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

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended: **September 30, 2012**

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 for the transition period from _____to _____

Commission File Number: **000-30813**

AlphaRx, Inc.

(Name of Small Business Issuer in its Charter)

Delaware	**98-0416123**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

31/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
(Address of principal executive offices)

(852) 2824 8716
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	**Name of Exchange on Which Registered**
Common Stock ($0.0001 par value)	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
YES ☐ NO ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1673 (03-10)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

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

Issuer's revenues for its most recent fiscal year ended September 30, 2012 were $ 411,812.

The aggregate market value of the issuer's Common Stock (the only class of voting stock), held by non-affiliates was approximately $83,711,439 based on the average closing bid and ask price for the Common Stock on September 28, 2012.

As of September 30, 2012 there were 89,036,000 shares outstanding of the issuer's Common Stock.

AlphaRx, Inc.

FORM 10-K

For the Year Ended September 30, 2012

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PART I

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” anticipates,” “projects,” “expects,” “may,” “will,” or “should,” or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations.

Although these forward-looking statements reflect the good faith judgment of our management, such statements can only be based upon facts and factors currently known to us. Forward-looking statements are inherently subject to risks and uncertainties, many of which are beyond our control. As a result, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under the caption “Risk Factors.” For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should not unduly rely on these forward-looking statements, which speak only as of the date on which they were made. They give our expectations regarding the future but are not guarantees. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

ITEM 1. BUSINESS

Overview of AlphaRx

Introduction and History

In this annual report on Form 10-K, the "Company," "AlphaRx" "we," "us," and "our," refer collectively to AlphaRx Inc., AlphaRx Canada Limited and UMeLook Holdings Limited, our wholly owned subsidiaries and 80% of AlphaRx International Holdings Limited.

AlphaRx Inc., formerly known as Logic Tech International Inc., was incorporated in Delaware on August 8, 1997 as an intellectual property holding company whose mission was to identify, acquire and develop new technologies or products and devise commercial applications to be taken to market through licensing or joint venture partners. Logic Tech International Inc. was renamed AlphaRx Inc. on January 28, 2000 and our Common Stock commenced trading on the OTC Pink Sheets under the symbol "AHRX" on July 25, 2000. On October 12, 2000 AlphaRx Inc. Common Stock ceased trading on the Pink Sheets and began trading on the Over The Counter Bulletin Board ("OTCBB") under the same symbol. Subsequent to March 19, 2002 AlphaRx Inc.'s symbol was changed to "ALRX" after a consolidation of its Common Stock on a 1 new for 5 old basis.

On April 20, 2012, the Company effected a consolidation of its share capital on the ratio of one new share for five old shares and began trading on a split-adjusted basis on May 29, 2012. On July 23, 2012 AlphaRx Inc. Common Stock ceased trading on the OTCBB and began trading on the OTCQB Marketplace under the same symbol "ALRX" on account of its ineligibility for quotation on OTCBB due to quoting inactivity under SEC Rule 15c2-11. All references to AlphaRx Inc. Common Stock have been retroactively restated.

AlphaRx is a specialty pharmaceutical company dedicated to developing therapies to treat and manage pain. Prior to November, 2011, the business of the Company was focused on reformulating FDA approved and marketed drugs using its proprietary site-specific nano drug delivery technology. From 2000 until June 2011, substantial efforts and resources were devoted to understanding our nano drug delivery technology and establishing a product development pipeline that incorporated this technology with selected molecules. On July, 2011 the Board and management adopted a new business plan that it believed would improve the Company's performance. The new business plan narrowed the Company's focus to developing and commercializing 2 existing product candidates Indaflex and ARX 8203 for the pain market. On November 4, 2011 the Company adopted a new corporate development strategy that expanