substantially all of the efforts of the Company have been the development of new cancer treatments targeting high risk patients who need a follow up, non toxic, long term therapy which prevents the cancer from returning and spreading. The Company is in the development stage and has begun raising capital, financial planning, establishing sources of supply, and acquiring property and equipment. The Company anticipates establishing global markets for its technologies.

On November 23, 2010, Propanc Health Group Corporation was incorporated in the state of Delaware. In January 2011, Propanc Health Group Corporation acquired all of the outstanding shares of Propanc PTY LTD on a one-for-one basis making it a wholly-owned subsidiary. The results of operations through June 30, 2010 are that of the subsidiary, Propanc PTY LTD. All share and per share data in the accompanying financial statements has been retroactively adjusted for this recapitalization giving effect to a share par value of \$0.001.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification ASC 915 for development stage entities. As such, the Company is presented as in the development stage from October 15, 2007 (Inception) through June 30, 2010. See also Note 2.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates in the accompanying financial statements include the estimates of depreciable lives and valuation of property and equipment, allowance for uncollectable receivables, valuation of equity based instruments issued for other than cash, the valuation allowance on deferred tax assets and foreign currency translation due to certain average exchange rates applied in lieu of spot rates on translation dates.

Foreign Currency Translation and Comprehensive Income (Loss)

The Company's functional currency is the Australian dollar (AUS). For financial reporting purposes, the Australian dollar has been translated into United States dollars (\$) and/or USD as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. Equity transactions are translated at each historical transaction date spot rate. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity (deficit) as "accumulated other comprehensive income (loss)." Gains and losses resulting from foreign currency transactions are included in the statement of operations and comprehensive loss as other income (expense). There has been no significant fluctuations in the exchange rate for the conversion of Australian dollars to USD after the balance sheet date.

Comprehensive income for the periods ended June 30, 2010, 2009, and 2008 included foreign currency translation gain (loss).

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

Fair Value of Financial Instruments and Fair Value Measurements

We measure our financial assets and liabilities in accordance with generally accepted accounting principles. For certain of our financial instruments, including cash and cash equivalents, accounts and other receivables, accounts payable and accrued and other liabilities, the carrying amounts approximate fair value due to their short maturities. Amounts recorded for notes payable, net of discount, also approximate fair value because current interest rates available to us for debt with similar terms and maturities are substantially the same.

We adopted accounting guidance for fair value measurements of financial assets and liabilities. The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheets. There were no overdrafts or cash equivalents as of June 30, 2010 or 2009.

Receivables

As amounts become uncollectible, they will be charged to an allowance or operations in the period when a determination of uncollectability is made. Any estimates of potentially uncollectible customer accounts receivable will be made based on an analysis of individual customer and historical write-off experience. The Company's analysis included the age of the receivable account, creditworthiness, and general economic conditions.

Property, Plant, and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Expenditures for maintenance and repairs are expensed as incurred; additions, renewals, and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the declining balance method. The depreciable amount is the cost less its residual value.

The estimated useful lives are as follows:

Machinery and equipment 3 years

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

Patents

If and once a patent has been granted by a regulatory agency, Patents will be stated at cost and amortized on a straight-line basis over the estimated future periods, once determined, to be benefited. The Company will write-off any capitalized costs for patents not granted by the USPTO.

Impairment of Long-Lived Assets

In accordance with ASC 360-10, Long-lived assets, which include property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. Based on its review, the Company believes that, as of June 30, 2010, and 2009, there was no significant impairment of its long-lived assets.

Employee Benefit/Liability

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. All employee liabilities are owed within the next twelve months.

Australian Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST. The GST incurred is payable on revenues to, and recoverable on purchases from, the Australian Taxation Office. Receivables and payables in the balance sheets are shown inclusive of GST.

Cash flows are presented in the statements of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

As of June 30, 2010 and 2009 the Company was owed \$18,456 and \$4,819 from the Australian Taxation Office. These amounts were fully collected subsequent to the balance sheet reporting dates.

Income Taxes

The Company is governed by the income tax laws of the Australian Taxation Office. The Company follows FASB ASC 740 when accounting for income taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for temporary differences between the financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company adopted provisions of ASC 740, Sections 25 through 60, "Accounting for Uncertainty in Income Taxes." These sections provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. Upon the adoption of ASC 740, the Company had no unrecognized tax benefits. During the years ended June 30, 2010 and 2009 no adjustments were recognized for uncertain tax benefits. All years from 2008 through 2010 are still subject to audit.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

Research and Development Tax Credits

The Company may apply for Research and Development tax concessions with the Australian Taxation Office on an annual basis. Although the amount is possible to estimate at year end, the Australian Taxation Office may reject or materially alter the claim amount. Accordingly, the Company does not recognize the benefit of the claim amount until cash receipt since collectability is not certain until such time. The tax concession is a refundable credit. If the Company has net income then the Company can receive the credit which reduces its income tax liability. If the Company has net losses then the Company may still receive a cash payment for the credit, however, the Company's net operating loss carryforwards are reduced by the gross equivalent loss that would produce the credit amount when the income tax rate is applied to that gross amount. The concession is recognized as an income tax benefit, in operations, upon receipt. There were no concessions received for any periods prior to June 30, 2010.

Share Based Compensation

The Company records stock based compensation in accordance with ASC section 718, "Stock Compensation" and Staff Accounting Bulletin (SAB) No. 107 (SAB 107) issued by the Securities and Exchange Commission (SEC) in March 2005 regarding its interpretation of ASC 718. ASC 718 requires the fair value of all stock-based employee compensation awarded to employees to be recorded as an expense over the related requisite service period. The statement also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. The Company values any employee or non-employee stock based compensation at fair value using the Black-Scholes Option Pricing Model.

Revenue Recognition

In accordance with Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 104, *Revenue Recognition*, (codified in ASC 605) the Company recognizes revenue when (i) persuasive evidence of a customer or distributor arrangement exists or acceptance occurs, (ii) a retailer, distributor or wholesaler receives the goods, (iii) the price is fixed or determinable, and (iv) collectability of the sales revenues is reasonably assured. Subject to these criteria, the Company recognizes revenue relating to royalties on product sales in the period in which the sale occurs and the royalty term has begun.

Start-up Costs

In accordance with ASC 720-15-15, start-up costs are expensed as incurred.

Research and Development Costs

In accordance with ASC 7-30-10, Research and development costs are expensed when incurred. Total research and development costs for the years ended June 30, 2010 and 2009 were \$34,031 and \$121,369 respectively.

Basic and Diluted Net Loss Per Common Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding for the period and, if dilutive, potential common shares outstanding during the period. Potentially dilutive securities consist of the incremental common shares issuable upon exercise of common stock equivalents such as stock options and convertible debt instruments. Potentially dilutive securities are excluded from the computation if their effect is anti-dilutive. As of June 30, 2010 and 2009, there were no potentially dilutive securities. As a result, the basic and diluted per share amounts for all periods presented are identical.

Environmental Regulation

The Company's specific operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or a Territory in Australia.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

Recently Adopted Accounting Pronouncements

ASC 820-10 (formerly SFAS No. 157) establishes a framework for measuring fair value and expands disclosures about fair value measurements. The changes to current practice resulting from the application of this standard relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. This standard is effective for fiscal years beginning after November 15, 2007; however, it provides a one-year deferral of the effective date for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. The Company adopted this standard for financial assets and financial liabilities and nonfinancial assets and nonfinancial liabilities disclosed or recognized at fair value on a recurring basis (at least annually) as of July 1, 2008. The Company adopted the standard for nonfinancial assets and nonfinancial liabilities on July 1, 2009. The adoption of this standard in each period did not have a material impact on its financial statements.

ASC 805 (formerly SFAS No. 141R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. This standard also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This standard was adopted by the Company beginning July 1, 2009 and will change the accounting for business combinations on a prospective basis.

ASC 810-10 (formerly SFAS No. 160) requires all entities to report noncontrolling (minority) interests in subsidiaries as equity in the consolidated financial statements. The standard establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that does not result in deconsolidation and expands disclosures in the consolidated financial statements. This standard is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. This standard is not currently applicable to the Company.

ASC 815-10 (formerly SFAS No. 161) is effective July 1, 2009. This standard requires enhanced disclosures about derivative instruments and hedging activities to allow for a better understanding of their effects on an entity's financial position, financial performance, and cash flows. Among other things, this standard requires disclosures of the fair values of derivative instruments and associated gains and losses in a tabular format. This standard is not currently applicable to the Company since the Company does not have derivative instruments or hedging activity.

ASC 350-30 and 275-10 (formerly FSP FAS 142-3) amend the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. This standard is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. This standard is not currently applicable to the Company.

ASC 260-10 (formerly FSP EITF 03-6-1) provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. This standard is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company does not currently have any share-based awards that would qualify as participating securities. Therefore, application of this standard did not have an effect on the Company's financial reporting.

ASC 470-20 (formerly FSP APB 14-1) will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The standard includes guidance that convertible debt instruments that may be settled in cash upon conversion should be separated between the liability and equity components, with each component being accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. This standard is currently not applicable to the Company.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

ASC 815-10 and 815-40 (formerly EITF No. 07-5) are effective for financial statements for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The standard addresses the determination of whether an instrument (or an embedded feature) is indexed to an entity's own stock, which is the first part of the scope exception for the purpose of determining whether the instrument is classified as an equity instrument or accounted for as a derivative instrument which would be recognized either as an asset or liability and measured at fair value. The standard shall be applied to outstanding instruments as of the beginning of the fiscal year in which this standard is initially applied. Any debt discount that was recognized when the conversion option was initially bifurcated from the convertible debt instrument shall continue to be amortized. The cumulative effect of the change in accounting principles shall be recognized as an adjustment to the opening balance of retained earnings. This standard is currently not applicable to the Company.

ASC 825-10 (formerly FSP FAS 107-1 and FSP APB 28-1) requires disclosures about the fair value of financial instruments for interim reporting periods. This standard is effective for interim reporting periods ending after June 15, 2009. The adoption of this standard did not have a material impact on the Company's financial statements.

ASC 820-10 (formerly FSP FAS 157-4) provides additional guidance for *Fair Value Measurements* when the volume and level of activity for the asset or liability has significantly decreased. This standard is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this standard did not have a material effect on its financial statements.

ASC 320-10 (formerly FSP FAS 115-2 and FSP FAS 124-2) amends the other-than-temporary impairment guidance for debt and equity securities. This standard is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this standard did not have a material effect on its financial statements.

ASC 855-10 (formerly SFAS No. 165) is effective for interim or annual financial periods ending after June 15, 2009 and establishes general standards of accounting and disclosure of events that occur after the balance sheet but before financial statements are issued or are available to be issued.

In June 2009, the FASB issued Accounting Standards Update No. 2009-01, *The FASB Accounting Standards Codification*, which establishes the Codification as the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. This standard is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this standard changes the referencing of financial standards. The Company has either referred solely to the undated codification in the financial statements or both standards where such disclosure was deemed helpful.

In January 2010, FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures (ASC Topic 820), Improving Disclosures about Fair Value Measurements*. This update provides amendments to ASC Topic 820 that will provide more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3. This standard is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. This standard is not currently applicable to the Company.

In January 2010, FASB issued ASU No. 2010-05, *Compensation – Stock Compensation (ASC Topic 718), Escrowed Share Arrangements and the Presumption of Compensation*. This update codifies Emerging Issues Task Force D-110. This standard is not currently applicable to the Company.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

In January 2010, FASB issued ASU NO. 2010-01, *Equity (ASC Topic 505), Accounting for Distributions to Shareholders with Components of Stock and Cash*. The update clarifies that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected prospectively in earnings per share and is not considered a stock dividend for purposes of ASC Topic 505 and Topic 260, *Earnings Per Share*. This standard is effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. This standard is not currently applicable to the Company.

As of June 30, 2010, the FASB has issued Accounting Standards Updates (ASU) through No. 2010-19. None of the ASUs have had an impact on the Company's financial statements.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 2 – GOING CONCERN

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. For the years ended June 30, 2010 and 2009, the Company had a net loss of \$842,487 and \$443,849, respectively, and net cash used in operations of \$191,509 and \$408,350, respectively. Additionally, as of June 30, 2010, the company had a working capital deficit, a stockholders' deficit and a deficit accumulated during development stage of \$190,820, \$186,903 and \$1,694,363, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company is in the development stage at June 30, 2010 and has been since its October 15, 2007 inception. Successful completion of the Company's development program and, ultimately, the attainment of profitable operations are dependent upon future events, including obtaining adequate financing to fulfill its development activities and achieving a level of sales adequate to support the Company's cost structure. However, there can be no assurances that the Company will be able to secure additional equity investment or achieve an adequate sales level.

Subsequent to the June 30, 2010 balance sheet date, the Company has raised \$1,283,130 in equity capital.

NOTE 3 – PROPERTY AND EQUIPMENT

Property, plant, and equipment consist of the following as of June 30,

	<u>2010</u>	<u>2009</u>
Office equipment at cost	\$ 10,484	\$ 9,997
Less: Accumulated depreciation	<u>(6,567)</u>	<u>(4,582)</u>
Total property, plant, and equipment	<u>\$ 3,917</u>	<u>\$ 5,415</u>

Depreciation expense for the years ended June 30, 2010 and 2009 were \$1,828, and \$2,232, respectively.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 4 – OTHER CURRENT ASSETS

Other assets consists of the following as of June 30,

	2010	2009
Prepaid expense	\$ 16,984	\$ -
Prepaid insurance	3,977	-
Security bond	-	2,775
Total Other Current Assets	\$ 20,961	\$ 2,775

NOTE 5 – DUE TO DIRECTORS - RELATED PARTY

Due to directors - related party represents unsecured advances made by the directors for operating expenses on behalf of the Company such as intellectual property and formation expenses. The expenses were paid for on behalf of the Company are due upon demand. The Company is currently not being charged interest under these advances. The total amount owed these directors at June 30, 2010 and 2009 is \$53,222 and \$50,751 respectively.

NOTE 6 – LOAN FROM DIRECTORS - RELATED PARTY

During 2009, the Company entered into convertible loans from three directors, one of whom is also an officer, where the loans had no specific repayment terms and bore interest at a rate of 30% per annum. The loans were to be convertible into shares of common stock at a conversion rate equal to what the first cash investor subscribed for. The Company evaluated ASC 815 and determined that the conversion features do not cause bifurcation and treatment of the embedded conversion option as a derivative liability because the Company was privately held and its stock was not publicly traded and no market existed. Therefore, the underlying conversion shares were not readily convertible to cash which is a criteria for derivative treatment. Furthermore, there was no beneficial conversion feature value at the note date as the value of the debt converted was to be equal to the fair market value of the stock as evidenced by the Company's first cash investor. On May 13, 2010 loans and accrued interest due to directors was converted into 3,305,615 shares of common stock. (See Note 8)

During 2010, the Company received additional proceeds from a director. These advances are non-interest bearing. The total amount owed the director at June 30, 2010 is \$75,579.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 7 – INCOME TAXES

The Company follows ASC 740, under which an entity recognizes deferred tax assets and liabilities for future tax consequences or for events that were previously recognized in the Company's financial statements or tax returns. The measurement of deferred tax assets and liabilities is based on enacted tax law provisions. The effects of future changes in tax laws or rates are not anticipated. At June 30, 2010, the Company operated exclusively in Australia. Accordingly, the Company is wholly subject to Australia income tax laws and regulations, which are administered by the Australian Taxation Office.

At June 30, 2010, the Company has a net operating loss (NOL) that approximates \$1,205,319. Consequently, the Company may have NOL carryforwards available for income tax purposes, which will continue to be available until they are recovered through earning taxable income. Deferred tax assets would arise from the recognition of anticipated utilization of these net operating losses to offset future taxable income. The NOL is subject to a reduction of up to \$251,400 if a research and development credit the Company applied for is granted by the Australian Taxation Office.

The components for the provision for income taxes are as follows:

	Year Ended	
	June 30, 2010	June 30, 2009
Current Taxes	\$ -	\$ -
Deferred Taxes	-	-
Provision for Income Taxes	<u>\$ -</u>	<u>\$ -</u>

The items accounting for the difference between income taxes at the Australia statutory rate of 30% and the provision for income taxes are as follows:

	Year Ended			
	June 30, 2010		June 30, 2009	
	Amount	Impact on Rate	Amount	Impact on Rate
Income Tax Expense (Benefit) at Australia Statutory Rate	\$ (252,747)	30.00%	\$ (133,155)	30.00%
Stock Based Compensation	140,356	-16.66%	-	0.00%
Change in Deferred Tax Valuation Allowance	120,536	-14.31%	124,006	-27.94%
Foreign Exchange Rate Changes	(8,145)	0.97%	9,149	-2.06%
Total Provision	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</u>

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
Current Deferred Tax Assets		
Provision for annual leave	\$ 6,323	\$ 4,191
Total Current Deferred Tax Assets	<u>\$ 6,323</u>	<u>\$ 4,191</u>
Current Deferred Tax Liabilities		
Prepaid expenses	\$ (5,095)	\$ -
Prepaid insurance	(1,193)	-
Accounts Payable/trade creditors	(42,162)	-
Total Current Deferred Tax Liabilities	<u>\$ (48,450)</u>	<u>\$ -</u>
Non-Current Deferred Tax Assets		
Net Operating Loss Carryover	\$ 348,227	\$ 200,820
Capital Raising Costs	25,805	18,772
Legal Costs	20,673	14,595
Intellectual Property	12,881	6,911
Formation Expense	7,895	7,529
Foreign Exchange Loss (OCI)	30,176	15,961
Total Non-Current Deferred Tax Assets	<u>445,657</u>	<u>264,588</u>
Deferred Tax Valuation Allowance	(403,530)	(268,779)
Total Non-Current Deferred Tax Assets	<u>\$ 42,127</u>	<u>\$ (4,191)</u>
Total Deferred Tax Assets (Net)	<u>\$ -</u>	<u>\$ -</u>

Management has determined that the realization of the net deferred tax asset is not assured and has created a valuation allowance for the entire amount of such benefits.

The Company follows ASC 740-10, which provides guidance for the recognition and measurement of certain tax positions in an enterprise's financial statements. Recognition involves a determination whether it is more likely than not that a tax position will be sustained upon examination with the presumption that the tax position will be examined by the appropriate taxing authority having full knowledge of all relevant information.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

The Company's policy is to record interest and penalties associated with unrecognized tax benefits as additional income taxes in the statement of operations. As of June 30, 2010, the Company had no unrecognized tax benefits. There were no changes in the Company's unrecognized tax benefits during the year ended June 30, 2010. The Company did not recognize any interest or penalties during 2009 related to unrecognized tax benefits.

The income tax returns filed for the tax years ending on June 30, 2010, 2009, and 2008 will be subject to examination by the relevant taxing authorities.

NOTE 8 – STOCKHOLDERS' EQUITY (DEFICIT)

On August 3, 2009, the Company's Board of Directors approved a 20,520:1 stock split. The share and per share amounts in the accompanying financial statements and footnotes, have been retroactively adjusted for all periods presented. Additionally, in connection with the recapitalization as described in Note 1, all share and per share data has been retroactively adjusted for all periods presented to adjust for the new common stock par value of \$0.001 and for the new legal titles of capital stock.

On December 21, 2007, the Company issued 19,083,600 shares of common stock for cash to the founders of the Company. Total proceeds received were \$9.

On May 8, 2008, the Company issued 21,956,400 shares of its common stock for cash to the founders of the Company. Total proceeds received were \$9.

From November 2007 through June 2008, a director of the Company contributed \$495,665 in cash to the Company.

On June 2, 2009, the Company issued 10,260,000 shares of its common stock for cash to the founders of the Company. Total proceeds received were \$4.

On May 13, 2010, \$534,856 of accrued interest and loans from directors were converted into 3,305,615 shares of the Company's common stock. See Note 6. The shares were to be convertible at the same price as the first cash subscriber of common stock which was \$0.16 per share as described below. Based on an immaterial difference in the conversion formula, the director shares were converted at other prices immaterially different from the stipulated conversion price. The difference in the conversion price when compared to the fair market value of the common stock resulted in the Company charging what would have been recorded as a gain of \$9,252, to additional paid in capital due to the related party nature of the transaction.

On May 13 and 19, 2010, the Company sold 583,334 shares of common stock to third party subscribers at \$0.16 per share. The Company received proceeds of \$91,810 from the sale of the stock.

On May 13, 2010, the Company issued 1,092,112 shares of common stock for prior services rendered. The shares were valued at the most recent cash sales price of \$0.16 resulting in a non-cash charge to operations of \$176,705.

On May 13, 2010, an officer and director of the Company transferred 1,855,487 of his own personal shares to the a third party in exchange for services rendered. As a result of the exchange, the Company recorded a non-cash charge to operations of \$299,737 based on the fair market value of the common stock exchanged which was \$0.16 per share as evidenced by recent cash sales.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 9 – COMMITMENTS AND CONTINGIENCIES

Legal Matters

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of June 30, 2010 and 2009, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

Operating Agreements

In November 2009, the Company entered into a commercialization agreement whereby the Company agreed to pay royalties of 2% of net revenues. Additionally, the Company agreed to pay 5% of each and every license agreement subscribed for. The contact is cancellable at anytime by either party. To date, no amounts are owed under the agreement.

In June 2010, the Company entered into an amended service agreement with a vendor for the vendor to perform preclinical services. The Company committed to a fee of \$135,447, of which the company prepaid \$16,984 which is reflected in other assets at June 30, 2010. All services were completed subsequent to June 30, 2010.

Operating Leases

On May 30, 2008, the Company entered into an office lease agreement commencing June 1, 2008 through November 30, 2008. Monthly rent under this agreement was \$1,147 per month and the Company was required to submit a refundable deposit in the amount of \$2,910. In February 2009, the same landlord and the Company agreed to new lease terms on a month to month basis with monthly rent being \$1,251. In September 2009, at a new location, the Company entered into month to month lease agreement with monthly rent being \$849.

Rent expense for the years ended June 30, 2010 and 2009 were \$12,061 and \$14,466 respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

Propanc Health Group Corporation conducted transactions during the financial years ended June 30, 2010, 2009 and 2008 with director and director related entities. These transactions included the following:

As of June 30, 2010 and 2009, the Company owed certain directors a total of \$75,579 and \$303,690 respectively, for money lent to the Company throughout the years. Additionally, the Company owed \$59,093 of interest due under these interest bearing loans payable as of June 30, 2009. The loan balance owed at June 30, 2010 was not accruing interest.

From Inception of development stage through June 30, 2009, the Company issued 51,300,000 shares of common stock to its directors for cash. See Note 8.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

In March 2008, the company entered into a distribution agreement with a related party company controlled by a Director. As a result, the Company sold product to this related party and recorded \$28,317 and \$2,657 in revenue for the years ended June 30, 2008 and 2009 respectively.

As of June 30, 2010 and 2009, the Company owed two directors a total of \$53,222 and \$50,751, respectively, related to expenses incurred on behalf of the Company related to corporate startup costs and intellectual property.

On May 13, 2010, \$534,856 of accrued interest and loans from directors were converted into 3,305,615 shares of the Company's common stock. See Note 8.

On May 13, 2010, an officer and director of the Company transferred 1,855,487 of his own personal shares to the a third party in exchange for services rendered. See Note 8.

NOTE 11 – CONCENTRATIONS AND RISKS

Concentration of Credit Risk

The Company maintains its cash in bank and financial institution deposits in Australia. Bank deposits in Australian banks are uninsured. The Company has not experienced any losses in such accounts through June 30, 2010.

Financing Concentration

From Inception through May 13, 2010, the Company had been solely financed by its officers and directors.

Receivable Concentration

As of June 30, 2010 and 2009, the company's receivables were 100% related to reimbursements on GST taxes paid.

Vendor Concentration

As of June 30, 2010, there were two significant vendors that the Company relies upon to conduct its research and development. Both vendors provide services to the Company which can be replaced by alternative vendors should the need arise.

Revenue Concentration

Since inception, 100% of the revenues generated have been with one customer who is also considered a related party.

Product and Patent Concentration

As of June 30, 2010 the Company was undertaking preclinical activities for their lead product. The Company was also undertaking research to uncover the mechanism of action of their lead product in order to screen new compounds for development.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

The Company has recently been expanded by the filing of an international PCT patent application (No. PCT/AU2010/001403) directed to enhanced proenzyme formulations and combination therapies. The international PCT application has been based on previous provisional patent applications capturing the Company's ongoing research and development in this area.

Further provisional patent filings are also expected to be filed to capture and protect additional patentable subject matter that is identified, namely further enhanced formulations, combination treatments, use of recombinant products, modes of action and molecular targets.

Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Company does not have a material exposure to market price risk at this time.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date of recognized financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to financial statement.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the Company paid a 10% commission to a third party for introducing investors by issuing 139,400 shares of common stock value at \$0.16 per share based on subsequent cash sales. There was no financial statement accounting effect for the issuance of the stock as the value has been fully charged to Additional Paid-in-Capital as an offering cost against the offering proceeds. This third party is not a licensed broker-dealer. The services provided could be deemed to be required to be provided only by a licensed broker-dealer. In such event, investors would be entitled to rescind their investment, and the Company would be required to refund their proceeds.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

In August 2010, the Company engaged the services of a third party for the purposes of consulting with the Company regarding completing an S-1 Registration Statement, investor relations, conducting a company valuation, listing on the Over The Counter (OTC) markets in the United States of America and with making introductions to prospective investors. The term of the agreement is for one year. As compensation for services under this agreement, the Company paid a cash fee of \$300,000 and would issue at a later vesting date, to be determined, the equivalent of 3,333,333 unrestricted shares of common stock which were valued at the most recent Company cash sales price per-share of \$0.16 or \$546,900 (to be revalued at each reporting date through the measurement date) to be recognized as expense, pro-rata, over the term of the agreement. The cash fee was recorded as a prepaid asset to be amortized over the term of the agreement. Another approximately 3.9 million shares were also contingently due at a later date.

In September 2010, the Company entered into a one-year agreement with the same third party consultant, discussed above, which related to potential acquisitions under the terms of the agreement, the Company is to pay \$467,000(USD) in non-refundable fees of which \$400,000 (USD) will be held by the consultant to be used as due diligence fees and possibly as cash down payments on acquisitions of companies. Since the agreement is not specific as to the allocation of the \$400,000 between due diligence fees and acquisition deposits, the Company has recoded the entire \$467,000 as a prepaid asset and is amortizing this amount over the one-year term of the agreement through September 2011.

These August and September 2010 agreements described above were terminated by the Company on June 6, 2011 and accordingly, none of the shares vested and expense recognition related to the shares ceased on that date. The remaining unamortized portion of the prepaid cash fees were charged to operations.

On November 15, 2010, the Company entered into an agreement where it agreed to pay a success fee equal to 1% of the shares held in the Company should an enhanced formula be adopted by the Company. Additionally, the Company agreed to issue 640,599 shares of common stock to the consultant for services rendered valued at \$0.18 per share, based on subsequent cash sales prices, and recorded approximately \$115,000 in expense.

During the period from June 1, 2010 through April 22, 2011, the Company sold 7,639,465 shares of common stock between \$0.16 and \$0.18 per share for gross proceeds of \$1,283,130.

In May 2011, the Company entered into an agreement with a consultant whereby the consultant would provide acquisition services and be paid Success Fees in cash and equity based upon a stipulated percentage of the transaction price.

In June 2011, the Company entered into an agreement with a third party consultant where, upon filing of the Company's registration statement, the consultant would be entitled to the issuance of 7,215,365 unrestricted shares of the Company's common stock. Such shares will be initially valued on the agreement date and revalued at each reporting date with such value being recognized as expense, pro-rata over the term of the agreement and revalued on the final vesting date which is the measurement date.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
BALANCE SHEETS

	<u>March 31, 2011</u>	<u>June 30, 2010</u>
	Consolidated unaudited	
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 54	\$ 528
GST tax receivable	2,608	18,456
Prepays and other current assets	<u>368,108</u>	<u>20,961</u>
TOTAL CURRENT ASSETS	370,770	39,945
Property and Equipment, net	7,020	3,917
Patent Costs	<u>26,824</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 404,614</u>	<u>\$ 43,862</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
CURRENT LIABILITIES:		
Bank Overdraft Liability	\$ 136	\$ -
Accounts payable	90,863	42,215
Accrued expenses and other payables	13,691	38,673
Due to directors - related parties	64,620	53,222
Loans from directors - related parties	76,301	75,579
Employee benefit liability	<u>37,491</u>	<u>21,076</u>
TOTAL CURRENT LIABILITIES	<u>283,102</u>	<u>230,765</u>
Commitments and Contingencies (See Note 7)		
STOCKHOLDERS' EQUITY (DEFICIT):		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; zero shares issued and outstanding as of March 31, 2011 and June 30, 2010, respectively	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 64,700,525 and 56,281,061 shares issued and outstanding as of March 31, 2011 and June 30, 2010, respectively	64,700	56,281
Additional Paid-in Capital	3,286,851	1,551,766
Accumulated other comprehensive income (loss)	(37,383)	(100,587)
Deficit accumulated during development stage	<u>(3,192,656)</u>	<u>(1,694,363)</u>
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>121,512</u>	<u>(186,903)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 404,614</u>	<u>\$ 43,862</u>

The accompanying unaudited notes are an integral part of these unaudited consolidated financial statements.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE NINE MONTHS ENDED MARCH 31, 2011 AND 2010,
AND FOR THE PERIOD OCTOBER 15, 2007 (INCEPTION) TO MARCH 31, 2011
(unaudited)

	For the Nine Months Ended March 31,		For the period from October 15, 2007 (Inception) to March 31, 2011
	2011 unaudited	2010 unaudited	2011 unaudited
REVENUE			
Royalty revenue - related party	\$ -	\$ -	\$ 30,974
OPERATING EXPENSES			
Administration expenses	1,208,412	156,970	2,485,182
Occupancy expenses	8,739	9,186	40,520
Research and development	362,585	24,384	614,852
TOTAL OPERATING EXPENSES	<u>1,579,736</u>	<u>190,540</u>	<u>3,140,554</u>
LOSS FROM OPERATIONS	<u>(1,579,736)</u>	<u>(190,540)</u>	<u>(3,109,580)</u>
OTHER INCOME (EXPENSE)			
Interest expense	-	(103,722)	(171,196)
Interest income	428	64	8,853
Foreign currency transaction gain (loss)	(1,530)	324	(3,278)
TOTAL OTHER INCOME (EXPENSE)	<u>(1,102)</u>	<u>(103,334)</u>	<u>(165,621)</u>
LOSS BEFORE INCOME TAXES	<u>(1,580,838)</u>	<u>(293,874)</u>	<u>(3,275,201)</u>
INCOME TAX BENEFIT	<u>82,545</u>	<u>-</u>	<u>82,545</u>
NET LOSS	<u>(1,498,293)</u>	<u>(293,874)</u>	<u>(3,192,656)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation	<u>63,204</u>	<u>(138,644)</u>	<u>(37,383)</u>
COMPREHENSIVE LOSS	<u>\$ (1,435,089)</u>	<u>\$ (432,518)</u>	<u>\$ (3,230,039)</u>
BASIC AND DILUTED NET LOSS PER SHARE	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.08)</u>
BASIC AND DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	<u>62,238,581</u>	<u>51,300,000</u>	<u>41,374,601</u>

The accompanying unaudited notes are an integral part of these unaudited consolidated financial statements.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2011 AND 2010,
AND FOR THE PERIOD OCTOBER 15, 2007 (INCEPTION) TO MARCH 31, 2011
(unaudited)

	For the Nine Months		For the Period
	Ended March 31,		from October 15, 2007 (Inception) to March 31,
	2011	2010	2011
	unaudited	unaudited	unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	\$ (1,498,293)	\$ (293,874)	\$ (3,192,656)
Adjustments to Reconcile Net loss to Net Cash Used in Operating Activities:			
Issuance of common stock for services	113,474	-	290,179
Stock based consulting expenses	351,875	-	351,875
Officer shares contributed to third party consultant	-	-	299,737
Depreciation expense	1,304	1,300	7,804
Changes in Assets and Liabilities:			
Accounts receivable	-	-	(664)
GST receivable	18,534	2,201	(862)
Prepaid and other assets	(320,725)	3,019	(342,644)
Accounts payable	37,070	6,102	80,159
Provision for annual leave	11,139	2,859	32,067
Accrued expenses	(31,139)	27,886	17,292
Accrued interest	-	103,721	183,817
NET CASH USED IN OPERATING ACTIVITIES	(1,316,761)	(146,786)	(2,273,896)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capitalized patent costs	(25,107)	-	(25,107)
Purchase of equipment	(3,421)	-	(14,701)
NET CASH USED IN INVESTING ACTIVITIES	(28,528)	-	(39,808)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Sale of common stock	1,283,130	-	1,374,940
Contributed capital	-	-	495,665
Subscription receivable - related party	-	-	22
Related party expenses paid on behalf of company	-	-	57,262
Bank Overdraft	127	-	127
Advance on common stock subscription	-	48,450	-
Repayment of loan payable to principal stockholder	(14,477)	-	(14,477)
Loan payable to principal stockholder	-	87,209	369,174
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,268,780	135,659	2,282,713
Effect of exchange rate changes on cash	76,035	2,017	31,045
NET INCREASE (DECREASE) IN CASH	(474)	(9,110)	54
CASH AT BEGINNING OF PERIOD	528	18,507	-
CASH AT END OF PERIOD	\$ 54	\$ 9,397	\$ 54
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period:			
Interest	\$ -	\$ -	\$ -
Income Tax	\$ -	\$ -	\$ -
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Conversion of notes payable to common stock	\$ -	\$ -	\$ 341,208
Conversion of accrued interest to common stock	\$ -	\$ -	\$ 193,648
Gain on related party debt conversion	\$ -	\$ -	\$ 9,252

The accompanying unaudited notes are an integral part of these unaudited consolidated financial statements.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011
(unaudited)

NOTE 1 – NATURE OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Propanc Health Group Corporation, formerly Propanc PTY LTD, ("The Company", "we", "us", "our") is a development stage enterprise. Propanc Pty Ltd was incorporated in Melbourne, Victoria Australia on October 15, 2007 and is based in Richmond, Victoria Australia. Since inception, substantially all of the efforts of the Company have been in the development of new cancer treatments targeting high risk patients who need a follow up, non toxic, long term therapy which prevents the cancer from returning and spreading. The Company is in the development stage and has begun raising capital, financial planning, establishing sources of supply, and acquiring property and equipment. The Company anticipates establishing global markets for its technologies.

On November 23, 2010, Propanc Health Group Corporation was incorporated in the state of Delaware. In January 2011, Propanc Health Group Corporation acquired all of the outstanding shares of Propanc PTY LTD on a one-for-one basis making it a wholly-owned subsidiary. All share and per share data in the accompanying financial statements has been retroactively adjusted for this recapitalization giving effect to a share par value of \$0.001.

Basis of Presentation

The Company is presented as in the development stage from October 15, 2007 (Inception) through March 31, 2011.

The interim consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America, and pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our consolidated results of operations and cash flows for the nine months ended March 31, 2011 and 2010 and our consolidated financial position as of March 31, 2011 have been made. The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual financial statements have been condensed or omitted from these interim unaudited consolidated financial statements. Accordingly, these interim unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto for the fiscal year ended June 30, 2010. The June 30, 2010 balance sheet is derived from those statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates in the accompanying unaudited financial statements include the estimates of depreciable lives and valuation of property and equipment, allowance for uncollectable receivables, valuation of equity based instruments issued for other than cash, the valuation allowance on deferred tax assets and foreign currency translation due to certain average exchange rates applied in lieu of spot rates on translation dates.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011
(unaudited)

Principals of Consolidation

The unaudited consolidated financial statements include the accounts of Propanc Health Group Corporation and its wholly-owned subsidiary, Propanc PTY LTD. All significant inter-company balances and transactions have been eliminated in consolidation.

Foreign Currency Translation and Comprehensive Income (Loss)

The Company's functional currency is the Australian dollar (AUS). For financial reporting purposes, the Australian dollar has been translated into United States dollars (\$) and/or USD as the reporting currency. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average rate of exchange prevailing during the reporting period. Equity Transactions are translated at each historical transaction dates spot rate. Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity (deficit) as "accumulated other comprehensive income (loss)." Gains and losses resulting from foreign currency transactions are included in the statement of operations and comprehensive loss as other income (expense). There has been no significant fluctuations in the exchange rate for the conversion of Australian dollars to USD after the balance sheet date.

Comprehensive income from inception, through March 31, 2011 included foreign currency translation gain (loss).

Fair Value of Financial Instruments and Fair Value Measurements

We measure our financial assets and liabilities in accordance with generally accepted accounting principles. For certain of our financial instruments, including cash and cash equivalents, accounts and other receivables, accounts payable and accrued and other liabilities, the carrying amounts approximate fair value due to their short maturities. Amounts recorded for notes payable, also approximate fair value because current interest rates available to us for debt with similar terms and maturities are substantially the same.

We adopted accounting guidance for fair value measurements of financial assets and liabilities. The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheets. There were no cash equivalents as of March 31, 2011.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(unaudited)

Australian Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST. The GST incurred is payable on Revenues to, and recoverable on purchases from, the Australian Taxation Office. Receivables and payables in the balance sheets are shown inclusive of GST.

Cash flows are presented in the statements of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

As of March 31, 2011 the company was owed \$2,608 from the Australian Taxation Office. These amounts were fully collected subsequent to the balance sheet reporting dates.

Research and Development Tax Credits

The Company may apply for Research and Development tax concessions with the Australian Taxation Office on an annual basis. Although the amount is possible to estimate at year end, the Australian Taxation Office may reject or materially alter the claim amount. Accordingly, the Company does not recognize the benefit of the claim amount until cash receipt since collectability is not certain until such time. The tax concession is a refundable credit. If the Company has net income then the Company can receive the credit which reduces its income tax liability. If the Company has net losses then the Company may still receive a cash payment for the credit, however, the Company's net operating loss carryforwards are reduced by the gross equivalent loss that would produce the credit amount when the income tax rate is applied to that gross amount. The concession is recognized as an income tax benefit, in operations, upon receipt.

During the nine months ended March 31, 2011, the Company applied for and received from the Australian Taxation Office a Research and Development Tax credit in the amount of \$82,545 which is reflected as an income tax benefit in the accompanying consolidated statement of operations and comprehensive loss.

NOTE 2 – GOING CONCERN

The accompanying unaudited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. For the nine months ended March 31, 2011, the Company had a net loss of \$1,498,293, and net cash used in operations of \$1,316,761. Additionally, as of March 31, 2011, the company had a deficit accumulated during development stage of \$3,192,656. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The unaudited consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company is in the development stage at March 31, 2011 and has been since its October 15, 2007 inception. Successful completion of the Company's development program and, ultimately, the attainment of profitable operations are dependent upon future events, including obtaining adequate financing to fulfill its development activities and achieving a level of sales adequate to support the Company's cost structure. However, there can be no assurances that the Company will be able to secure additional equity investment or achieve an adequate sales level. The Company has engaged a third party to assist and facilitate raising capital.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(unaudited)

NOTE 3 – PREPAIDS AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following at March 31, 2011.

Prepaid market/acquisition research services	\$ 272,627
Prepaid investor relations services	94,692
Other current asset	789
Total Prepaid and other current assets	<u>\$ 368,108</u>

In August 2010, and in accordance with a one-year third party consulting agreement, the Company paid \$300,000 for investor relations services. The cash payment is being amortized over the one-year term of the agreement and the prepaid balance was \$94,692, at March 31, 2011. See Note 9.

In September 2010, the Company entered into an agreement with a third party consultant related to potential acquisitions and market research. Under the terms of the agreement, the Company agreed to pay \$467,000. The fees are being amortized over the one-year term of the agreement of which \$272,627 remains unamortized as a prepaid expense as of March 31, 2011. See Note 9.

NOTE 4 – DUE TO DIRECTORS - RELATED PARTY

Due to directors - related party represents unsecured advances made by the directors for operating expenses on behalf of the Company such as intellectual property and formation expenses. The expenses were paid for on behalf of the Company and are due upon demand. The Company is currently not being charged interest under these advances. The total amount owed these directors at March 31, 2011, is \$64,620.

NOTE 5 – LOAN FROM DIRECTORS - RELATED PARTY

The Company received proceeds from a director during fiscal 2010. These advances are non-interest bearing and due on demand. The total amount owed the director at March 31, 2011 is \$76,301 net of a \$14,477 repayment which occurred during the nine months ended March 31, 2011.

NOTE 6 – STOCKHOLDERS' EQUITY

For the nine months ended March 31, 2011 the Company sold 7,639,465 shares of common stock to third party subscribers at translated prices between \$0.16 and \$0.18. The Company received gross proceeds of \$1,283,130 from the sales.

In August 2010, and in accordance with a one-year third party consulting agreement, the Company is to issue, at a later vesting date, to be determined, the equivalent of 3,333,333 unrestricted shares of common stock which were valued at the most recent cash sales price per-share of \$0.16 or \$546,900 (to be revalued at each reporting date through the measurement date), which is being recognized as expense, pro-rata over the term of the agreement. Amortization through March 31, 2011 was \$351,875. See Note 9.

In November 2010, the Company issued 139,400 shares for offering costs related to the above stock issuances. There was no financial statement accounting effect for the issuance of the stock as the value has been fully charged to Additional Paid-in-Capital as an offering cost against the offering proceeds.

In November 2010, the Company issued 640,599 shares of common stock for prior services rendered. The shares were valued at the most recent cash sales price of \$0.18 resulting in a non-cash charge to operations of \$113,474.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(unaudited)

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of March 31, 2011, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

Operating Agreements

In November 2009, the Company entered into a commercialization agreement whereby the Company agreed to pay royalties of 2% of net revenues. Additionally, the Company agreed to pay 5% of each and every license agreement subscribed for. The contract is cancellable at anytime by either party. To date, no amounts are owed under the agreement.

NOTE 8 – RELATED PARTY TRANSACTIONS

As of March 31, 2011, the Company owed certain directors a total of \$76,301 for money lent to the Company throughout the years. During the nine months ended March 31, 2011, the Company made a payment to the director of \$14,477 to pay down the balance. The loan balance owed at March 31, 2011 was not accruing interest.

As of March 31, 2011, the Company owed two directors a total of \$64,620 related to expenses incurred on behalf of the Company related to corporate startup costs and intellectual property.

NOTE 9 – CONCENTRATIONS AND RISKS

Concentration of credit risk

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts through March 31, 2011.

Receivable Concentration

As of March 31, 2011, the company's receivables were 100% related to reimbursements on GST taxes paid.

Product and Patent Concentration

As of March 31, 2011 the Company was undertaking preclinical activities for their lead product. The Company was also undertaking research to uncover the mechanism of action of their lead product in order to screen new compounds for development.

The Company has recently been expanding by the filing of an international PCT patent application (No. PCT/AU2010/001403) directed to enhanced proenzymes formulations and combination therapies. The international PCT application has been based on previous provisional patent applications capturing the Company's ongoing research and development in this area.

Further provisional patent filings are also expected to be filed to capture and protect additional patentable subject matter that is identified, namely further enhanced formulations, combination treatments, use of recombinant product, modes of action and molecular targets.

PROPANC HEALTH GROUP CORPORATION
(A Development Stage Company)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
(unaudited)

NOTE 10 – SUBSEQUENT EVENTS

The August 2010 and September 2010 agreement described in Notes 3 and 6 were terminated by the Company on June 6, 2011 and accordingly, none of the shares discussed in Note 6 vested and expense recognition related to the shares ceased on that date. The remaining unamortized portion of the prepaid cash fees disclosed in Note 3 were charged to operations upon the termination of the contract.

In May 2011, the Company entered into an agreement with a consultant whereby the consultant would provide acquisition services and be paid Success Fees in cash and equity based upon a stipulated percentage of the transaction price.

In June 2011, the Company entered into an agreement with a third party consultant where, upon filing of the Company's registration statement, the consultant would be entitled to the issuance of 7,215,365 unrestricted shares of the Company's common stock. Such shares will be initially valued on the agreement date and revalued at each reporting date with such value being recognized as expense, pro-rata over the term of the agreement and revalued on the final vesting date which is the measurement date.

The information in this prospectus is not complete and may be changed. The Selling Shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted by the law of such state or jurisdiction. 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 the prospectus. Any representation to the contrary is a criminal offense.

Subject to Completion, Dated August 18, 2011

PROPANC HEALTH GROUP CORPORATION

PROSPECTUS

14,383,174 Shares of Common Stock

This prospectus relates to the sale of up to 14,383,174 shares of our common stock which may be offered by the selling shareholders identified in this prospectus at a price of \$1.50 per share until a market for our common stock develops. All such shares being sold by the selling shareholders are presently issued and outstanding.

We will not receive any of the proceeds from sales of the Selling Shareholders' shares. The Selling Shareholders' shares may be offered from time to time by the Selling Shareholders, their pledges, donees, transferees, assignees and/or successors-in-interest, after the effective date of this prospectus in negotiated transactions or otherwise, at a fixed price of \$1.50 per share and thereafter at market prices prevailing at the time of sale or at negotiated prices.

The Selling Shareholders may sell up to 14,383,174 shares during the ninety (90) day period beginning after the date of this prospectus. No underwriting arrangements have been entered into by the Selling Shareholders. The distribution of the Selling Shareholders' shares by the Selling Shareholders, their pledges, their donees, transferees, assignees and/or successors-in-interest may be effected in one or more transactions that may take place on the over-the-counter market or exchange, including ordinary broker's transactions, privately-negotiated transactions or through sales to one or more dealers for resale, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the Selling Shareholders, their pledges, donees, transferees, assignees and/or successors-in-interest, in connection with sales of the Selling Shareholders' shares.

[Alternate Page for Selling Shareholders Prospectus]

On the date of this Prospectus, a registration statement under the Securities Act with respect to best efforts public offering of 5,000,000 shares of Common Stock was declared effective by the Securities and Exchange Commission.

THE SECURITIES OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK.SEE “RISK FACTORS.”

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is August ____, 2011

SS-ii

SHARES REGISTERED FOR RESALE

This prospectus covers 14,383,174 shares of our common stock being registered for resale. Please see “Selling Shareholders.”

PLAN OF DISTRIBUTION

The Selling Shareholders and any of their pledgees, donees, transferees, assignees and/or successors-in-interest may, from time to time, sell any or all of its shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Shareholders may use any one or more of the following methods when selling shares:

- ⌚ ordinary brokerage transactions and transactions in which the broker-dealer solicits investors;
- ⌚ block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- ⌚ purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- ⌚ an exchange distribution in accordance with the rules of the applicable exchange;
- ⌚ an underwritten offering;
- ⌚ privately negotiated transactions;
- ⌚ to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- ⌚ broker-dealers may agree with the Selling Shareholders to sell a specified number of such shares at a stipulated price per share;
- ⌚ a combination of any such methods of sale; and
- ⌚ any other method permitted pursuant to applicable law.

The Selling Shareholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Shareholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Shareholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Shareholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Shareholders may from time to time pledge or grant a security interest in some or all of the shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell shares of common stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of Selling Shareholders to include the pledgee, transferee or other successors in interest as Selling Shareholders under this prospectus.

Upon our being notified in writing by the Selling Shareholders that any material arrangement has been entered into with a broker-dealer for the sale of common stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such Selling Shareholders and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such the shares of common stock were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon our being notified in writing by any Selling Shareholder that a donee, pledgee, transferee, assignee and successors-in-interest intends to sell more than 500 shares of common stock, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The Selling Shareholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Shareholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriter” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of Securities will be paid by the Selling Shareholders and/or the purchasers. Each Selling Shareholder has represented and warranted to us that it acquired the securities subject to this registration statement in the ordinary course of such Selling Shareholders’ business and, at the time of its purchase of such securities such Selling Shareholders had no agreements or understandings, directly or indirectly, with any person to distribute any such securities.

We have advised each Selling Shareholder that it may not use shares offered by this prospectus to cover short sales of common stock made prior to the date of this prospectus. If a Selling Shareholder uses this prospectus for any sale of the common stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Shareholders will be responsible to comply with the applicable provisions of the Securities Act and the Securities Exchange Act of 1934, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Shareholders in connection with resales of their respective shares under this prospectus.

We are required to pay all fees and expenses incident to the registration of the Selling Shareholders’ shares, but we will not receive any proceeds from the sale of the common stock.

USE OF PROCEEDS

We will not receive any proceeds upon the sale of any of the Selling Shareholders' shares registered on behalf of the Selling Shareholders.

SELLING SHAREHOLDERS

The following table provides information about each selling shareholder listing how many shares of our common stock they own on the date of this prospectus, how many shares are offered for sale by this prospectus, and the number and percentage of outstanding shares each selling shareholder will own after the offering assuming all shares covered by this prospectus are sold. Each of our officers and director is a selling shareholder as disclosed in the notes to the following table. Except as disclosed in this prospectus, none of the selling shareholders have had any position, office, or material relationship with us or our affiliates within the past three years. The information concerning beneficial ownership has been taken from our stock transfer records and information provided by the selling shareholders. Information concerning the selling shareholders may change from time to time, and any changed information will be set forth if and when required in prospectus supplements or other appropriate forms permitted to be used by the SEC.

We do not know when or in what amounts a selling shareholder may offer shares for sale. The selling shareholders may not sell any or all of the shares offered by this prospectus. Because the selling shareholders may offer all or some of the shares, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares, we cannot estimate the number of the shares that will be held by the selling shareholders after completion of the offering. However, for purposes of this table, we have assumed that, after completion of the offering, all of the shares covered by this prospectus will be sold by the selling shareholder.

Unless otherwise indicated, the selling shareholders have sole voting and investment power with respect to their shares of common stock. All of the information contained in the table below is based upon information provided to us by the selling shareholders, and we have not independently verified this information. The selling shareholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time or from time to time since the date on which it provided the information regarding the shares beneficially owned, all or a portion of the shares beneficially owned in transactions exempt from the registration requirements of the Securities Act of 1933 or the Securities Act.

The number of shares outstanding and the percentages of beneficial ownership are based on 71,915,889 shares of our common stock issued and outstanding as of August 16, 2011. For the purposes of the following table, the number of shares common stock beneficially owned has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, or the Exchange Act, and such information is not necessarily indicative of beneficial ownership for any other purpose. Under Rule 13d-3, beneficial ownership includes any shares as to which a selling shareholder has sole or shared voting power or investment power and also any shares which that selling shareholder has the right to acquire within 60 days of the date of this prospectus through the exercise of any stock option, warrant or other rights.

[Alternate Page for Selling Shareholders Prospectus]

Name	Number of securities beneficially owned before offering	Number of securities to be offered	Number of securities owned after offering	Percentage of securities beneficially owned after offering
Academic Hearing Aids Pty Ltd. (1)	280,000	56,000	224,000	*
Bassey LLC (2)	610,702	122,140	488,562	*
Mario Beckles	2,354,793	470,959	2,211,606	3.1%
Paul Clayton	640,599	128,119	512,480	*
Henkell Brothers Australia Pty Ltd. (3)	277,778	55,555	222,223	*
Joshua Investments Pty Ltd. (4)	165,000	33,000	132,000	*
Dr. Julian Kenyon (5)	10,834,064	2,166,812	8,667,252	12.1%
Naibek Pty Ltd (6)	1,092,112	218,422	873,690	1.2%
North Horizon Investments Pty Ltd. (7)	10,032,261	2,006,452	8,025,809	11.2%
Northwind Trading Pty Ltd.	450,000	90,000	360,000	*
Notestar Pty Ltd. (8)	556,000	111,200	444,800	*
Ostrowski Properties Pty Ltd. (9)	6,300,395	1,260,079	5,040,316	7.0%
Putney Consultants Ltd. (10)	32,938,614	6,587,722	26,350,892	36.6%
Arnon Rodriguez	4,860,571	972,114	4,216,189	5.9%
Segev Nominees Pty Ltd. (11)	223,000	44,600	178,400	*
Suzani Pty Ltd. (12)	300,000	60,000	240,000	*

* Less than 1%.

- (1) Mr. Richard Dowell has voting power and dispositive control over these shares.
- (2) Mr. Ron Bassey has voting power and dispositive control over these shares.
- (3) Mr. Hans Henkell has voting power and dispositive control over these shares.
- (4) Mr. Josef Zelinger has voting power and dispositive control over these shares.
- (5) Dr. Julian Kenyon is a director of Propanc.
- (6) Mr. Mark Smith has voting power and dispositive control over these shares.
- (7) Mr. James Nathanielsz and Mrs. Sylvia Nathanielsz have voting power and dispositive control over these shares. Mr. Nathanielsz is an officer and director of Propanc.
- (8) Mr. Paul Mazor has voting power and dispositive control over these shares.
- (9) Mr. Jan Ostrowski and Mrs. Ywonna Ostrowski have voting power and dispositive control over these shares.
- (10) Dr. Douglas Mitchell, a director and executive officer of Propanc, has voting power and dispositive control over these shares.
- (11) Mr. Nick Loizou has voting power and dispositive control over these shares.
- (12) Mr. Richard Alston has voting power and dispositive control over these shares.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses payable by us in connection with the issuance and distribution of the securities being registered hereunder. No expenses shall be borne by the selling shareholder. All of the amounts shown are estimates, except for the SEC Registration Fees.

SEC registration fees	\$ 3,375.58
Printing expenses*	\$ 2,000.00
Accounting fees and expenses*	\$ 40,000.00
Legal fees and expenses*	\$ 25,000.00
Blue sky fees*	\$ 5,000.00
Miscellaneous*	\$ 5,000.00
Total*	<u>\$ 80,375.58</u>

* Estimate

Indemnification of Directors and Officers.

Our certificate of incorporation provides that none of our directors will be personally liable to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- For any breach of the director's duty of loyalty to us or our shareholders;
- For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- Under Section 174 of the Delaware General Corporation Law for the unlawful payment of dividends; or
- For any transaction from which the director derives an improper personal benefit.

These provisions eliminate our rights and those of our shareholders to recover monetary damages from a director for breach of his fiduciary duty of care as a director except in the situations described above. The limitations summarized above, however, do not affect our ability or that of our shareholders to seek non-monetary remedies, such as an injunction or rescission, against a director for breach of his fiduciary duty.

Section 145 of the Delaware General Corporation Law provides a corporation with the power to indemnify any officer or director acting in his capacity as our representative who is or is threatened to be made a party to any lawsuit or other proceeding for expenses, judgment and amounts paid in settlement in connection with such lawsuit or proceeding. The indemnity provisions apply whether the action was instituted by a third party or was filed by one of our shareholders. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise. We have provided for this indemnification in our Certificate of Incorporation because we believe that it is important to attract qualified directors and officers. We have also entered into Indemnification Agreements with our directors and officers which agreements are designed to indemnify them to the fullest extent permissible by law, subject to one limitation described in the next sentence. We have further provided in our Certificate of Incorporation that no indemnification shall be available, whether pursuant to our Certificate of Incorporation or otherwise, arising from any lawsuit or proceeding in which we assert a direct claim, as opposed to a shareholders' derivative action, against any directors and officers. This limitation is designed to insure that if we sue a director or officer we do not have to pay for his defense.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling Propanc pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Recent Sales of Unregistered Securities.

All of the sales below were made in reliance on the exemption provided in Regulation S or Section 4(2) of the Securities Act and Rule 506 thereunder. In connection with the sales under Regulation S, these securities were issued in offshore transactions to persons who are not U.S. Persons as defined by Regulation S under the Securities Act of 1933 and there were no directed selling efforts made in the United States. In connection with the sale under Section 4(2) of the Securities Act, the sales were made to accredited investors and there was no general solicitation.

On January 29, 2011, we issued 64,700,525 shares of our common stock to Propanc Pty Ltd shareholders in exchange for 100% of the shares of Propanc Pty Ltd common stock. Of these shares, 20% are being registered under this registration statement.

In June 2011, an aggregate of 7,215,364 shares were issued to two shareholders for services rendered by them to the company. These shares were valued at \$0.16 per share.

Exhibits and Financial Statement Schedules.

Exhibit No.	Exhibit Description	Incorporated by Reference		Filed
		Form	Date	Herewith
3.1	Certificate of Incorporation	S-1	June 23, 2011	
3.2	Bylaws	S-1	June 23, 2011	
4.1	Specimen Stock Certificate+			
5.1	Opinion of Gersten Savage LLP			Filed Herewith
10.1	Employment Agreement	S-1	June 23, 2011	
10.2	Exchange Offer Term Sheet	S-1	June 23, 2011	
10.3	Exchange Offer Registration Rights Agreement	S-1	June 23, 2011	
10.4	Exchange Offer Subscription Agreement	S-1	June 23, 2011	
10.5	University of Bath Joint Commercialization Agreement	S-1	June 23, 2011	
10.6	Business Consulting and Listing Agreement with Jersey Fortress Capital Partners, LLC	S-1	June 23, 2011	
10.7	Business Consulting and Acquisition Agreement with Jersey Fortress Capital Partners, LLC	S-1	June 23, 2011	
10.8	Consulting Agreement with Consulting for Strategic Growth I, Ltd.	S-1	June 23, 2011	
10.9	Research Engagement of Dr. Paul Clayton			Filed Herewith
10.10	Letter of Appointment with Dr. Julian Kenyon			Filed Herewith
10.11	Letter of Appointment with Dr. Douglas Mitchell			Filed Herewith
10.12	Research Agreement with the University of Bath			Filed Herewith
21.1	List of Subsidiaries	S-1	June 23, 2011	
23.1	Consent of Salberg & Company, PA			Filed Herewith
23.2	Consent of Gersten Savage LLP*			Filed Herewith

+ To be filed by amendment.

* Contained in Exhibit 5.1.

Undertakings

(a) The undersigned registrant hereby undertakes:

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

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

(ii) 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% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement.

(iii) 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;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment 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.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(b) 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 foregoing provisions, 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.

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 the City of Richmond, Australia, on August 18 , 2011.

PROPANC HEALTH GROUP CORPORATION

By: /s/ James Nathanielsz

James Nathanielsz
Chief Executive Officer
(Principal Executive Officer)

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

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James Nathanielsz</u> James Nathanielsz	Principal Executive Officer and Director	August 18 , 2011
<u>/s/ James Nathanielsz</u> James Nathanielsz	Chief Financial Officer (Principal Financial Officer) and Chief Accounting Officer (Principal Accounting Officer)	August 18 , 2011
<u>/s/ Dr. Douglas G. Mitchell</u> Dr. Douglas G. Mitchell	President and Chairman of the Board	August 18 , 2011
<u>/s/ Dr. Julian Kenyon</u> Dr. Julian Kenyon	Director	August 18 , 2011

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Reference Date	Filed Herewith
3.1	Certificate of Incorporation	S-1	June 23, 2011	
3.2	Bylaws	S-1	June 23, 2011	
4.1	Specimen Stock Certificate+			
5.1	Opinion of Gersten Savage LLP			Filed Herewith
10.1	Employment Agreement	S-1	June 23, 2011	
10.2	Exchange Offer Term Sheet	S-1	June 23, 2011	
10.3	Exchange Offer Registration Rights Agreement	S-1	June 23, 2011	
10.4	Exchange Offer Subscription Agreement	S-1	June 23, 2011	
10.5	University of Bath Joint Commercialization Agreement	S-1	June 23, 2011	
10.6	Business Consulting and Listing Agreement with Jersey Fortress Capital Partners, LLC	S-1	June 23, 2011	
10.7	Business Consulting and Acquisition Agreement with Jersey Fortress Capital Partners, LLC	S-1	June 23, 2011	
10.8	Consulting Agreement with Consulting for Strategic Growth I, Ltd.	S-1	June 23, 2011	
10.9	Research Engagement of Dr. Paul Clayton			Filed Herewith
10.10	Letter of Appointment with Dr. Julian Kenyon			Filed Herewith
10.11	Letter of Appointment with Dr. Douglas Mitchell			Filed Herewith
10.12	Research Agreement with the University of Bath			Filed Herewith
21.1	List of Subsidiaries	S-1	June 23, 2011	
23.1	Consent of Salberg & Company, PA			Filed Herewith
23.2	Consent of Gersten Savage LLP*			Filed Herewith

+ To be filed by amendment.

* Contained in Exhibit 5.1.

GERSTEN SAVAGE LLP

800 LEXINGTON AVENUE
NEW YORK NY 10022-6018
T: 212-752-9700
F: 212-980-5192
INFO@GERSTENSAVAGE.COM
WWW.GERSTENSAVAGE.COM

August 18, 2011

Propanc Health Group Corporation
576 Swan Street
Richmond, VIC, 3121, Australia

Gentlemen:

We have acted as counsel to Propanc Health Group Corporation, a Delaware corporation (the "Company") in connection with its filing of a registration statement on Form S-1/A Amendment No. 1 (the "Registration Statement") covering 14,383,174 shares of common stock, \$0.001 par value, to be sold by the selling shareholders ("Selling Shareholders") and 5,000,000 shares of common stock, \$0.001 par value, to be sold by the Company.

In our capacity as counsel to the Company, we have examined the copies of the Company's Certificate of Incorporation and By-laws, and the registration statement and all exhibits thereto.

With respect to factual matters, we have relied upon statements and certificates of officers of the Company. We have also reviewed such other matters of law and examined and relied upon such other documents, records and certificates as we have deemed relevant hereto. In all such examinations we have assumed conformity with the original documents of all documents submitted to us as conformed or photostatic copies, the authenticity of all documents submitted to us as originals and the genuineness of all signatures on all documents submitted to us.

In addition to the foregoing, we have also relied as to matters of fact upon the representations made by the Company and their representatives. In addition, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as certified or photostatic copies.

On the basis of the foregoing, we are of the opinion that the 14,383,174 shares of common stock to be sold by the Selling Shareholders have been validly authorized, legally issued, fully paid and non-assessable. In addition, the 5,000,000 shares of common stock, \$0.001 par value to be sold by the Company, when sold by the Company, will be validly authorized, legally issued, fully paid and non-assessable.

This opinion opines upon Delaware law including all applicable provisions of the statutory provisions, and reported judicial decisions interpreting those laws.

We hereby consent to the filing of this letter as an exhibit to the Registration Statement and to the reference to our Firm in the Prospectus included therein under the caption "Legal Matters". In giving such consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933 (the "Act") or the rules and regulations of the Commission promulgated thereunder, nor do we admit that we are experts with respect to any part of the Registration Statement or prospectus within the meaning of the term "expert" as defined in Section 11 of the Act or the rules and regulations promulgated thereunder.

Very truly yours,

/s/ Gersten Savage, LLP

Gersten Savage, LLP



22 May 2009

Dr Paul Clayton
1 Church Close, Church Street
Epsom, Surrey
KT17 4PT, United Kingdom

Dear Dr Clayton,

Thanks for your email of 19 May 2009 to confirm acceptability of the broad terms of research engagement. The purpose of this letter is to confirm the specific terms for Propanc Pty Ltd to engage you for the following contract work:

Contract Services

The services to be provided by you are:

- Identify and recommend additional active ingredients to enhance the efficacy of Propanc's current proenzyme formulation;
- Provide input into the testing of the new formulation; and
- Deliver a report outlining the proposed formulation and testing.

The services commenced as of 19 May 2009 and are to be completed by Friday 29 May 2009. The services must be provided by you personally.

Fee

Propanc shall pay you either a fee for services of £1000 per day, capped at two days work, or a total amount of £2000 if you can deliver the new formulation by the end of Monday 18 May 2009. The fee does not include any taxes for which you are responsible.

Success Fee

Propanc will organise to test your proposed formulation. If the proposed formulation has enhanced efficacy over Propanc's current formulation and is adopted by Propanc, an additional success fee of one percent (1%) of the currently issued ordinary shares in Propanc will be issued to you. These would be issued upon the terms of Propanc's Constitution and Shareholders Agreement.

ABN: 43 127 984 089 • p: +61 (0)3 9811 9936 • f: +61 (0)3 9813 5068 • a: PO Box 114, Camberwell VIC 3124 • w: www.propanc.com

Standard Terms

You shall undertake this work as an independent research consultant in accordance with our Researcher Standard Terms as attached.

Acceptance

To accept this engagement, including the Researcher Standard Terms, please sign this letter as indicated below and return the original. If you have any questions please do not hesitate to contact me.

Yours Sincerely,

James Nathanielsz



Acceptance of Offer

Name: Paul R Claitor

Date: 1-7-2009

Propanc Pty Ltd
Researcher Standard Terms

Researcher's Obligations

The Researcher warrants that it will exercise skill, care and diligence to a high standard in providing the services, complying with any reasonable directions given by or on behalf of Propanc and all applicable standards, laws and regulations.

The Researcher must either complete the services by the dates specified or provide the services at all agreed times during the term specified.

The services and any deliverables must be free from defects in performance, meet their purpose and be complete and in accordance with their description.

Fees and Payment

Payment will be made upon invoice within 30 days of either the completion of each relevant milestone to which it relates or following completion of the services.

The Researcher will be responsible for and will indemnify Propanc against all costs, taxes, imposts, levies, payments and other outgoings and expenses incurred in or in consequence of the performance by the Researcher of the services.

Confidential Information and Intellectual Property

The Researcher must treat any information it receives that is by its nature confidential, is designated as confidential or the Researcher knows or ought to know is confidential as confidential and must not, without the prior consent of Propanc, disclose or divulge the confidential information to any third party nor use it for any purpose other than the performance of the services.

All intellectual property created by the Researcher in relation to the services, Propanc formulation or any deliverables is owned by Propanc and the Researcher agrees to perform all acts and execute all documents necessary to establish such ownership rights. These terms do not affect the ownership of any pre-existing intellectual property, but the Researcher grants to Propanc a permanent, irrevocable, royalty-free, non-exclusive licence to use, reproduce, adapt and exploit any such pre-existing intellectual property contributed by the Researcher in conjunction with the services and deliverables.

The Researcher must not incorporate any third party intellectual property into the services or deliverables. The Researcher indemnifies Propanc against all loss, damage or expense arising in respect of any action or claim for alleged infringement of any third party intellectual property rights, by reason of Propanc's receipt or enjoyment of the services or deliverables.

Moral Rights

The Researcher warrants that the author of any material produced pursuant to the services has or will give a written consent to any act or omission by Propanc which would infringe any moral rights the author may have in such material. The Researcher agrees to indemnify and keep indemnified Propanc from and against all liability arising from any action or failure of Propanc in relation to an author's moral rights.

Termination

This agreement will terminate upon completion of the services and may otherwise be terminated by either party upon 14 days notice to the other. Propanc may terminate this agreement upon breach by Researcher if such breach is not rectified within 7 days of notice from Propanc, immediately if steps are taken to have the Researcher found bankrupt or wound up.

Subcontracting

The Researcher must not subcontract the performance of any of the Researcher's obligations under this agreement without Propanc's written consent.

Relationship

The relationship between Propanc and the Researcher is one of independent Researchers and nothing in this agreement creates or evidences a relationship of partnership, joint venture, trust, employment, agency or otherwise.

Insurance

The Researcher will provide and pay for all insurance which a reasonable and prudent person would consider to be appropriate in the conduct of a business the same as or similar to the Researcher's business in providing the services, including (but not limited to) public liability, professional indemnity and worker's compensation insurance.

Applicable Law

These terms are governed by and construed in accordance with the laws of Victoria, Australia.

12 February 2008

Dear Julian,

Propanc Scientific Director - Letter of Appointment

I am pleased to welcome you as a Director to the Board of Propanc Pty Ltd. The purpose of this letter is to outline the scope of your appointment and for you to acknowledge acceptance of this position.

Appointment & Duties

- 1.1 You accept appointment as a Director to the Board of Propanc. You will act as an independent Director and your general responsibilities and expect conduct will be those of a director to a private company and further specific responsibilities as detailed below or agreed with Propanc from time to time.

Additionally, your role includes providing guidance, technical expertise and where applicable, assistance in managing Propanc's Research and Development programs. You will also be a key member of the Scientific Advisory Board and provide input into the creation and establishment of the Board and its participants.

- 1.2 You will be required to comply with all laws relating to director's duties, Propanc's Constitution (a copy of which is attached for your reference) and Propanc's policies.
- 1.3 You will provide your services as an independent consultant. The Board of Propanc has determined that no Director's fees should be paid until further capital is obtained.
- 1.4 Propanc will generally organise all travel, accommodation and other reasonable travel expenses and will otherwise reimburse you for pre-agreed and incidental expenses. Any required international flights will be booked business class and domestic flights will be domestic class.

Specific Responsibilities

- 2.1 You will be required to prepare for and attend at least 4 Board meetings per year. Meetings will be held on dates and at locations nominated by Propanc and agreed with the Board. Meetings are generally held on a quarterly basis and attendance at additional meetings may be required when necessary.
- 2.2 You may also be required to participate in sub-committees of the Board, such as the Scientific Advisory Board.

Policies

- 3.1 You will be required to comply with Propanc's applicable policies and procedures as advised to you and as varied by the Board in its discretion from time to time.
-

Conflict of Interest

- 4.1 You must immediately declare to Propanc any conflict of interest or potential conflict of interest that may arise in relation to your role as a Director of Propanc. You must comply with such procedures as Propanc may adopt in relation to any such conflicts of interest.
- 4.2 Unless approved by Propanc, you agree not to be involved in any activities, in any capacity, which creates or may create a conflict of interest with Propanc or may interfere with or detract from your role as a Director.

Insurance

- 5.1 Propanc has not obtained Directors and Officers Insurance. This may be obtained when considered necessary by the Board.

Intellectual Property

- 6.1 Any intellectual property generated by you in relation to your role as a Director of Propanc shall be legally and beneficially owned by Propanc.
- 6.2 You agree to perform all such acts and execute all such agreements and other documents as Propanc reasonably requires, at its expense, to perfect its rights to such intellectual property.

Confidential Information

- 7.1 In the course of your duties you may receive information that is confidential to Propanc and/or its business partners. You agree not to, except in the proper course of your duties or in other circumstances permitted by Propanc, either during the course of your appointment or after, divulge to any third party or make use of any confidential information you become aware of during the course of or incidental to your appointment.
- 7.2 'Confidential Information' includes all information (including copies thereof) regardless of form and disclosure method, disclosed by or on behalf of Propanc to you, that by its nature is confidential, is designated as confidential or the you know or ought reasonably to know is confidential and may include, without limitation, all information relating to Propanc's business, field of business, research, proposed business or research, technologies or products.

Term and Termination

- 8.1 You are appointed on an on-going basis at the discretion of the Chairman/majority of the Board.
 - 8.2 Either the Chairman/Board or yourself may terminate your appointment immediately upon written notice to the other party without cause. In this instance you will be paid for service completed but will not receive any form of termination payment.
 - 8.3 Subject to any Deed of Indemnity between yourself and Propanc, you undertake that, on the termination of your appointment (however occurring), you will immediately deliver to Propanc all materials and confidential information relation to the affairs of Propanc and all of Propanc's property in your possession or control and that you will not retain any copies thereof.
-

8.4 Upon any termination of your appointment, you warrant and undertake that you, whether directly or indirectly, or in connection with any other entity, will not:

- (a) carry on any business or be engaged or connected with any business in competition with the activities of Propanc; or
- (b) hire away or attempt to hire away or otherwise engage any employee, key advisor or consultant of Propanc;

within a worldwide restraint area for a restraint period of 12 months.

Acceptance

To accept this offer, and the above conditions, please sign this letter as indicated below and return an original to me. If you have any questions please do not hesitate to contact me.

We look forward to your acceptance of this offer and to welcoming you to the Board.

Kind regards,

Attached:

- Constitution

I accept this appointment as a Director to the Board of Propanc

Signed:

Name:

Date:

12 February 2008

Dear Doug,

Propanc Director - Letter of Appointment

I am pleased to welcome you as a Director to the Board of Propanc Pty Ltd. The purpose of this letter is to outline the scope of your appointment and for you to acknowledge acceptance of this position.

Appointment & Duties

- 1.1 You accept appointment as a Director to the Board of Propanc. You will act as an independent Director and your general responsibilities and expect conduct will be those of a director to a private company and further specific responsibilities as detailed below or agreed with Propanc from time to time.
- 1.2 You will be required to comply with all laws relating to director's duties, Propanc's Constitution (a copy of which is attached for your reference) and Propanc's policies.
- 1.3 You will provide your services as an independent consultant. The Board of Propanc has determined that no Director's fees should be paid until further capital is obtained.
- 1.4 Propanc will generally organise all travel, accommodation and other reasonable travel expenses and will otherwise reimburse you for pre-agreed and incidental expenses. Any required international flights will be booked business class and domestic flights will be domestic class.

Specific Responsibilities

- 2.1 You will be required to prepare for and attend at least 4 Board meetings per year. Meetings will be held on dates and at locations nominated by Propanc and agreed with the Board. Meetings are generally held on a quarterly basis and attendance at additional meetings may be required when necessary.
- 2.2 You may also be required to participate in sub-committees of the Board, such as the Scientific Advisory Board.

Policies

- 3.1 You will be required to comply with Propanc's applicable policies and procedures as advised to you and as varied by the Board in its discretion from time to time.

Conflict of Interest

- 4.1 You must immediately declare to Propanc any conflict of interest or potential conflict of interest that may arise in relation to your role as a Director of Propanc. You must comply with such procedures as Propanc may adopt in relation to any such conflicts of interest.
-

- 4.2 Unless approved by Propanc, you agree not to be involved in any activities, in any capacity, which creates or may create a conflict of interest with Propanc or may interfere with or detract from your role as a Director.

Insurance

- 5.1 Propanc has not obtained Directors and Officers Insurance. This may be obtained when considered necessary by the Board.

Intellectual Property

- 6.1 Any intellectual property generated by you in relation to your role as a Director of Propanc shall be legally and beneficially owned by Propanc.
- 6.2 You agree to perform all such acts and execute all such agreements and other documents as Propanc reasonably requires, at its expense, to perfect its rights to such intellectual property.

Confidential Information

- 7.1 In the course of your duties you may receive information that is confidential to Propanc and/or its business partners. You agree not to, except in the proper course of your duties or in other circumstances permitted by Propanc, either during the course of your appointment or after, divulge to any third party or make use of any confidential information you become aware of during the course of or incidental to your appointment.
- 7.2 'Confidential Information' includes all information (including copies thereof) regardless of form and disclosure method, disclosed by or on behalf of Propanc to you, that by its nature is confidential, is designated as confidential or the you know or ought reasonably to know is confidential and may include, without limitation, all information relating to Propanc's business, field of business, research, proposed business or research, technologies or products.

Term and Termination

- 8.1 You are appointed on an on-going basis at the discretion of the Chairman/majority of the Board.
- 8.2 Either the Chairman/Board or yourself may terminate your appointment immediately upon written notice to the other party without cause. In this instance you will be paid for service completed but will not receive any form of termination payment.
- 8.3 Subject to any Deed of Indemnity between yourself and Propanc, you undertake that, on the termination of your appointment (however occurring), you will immediately deliver to Propanc all materials and confidential information relation to the affairs of Propanc and all of Propanc's property in your possession or control and that you will not retain any copies thereof.
-

8.4 Upon any termination of your appointment, you warrant and undertake that you, whether directly or indirectly, or in connection with any other entity, will not:

(a) carry on any business or be engaged or connected with any business in competition with the activities of Propanc; or

(b) hire away or attempt to hire away or otherwise engage any employee, key advisor or consultant of Propanc;

within a worldwide restraint area for a restraint period of 12 months.

Acceptance

To accept this offer, and the above conditions, please sign this letter as indicated below and return an original to me. If you have any questions please do not hesitate to contact me.

We look forward to your acceptance of this offer and to welcoming you to the Board.

Kind regards,

Attached:

· Constitution

I accept this appointment as a Director to the Board of Propanc

Signed:

Name:

Date:

UNIVERSITY OF BATH

Dated: 18 July 2008

(1) UNIVERSITY OF BATH

(2) PROPANC PTY LTD

**RESEARCH AGREEMENT
IN THE DEPARTMENT OF BIOLOGY AND BIOCHEMISTRY RELATING TO PRO-ENZYME TECHNOLOGY AND AN
INVESTIGATION INTO ITS ROLE AS AN EFFECTIVE
ANTI-CANCER AGENT**

THIS AGREEMENT dated18 July.....2008 is made **BETWEEN:**

- (1) **UNIVERSITY OF BATH**, whose administrative offices are at Claverton Down, Bath BA2 7AY ("the University"); and
- (2) **PROPANC PTY LTD**, a company registered in the State of Victoria in Australia under number ACN 127 984 089, whose registered office is at Glen Iris, Victoria 3146 ("the Sponsor")

1. **DEFINITIONS**

In this Agreement the following expressions have the meaning set opposite:

Academic Publication:	the publication of an abstract, article or paper in a journal, or its presentation at a conference or seminar or any other public disclosure of the Sponsor's Confidential Information or the Results; and in clauses 5 and 6 "to Publish" and "Publication" are to be construed as references to Academic Publication;
this Agreement:	this document, including its Schedules, as amended from time to time in accordance with clause 10.9;
Background:	information, techniques, data, software and materials (regardless of the form or medium in which they are disclosed or stored) that are provided by one party to the other for use in the Project (whether before or after the date of this Agreement), except any Result; The Sponsor's Background includes without limit the Pro-Enzyme;
a Business Day:	Monday to Friday (inclusive) except bank or public holidays in England;
Confidential Information:	each party's confidential information is: any Background disclosed by that party to the other for use in the Project and identified as confidential before or at the time of disclosure; and any Results in which that party owns the Intellectual Property;
the Effective Date:	18 July 2008
the Financial Contribution:	the financial contribution to be provided by the Sponsor set out in Schedule 1;
the Field:	use of pancreatic pro-enzymes in cancer therapies;

a Group Company:	any undertaking which is, on or after the date of this Agreement from time to time, a subsidiary undertaking of the Sponsor, a parent undertaking of the Sponsor or a subsidiary undertaking of a parent undertaking of the Sponsor, as those terms are defined in section 258 of the Companies Act 1985;
Intellectual Property:	patents, trade marks, service marks, registered designs, copyrights, database rights, design rights, Know-how, applications for any of the above, and any similar right recognised from time to time in any jurisdiction, together with all rights of action in relation to the infringement of any of the above;
Know-how:	unpatented practical and/or technical information which is capable of comprehensive description (including, without limitation, information relating to inventions, discoveries, concepts, methodologies, models, research, development and testing procedures, the results of experiments, tests and trials, manufacturing processes, techniques and specifications, quality control data, analyses, reports and submissions) that is not in the public domain;
the Principal Investigator:	Dr. David Tosh;
the Project:	the programme of work described in Schedule 2, as amended from time to time in accordance with clause 10.9;
the Project Period:	the period described in clause 2.1;
the Pro-Enzyme	the Sponsor's proprietary preparation in pro-enzyme form of pancreatic enzymes;
the Results:	all information, data, results, inventions and software identified or first reduced to practice or writing in the course of the Project; and
the Territory:	worldwide or such other territory as the parties may agree.

2. THE PROJECT

- 2.1 The Project will begin on the Effective Date and will continue until 17 October 2008 or until any later date agreed in writing between the parties or until this Agreement is terminated in accordance with clause 8 or 9. If this Agreement is entered into after the Effective Date, it will apply retrospectively to work carried out in relation to the Project on or after the Effective Date.
- 2.2 The University will carry out the tasks allotted to it in Schedule 2, and will use all reasonable endeavours to provide the human resources, requisite materials, facilities and equipment that are designated as its responsibility in Schedule 2. The Project will be carried on under the direction and supervision of the Principal Investigator.
- 2.3 Although the University will use reasonable endeavours to carry out the Project diligently within the scope allowed by the Sponsor's funding and in accordance with Schedule 2, the University does not undertake that any research will lead to any particular result, nor does it guarantee a successful outcome to the Project.
- 2.4 The University will use all reasonable endeavours to provide the Sponsor with monthly updates on the progress of the Project and, following finishing the Project, will provide the Sponsor with a final written report on the outcome of the Project including a copy of all of the Results.
- 2.5 The University warrants to the Sponsor that the University has full power and authority under its constitution, and, subject to clause 7.1, has taken all necessary actions and obtained all authorisations, licences, consents and approvals, to allow it to enter into this Agreement and to carry out the Project.
- 2.6 The Sponsor undertakes and covenants that it shall provide the Pro-Enzyme and also a placebo carrier to the University and that in so doing both the Pro-Enzyme and the placebo carrier will be provided in blind form so that the University shall not be able to identify which is which. The Sponsor acknowledges the key importance to the University of the Sponsor complying with this obligation.

3. FINANCIAL CONTRIBUTION AND EXTERNAL FUNDING

- 3.1 The Financial Contribution will be payable by the Sponsor to the University upon execution of this Agreement and Sponsor will pay the Financial Contribution within 30 days after receipt by the Sponsor of an invoice in respect of the same.
- 3.2 The University will keep complete and accurate accounts of its expenditure on the Project.
- 3.3 If expenditure is itemised in Schedule 1 by reference to stated categories, the University may apply funds there stated as being applicable to one category to another category in response to changes in the research needs of the Project; provided that the amounts due from the Sponsor are not increased in consequence.

- 3.4 All amounts payable to the University under this Agreement are exclusive of VAT (or any similar tax) which the Sponsor will pay at the rate from time to time prescribed by law
- 3.5 If the Sponsor fails to make any payment due to the University under this Agreement, without prejudice to any other right or remedy available to the University, the University may charge interest (both before and after any judgement) on the amount outstanding, on a daily basis at the rate of [four] per cent per annum above the London Interbank Offer Rate from time to time in force. That interest will be calculated from the date or last date for payment to the actual date of payment, both dates inclusive, and will be compounded quarterly. The Sponsor will pay that interest to the University on demand.
- 3.6 The University will own all equipment purchased or constructed by it, or for it, using the Financial Contribution.

4. USE AND EXPLOITATION OF INTELLECTUAL PROPERTY

- 4.1 This Agreement does not affect the ownership of any Intellectual Property in any Background or in any other technology, design, work, invention, software, data, technique or materials that are not Results. The Intellectual Property in them will remain the property of the party that contributes them to the Project (or its licensors). No licence to use any Intellectual Property is granted or implied by this Agreement except the rights expressly granted in this Agreement.
- 4.2 Each Party grants the other a royalty-free, non-exclusive licence to use its Background for the purpose of carrying out the Project, but for no other purpose. Neither party may grant any sub-licence to use the other's Background except that the Sponsor may allow its Group Companies, and any person working for, or on behalf of the Sponsor or any Group Company, to use the University's Background for the purpose of carrying out the Project, but for no other purpose.
- 4.3 The University will own the Intellectual Property in the Results and subject to clause 4.6.5, may take such steps as it may decide from time to time, and at its own expense, to register and maintain any protection for that Intellectual Property, including filing and prosecuting patent applications for any of the Results. Where any third party is involved in the Project, the University or the party engaging that contractor (as the case may be) will ensure that that contractor assign any Intellectual Property they may have in the Results in order to be able to give effect to the provisions of this clause 4. Where a student of the University is involved in the Project the University will ensure that any Intellectual Property in the Results shall be owned by or assigned to it.
- 4.4 Each of the parties will notify the other promptly after identifying any Result that it believes is patentable, and will supply the other with copies of that Result. The University will notify other Results to the Sponsor in the final report provided under clause 2.4.
- 4.5 The University hereby grants to the Sponsor a non-exclusive, indefinite, fully paid-up, royalty free licence to use the Intellectual Property in any of the Results for the Sponsor's own internal research and development purposes in the Field in the Territory only. This licence includes the right to sub-licence to any Group Company and to any person working for, or on behalf of, the Sponsor or any Group Company, but only for the purpose of carrying out that work, and otherwise without the right to sub-licence.
- 4.6 4.6.1 The University hereby grants to the Sponsor a fully paid up option ("the Option") to negotiate the terms on which the University will grant the Sponsor an exclusive licence (with the right to sub-licence) to exploit the Intellectual Property in certain of the Results in the Field in the Territory.
- 4.6.2 the Option shall be and remain in effect during the Project Period and for a further 3 month period, whereupon if not exercised it shall lapse and be of no further effect.

- 4.6.3 If at any time during which the Option is in effect the Sponsor at its discretion elects to exercise the Option the Sponsor shall give the University written notice (an "Option Notice") stating that it wishes to negotiate the terms on which the University will grant the Sponsor an exclusive licence (with the right to sub-licence) to use certain of the Results (the "Licence"). The Licence may be granted by any subsidiary company of the University set up to undertake the University's technology transfer activities.
- 4.6.4 Following the University's receipt of an Option Notice, the parties will negotiate in good faith for a period of up to 6 months after the date of receipt of the Option Notice (the "Negotiation Period") an agreement for the grant of the Licence on fair and reasonable terms which will take into account the financial and intellectual contribution of the Sponsor to the generation of the relevant Results. The parties shall exercise reasonable diligence to complete such negotiations within the Negotiation Period. If the parties are unable to agree the terms of the Licence within the Negotiation Period, then if either party gives written notice within 30 days of the end of the Negotiation Period that it wishes the matter to be referred for settlement by an independent person, the terms of the Licence shall be settled by a qualified solicitor who has at least 10 years experience of the terms of intellectual property licence agreements in the Field or a similar field and who shall be appointed jointly by the parties or, in the absence of agreement as to the appointment, selected by the President of the Law Society. In that event, the parties shall promptly execute a licence agreement in the terms settled by such counsel and shall each pay half of the costs of such settlement by counsel. Upon failure to agree the terms of the Licence within the Negotiation Period and upon failure to refer the matter for settlement as contemplated above, the Sponsor's rights under clauses 4.6.1, 4.6.2, 4.6.3, 4.6.4 and 4.6.5 (but not the licence in clause 4.5) will lapse.
- 4.6.4.1 The parties acknowledge their intent that the terms of the Licence shall provide (inter alia) for the Intellectual Property in the licensed Results to be assigned to the Sponsor upon certain commercialisation milestones (to be determined) being achieved by the Sponsor in relation to the same.
- 4.6.5 Until the earlier of the end of the Negotiation Period and the grant of the Licence, the University will consult with the Sponsor about making patent applications in respect of the Results. If, during the period the Option is in effect or during the Negotiation Period, the Sponsor wishes the University to apply for any patent in relation to any of the Results, the Sponsor will reimburse to the University the reasonable costs and expenses incurred by the University since the date of this Agreement in relation to the filing and prosecution of that patent application, including (without limitation) patent agents' fees.
- 4.7 Despite the provisions of clause 4.6 or the grant of any licence under clause 4.6, the University and each employee and student of the University will have the irrevocable, royalty-free right to use the Results and also any Background of the Sponsor necessary to so use the Results (to the extent that it is not Confidential Information) for the purposes of academic teaching and academic research. For the avoidance of doubt, once the Sponsor's rights under clause 4.6 have lapsed, the University may use the Results in research projects in the Field that are sponsored by any third party and may also exploit any Intellectual Property in the Results in the Field. The rights in this clause are subject to the rules on Academic Publication in clause 5.

5. **ACADEMIC PUBLICATION**

- 5.1 The Project is undertaken in pursuance of a primary charitable purpose of the University; that is the advancement of education through teaching and research. Therefore, any employee or student of the University (whether or not involved in the Project) may, provided the University has not received a Confidentiality Notice under clause 5.2:

- 5.1.1 discuss work undertaken as part of the Project in University seminars, tutorials and lectures; and
- 5.1.2 Publish any of the Results and also any Background of the Sponsor (unless it is the Sponsor's Confidential Information).
- 5.2 The University will submit to the Sponsor, in writing, details of any Results and any of the Sponsor's Background that any employee or student of the University intends to Publish for the first time, at least [30] days before the date of the proposed Publication. The Sponsor may, by giving written notice to the University ("a Confidentiality Notice") require the University: (i) to delay the proposed Publication for a maximum of six [6] months after receipt of the Confidentiality Notice if, in the Sponsor's reasonable opinion, that delay is necessary in order to seek patent or similar protection for any of the Sponsor's Background or any Results that are to be Published. Additionally, if the Sponsor can demonstrate that even with a delay six [6] months, patent rights in the Results would still be lost or reduced, the Sponsor may request that such delay be extended to no more than twelve [12] months after receipt of the Confidentiality Notice and the University shall not unreasonably refuse such request; and/or (ii) excise from the Publication any of the Sponsor's Background that is Confidential Information. The Sponsor must give that Confidentiality Notice within [30] days after the Sponsor receives details of the proposed Publication. If the University does not receive a Confidentiality Notice within that period, its employee or student may proceed with the proposed Publication, provided that, whether or not it has received a Confidentiality Notice, any of the Sponsor's Background that is Confidential Information may not be published.

6. CONFIDENTIALITY

- 6.1 Subject to clause 5, neither party will either during the Project Period or for 5 years after the end of the Project Period, disclose to any third party, nor use for any purpose except carrying out the Project, any of the other party's Confidential Information.
- 6.2 Neither party will be in breach of any obligation to keep any Background, Results or other information confidential or not to disclose it to any other party to the extent that it:
 - 6.2.1 is known to the party making the disclosure before its receipt from the other party, and not already subject to any obligation of confidentiality to the other party;
 - 6.2.2 is or becomes publicly known without any breach of this Agreement or any other undertaking to keep it confidential;
 - 6.2.3 has been obtained by the party making the disclosure from a third party in circumstances where the party making the disclosure has no reason to believe that there has been a breach of an obligation of confidentiality owed to the other party;
 - 6.2.4 has been independently developed by the party making the disclosure;
 - 6.2.5 is disclosed pursuant to the requirement of any law or regulation (provided, in the case of a disclosure under the Freedom of Information Act 2000, none of the exceptions to that Act applies to the information disclosed) or the order of any Court of competent jurisdiction, and the party required to make that disclosure has informed the other, within a reasonable time after being required to make the disclosure, of the requirement to make the disclosure and the information required to be disclosed;
or
 - 6.2.6 is approved for release in writing by an authorised representative of the other party.

- 6.3 The Sponsor will not be in breach of any obligation to keep any of the Results, the University's Background, or other information, confidential or not to disclose them to any third party, by making them available to any Group Company or any person working for or on behalf of the Sponsor or a Group Company, who needs to know the same in order to exercise the rights granted in clauses 4.5 or 4.6, provided they are not used except as expressly permitted by this Agreement and the recipient undertakes to keep that Background, those Results or that other information confidential. The Sponsor is and will remain liable for any breach of confidentiality by the recipient.
- 6.4 If the University receives a request under the Freedom of Information Act 2000 to disclose any information that, under this Agreement, is the Sponsor's Confidential Information, it will notify the Sponsor and will consult with the Sponsor. The Sponsor will respond to the University within 10 days after receiving the University's notice if that notice requests the Sponsor to provide information to assist the University to determine whether or not an exemption to the Freedom of Information Act applies to the information requested under that Act.
- 6.5 Neither the University nor the Sponsor will use the other's name or logo in any press release or product advertising, or for any other promotional purpose, without first obtaining the other's written consent; except that the University may identify the sums received from the Sponsor in the University's Annual Report and similar publications.

7. LIMITATION OF LIABILITY

- 7.1 Neither of the parties makes any representation or gives any warranty to the other that any advice or information given by it or any of its employees or students who work on the Project, or the content or use of any Results, Background or materials, works or information provided in connection with the Project, will not constitute or result in any infringement of third-party rights.
- 7.2 Except under the indemnity in clause 7.3, and subject to clause 7.6, neither party accepts any responsibility for any use which may be made by the other party of any Results, nor for any reliance which may be placed by that other party on any Results, nor for advice or information given in connection with any Results.
- 7.3 The Sponsor will indemnify the University, the Principal Investigator and every other employee and student of the University (the Indemnified Parties), and keep them fully and effectively indemnified, against each and every claim made against any of the Indemnified Parties as a result of the Sponsor's use of any of the Results or any materials, works or information received from them pursuant to the terms of this Agreement, provided that the Indemnified Party must:
- 7.3.1 promptly notify the Sponsor of details of the claim;
- 7.3.2 not make any admission in relation to the claim;
- 7.3.3 allow the Sponsor to have the conduct of the defence or settlement of the claim; and
- 7.3.4 give the Sponsor all reasonable assistance (at the Sponsor's expense) in dealing with the claim.

The indemnity in this clause will not apply to the extent that the claim arises or is contributed towards as a result of the Indemnified Party's negligence, knowing infringement of a third party Intellectual Property right, breach of clause 6 or the deliberate breach of this Agreement. For the purpose of the foregoing sentence, "knowing" shall mean the actual knowledge of the Principle Investigator and any other researcher of the University engaged on the Project.

- 7.4 Subject to clause 7.6, and except under the indemnity in clause 7.3, the liability of either party to the other for any breach of this Agreement, any negligence or arising in any other way out of the subject matter of this Agreement, the Project and the Results, will not extend to any indirect damages or losses, or any loss of profits, loss of revenue, loss of data, loss of contracts or opportunity, whether direct or indirect, even if the party bringing the claim has advised the other of the possibility of those losses, or if they were within the other party's contemplation.
- 7.5 Subject to clause 7.6, and except under the indemnity in clause 7.3, the aggregate liability of each party to the other for all and any breaches of this Agreement, any negligence or arising in any other way out of the subject matter of this Agreement, the Project and the Results, will not exceed in total the Financial Contribution.
- 7.6 Nothing in this Agreement limits or excludes either party's liability for:
- 7.6.1 death or personal injury;
- 7.6.2 any fraud or for any sort of liability that, by law, cannot be limited or excluded; or
- 7.6.3 any loss or damage caused by a deliberate breach of this Agreement or a breach of clause 6
- 7.7 The express undertakings and warranties given by the parties in this Agreement are in lieu of all other warranties, conditions, terms, undertakings and obligations, whether express or implied by statute, common law, custom, trade usage, course of dealing or in any other way. All of these are excluded to the fullest extent permitted by law.

8. **FORCE MAJEURE**

If the performance by either party of any of its obligations under this Agreement (except a payment obligation) is delayed or prevented by circumstances beyond its reasonable control, that party will not be in breach of this Agreement because of that delay in performance. However, if the delay in performance is more than 2 months, the other party may terminate this Agreement with immediate effect by giving written notice.

9. **TERMINATION**

- 9.1 Either party may terminate this Agreement with immediate effect by giving notice to the other party if:
- 9.1.1 the other party is in breach of any provision of this Agreement and (if it is capable of remedy) the breach has not been remedied within 30 days after receipt of written notice specifying the breach and requiring its remedy; or
- 9.1.2 the other party becomes insolvent, or if an order is made or a resolution is passed for its winding up (except voluntarily for the purpose of solvent amalgamation or reconstruction), or if an administrator, administrative receiver or receiver is appointed over the whole or any part of the other party's assets, or if the other party makes any arrangement with its creditors.

- 9.2 Clauses 1, 4 (except clauses 4.5 and 4.6 if the University terminates this Agreement under clause 9.1), 5, 6, 7, 8, 9.2, 9.3 and 10 will survive the expiry of the Project Period or the termination of this Agreement for any reason and will continue in force and effect.
- 9.3 On the termination of this Agreement, the Sponsor will pay the University for all work done prior to termination. If the Sponsor has paid any of the Financial Contribution in advance and the whole of that contribution has not, by the end of the Project Period or the termination of this Agreement, been used or irrevocably committed by the University for the research needs of the Project, the University will return to the Sponsor the unused/un-irrevocably committed portion of that contribution.
- 9.4 Upon termination by the University under clause 9.1 or upon the Sponsor suffering any of the events referred to in clause 9.1.2, any Option Notice (as defined in clause 4.6.3) received by the University after such time will be of no effect and clauses 4.6.3 and 4.6.4 will not apply in relation to that Option Notice.

10. **GENERAL**

- 10.1 **Notices:** Any notice to be given under this Agreement must be in writing, may be delivered to the other party or parties by any of the methods set out in the left hand column below, and will be deemed to be received on the corresponding day set out in the right hand column:

Method of service	Deemed day of receipt
By hand or courier	the day of delivery
By pre-paid airmail post	the tenth Business Day after posting
By fax (provided the sender's fax machine confirms complete and error-free transmission of that notice to the correct fax number)	the next Business Day after sending or, if sent before 16.00 (sender's local time) on the Business Day it was sent
By email (provided the sender has confirmation that the message was received)	the next Business Day after sending or, if sent before 16.00 (sender's local time) on the Business Day it was sent

The parties' respective representatives for the receipt of notices are, until changed by notice given in accordance with this clause, as follows:

For the University:

Name: Dr. David Tosh

Address:

Department of Biology and Biochemistry
University of Bath
Claverton Down
Bath BA2 7AY

Fax number: 01225 386779

Email: D.Tosh@bath.ac.uk

For the Sponsor:

Name: James Nathanielsz

Address:

Propanc Pty Ltd
PO Box 114
Camberwell, Victoria
AUSTRALIA 3124

Fax number: +61 (0)3 9813 5068

Email: j.nathanielsz@iinet.net.au

- 10.2 **Headings:** The headings in this Agreement are for ease of reference only; they do not affect its construction or interpretation.
- 10.3 **Assignment:** Neither party may assign or transfer this Agreement as a whole, or any of its rights or obligations under it, without first obtaining the written consent of the other party. That consent may not be unreasonably withheld or delayed.
- 10.4 **Illegal/unenforceable provisions:** If the whole or any part of any provision of this Agreement is void or unenforceable in any jurisdiction, the other provisions of this Agreement, and the rest of the void or unenforceable provision, will continue in force in that jurisdiction, and the validity and enforceability of that provision in any other jurisdiction will not be affected.
- 10.5 **Waiver of rights:** If a party fails to enforce, or delays in enforcing, an obligation of the other party, or fails to exercise, or delays in exercising, a right under this Agreement, that failure or delay will not affect its right to enforce that obligation or constitute a waiver of that right. Any waiver of any provision of this Agreement will not, unless expressly stated to the contrary, constitute a waiver of that provision on a future occasion.
- 10.6 **No agency:** Nothing in this Agreement creates, implies or evidences any partnership or joint venture between the parties, or the relationship between them of principal and agent. Neither party has any authority to make any representation or commitment, or to incur any liability, on behalf of the other.

- 10.7 **Entire agreement:** This Agreement constitutes the entire agreement between the parties relating to its subject matter. Each party acknowledges that it has not entered into this Agreement on the basis of any warranty, representation, statement, agreement or undertaking except those expressly set out in this Agreement. Each party waives any claim for breach of this Agreement, or any right to rescind this Agreement in respect of, any representation which is not an express provision of this Agreement. However, this clause does not exclude any liability which either party may have to the other (or any right which either party may have to rescind this Agreement) in respect of any fraudulent misrepresentation or fraudulent concealment prior to the execution of this Agreement.
- 10.8 **Formalities:** Each party will take any action and execute any document reasonably required by the other party to give effect to any of its rights under this Agreement, or to enable their registration in any relevant territory provided the requesting party pays the other party's reasonable expenses.
- 10.9 **Amendments:** No variation or amendment of this Agreement will be effective unless it is made in writing and signed by each party's representative.
- 10.10 **Third parties:** No one except a party to this Agreement has any right to prevent the amendment of this Agreement or its termination, and no one except a party to this Agreement may enforce any benefit conferred by this Agreement, unless this Agreement expressly provides otherwise.
- 10.11 **Governing law:** This Agreement is governed by, and is to be construed in accordance with, English law. The English Courts will have exclusive jurisdiction to deal with any dispute which has arisen or may arise out of, or in connection with, this Agreement, except that either party may bring proceedings for an injunction in any jurisdiction.
- 10.12 **Escalation:** If the parties are unable to reach agreement on any issue concerning this Agreement or the Project within 14 days after one party has notified the other of that issue, they will refer the matter to the Pro-Vice Chancellor for Research in the case of the University, and to [*insert officer*] in the case of the Sponsor in an attempt to resolve the issue within 14 days after the referral. Either party may bring proceedings in accordance with clause 10.11 if the matter has not been resolved within that 14 day period, and either party may apply to the court for an injunction, whether or not any issue has been escalated under this clause.

SIGNED for and on behalf of the University:

Name: Diane Aderyn

Position: Director of Finance

Signature: Diane Aderyn

Read and understood by the Principal Investigator:

David Tice
Signature

14th JULY 2008
Date

SIGNED for and on behalf of the Sponser:

Name: JAMES NATHANIELSZ

Position: Managing Director

Signature: JAMES NATHANIELSZ

SCHEDULE 1

The Financial Contribution

The total amount is £27,344 (twenty seven thousand three hundred and forty four pounds sterling) which comprises:

1.	3 months salary	£8,802
2.	Consumables	£6,000
3.	PI Time (2 hrs/week)	£ 834
4.	Estates	£3,106
5.	Indirect costs	£8,602

All amounts in this Schedule exclude VAT. VAT (if applicable) shall be paid by the Sponsor in addition.

The University's Finance Officer is:

Jane Heywood
j.a.j.heywood@bath.ac.uk
+44 (0) 1225 385042

All payments of the Financial Contribution will be made by bank transfer to:

Bank	Barclays Bank plc
Address	37 Milsom Street, Bath, BA1 1DW
Account Name	University of Bath
Sort Code	20-05-06
Sterling Account number	00981303
VAT Number	GB639542122

SCHEDULE 2

The Project

See attached Research Scope

RESEARCH SCOPE

Propanc Pty Ltd has established an alliance with University of Bath to undertake additional research into proenzyme technology and its role as an effective anti - cancer agent. Our objectives for this project are:

- To elucidate the cellular and molecular mechanisms underlying the potential clinical application of the proprietary preparation known as 'Propanc'.
- To investigate different types of proenzymes available as an effective cancer therapy in a comparative assessment against our current formulation.

This will strengthen the patentability of our invention and help identify additional drug candidates to support our development pipeline.

The research will incorporate the use of at least four different cell lines in these studies:

1. Human PANC-1s, a human ductal carcinoma cell line.
2. Oesophageal cancer lines (both squamous cell carcinoma (e.g. KYSE-30) and adenocarcinoma (OE33)).
3. Caco2 colorectal cancer cell line.
4. AR42J-B13 cells were isolated from rats treated with a carcinogen (re-implantation of these cells induces tumour genesis). The cells have pancreatic progenitor stem cell properties

This list is not exhaustive and a more extensive list of cell lines is available in the lab if required.

1. Expression of enterokinase:

Since proteolysis is presumably the predominant site of action of proenzyme therapy we will investigate the expression of enterokinase(s) in tumour cell lines. We will design primers for species-specific (e.g. human, rat) enterokinase, extract RNA from the tumour cell lines available, produce cDNA and then perform PCR. Tumour cell lines may be selected based on their known high level expression of enterokinase. In this way we could potentially 'select' tumour targets for investigation. If this is considered to be an important approach we will have to factor in the time it takes to grow the cell lines (if the information cannot be gleaned from the literature), isolate the RNA and perform the PCR analysis.

Experiments outlined below will be repeated at least three times and where applicable, statistical analysis performed to demonstrate significance. Specifically, we will assess the potential of a placebo (carrier) versus the Propanc preparation (in the absence and presence of serum (or possibly different serum concentrations, different formulations, at different dilutions and multiple additions versus single exposure) to regulate (in cell lines selected based on enterokinase expression).

2. Toxicity Screening:

This will test whether the placebo or Propanc can induce a toxic response in rapidly dividing cancer cells described above compared to freshly, isolated and cultured 'normal' non-dividing cells (e.g. hepatocytes). Toxicity will be assessed by a commercial Live/Dead cell assay. Live cells are distinguished by the presence of ubiquitous intracellular esterase activity, determined by the enzymatic conversion of the nonfluorescent cell-permeant calcein AM to the intensely fluorescent calcein. The calcein is retained within live cells, producing an intense uniform green fluorescence. Ethidium homodimer (EthD-1) enters cells with damaged membranes and binds to nucleic acids, thereby producing a bright red fluorescence in dead cells. EthD-1 is excluded by the intact plasma membrane of live cells.

3. Cell growth:

This is perhaps one of the key experiments to be addressed. Placebo or Propanc compound(s) will be added to the cell lines and we will examine whether the cell lines continue to grow. Assuming there is an inhibition of growth in any of the cell lines (i.e. Propanc may be cell line (and therefore cancer type dependent), the absence or presence of different cell cycle markers will be looked at to determine where the compound is acting (e.g. general DAPI staining for total number of cells, we also have a variety of antibodies that recognise proteins present at different stage of the cell cycle (e.g. PH3 and cyclin D). We can also obtain accurate counts of cells by FACS analysis at the start and end of the treatment period (this will be based on preliminary screening experiments to determine efficacy). This FACS approach would provide a quantitative description of any changes in cell numbers.

4. Cell morphology:

The time course of changes in cellular morphology by light microscopy following exposure to the placebo or Propanc compounds will be examined. If Propanc induces a change in morphology this might be indicative of a change in the expression of integrins (integrins are 'receptors' found on cell membranes that bind the extracellular matrix and bring about changes in cell shape (cytoskeleton), cell mobility and cell cycle). The expression of markers of epithelial cell-cell contacts (E-cadherin, beta-catenin) can also be investigated. This approach might be crucial to understanding how the drugs cross the epithelial barrier in the rectum. To address this question in more detail, it is likely that a model for transport across a single epithelial cell layer will need to be developed in the long term.

5. Molecular and cellular mechanisms:

If any of the experiments described above produce encouraging results then we will need to determine the specific molecular and cellular mechanisms underlying Propanc action. This is important for strengthening IP and in the potential development of new products. Approaches to addressing the molecular and cellular events include looking for changes in the expression (at the mRNA and protein levels) of key cancer gene targets (an initial review of the literature will be necessary to determine what is known about the molecular mechanisms are for a particular cancers). However, potential targets include: NFkB (suggestion from JK) and beta-catenin.

Potential Additional Experiments (subject to further agreement by the parties including additional costs):

The problem with trying to dissect the molecular and cellular events is that it represents a 'black box approach'. One possibility is to investigate the potential mechanisms using a more global gene analysis based on microarray studies. Microarrays comprising many thousand genes, are now readily available commercially. It would be straightforward to isolate RNA from control and Propanc-treated cells, and probe for changes (both induction as well as inhibition) of gene expression. The RNA could be sent off for analysis rather than doing this in-house, although we do have a plate reader available. Microarray analysis could potentially produce a large amount of valuable data and there are specific 'cancer chips' available. Further support will be sought to cover costs for microarray analysis.

Ultimately, it may also be possible to obtain fresh biopsy material from patients, dissociate the cells and to culture this material with Placebo or Propanc. To further enhance the IP it may be necessary to identify which component of the preparation is active.

Future experiments (subject to further agreement by the parties including additional costs):

We could potentially isolate cancer stem cells from total populations of cancer cells and test the efficacy of Propanc compounds against the ability of the stem cells to proliferate. Candidate surface receptors for FACS isolation of stem cells include c-kit (the receptor for stem cell factor). Anti-angiogenic properties of Propanc compound: One possibility is to test different formulations in an in vitro angiogenesis assay (chick embryo chorioallantoic assay).

Consent of Independent Registered Public Accounting Firm

We hereby consent to the use of our report dated June 22, 2011, on the financial statements of Propanc Health Group Corporation (A Development Stage Company) for the years ended June 30, 2010 and 2009, and for the period from October 15, 2007 (Inception) through June 30, 2010, included herein on the registration statement of Propanc Health Group Corporation on Form S-1/A Amendment No. 1, and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
Boca Raton, Florida
August 18, 2011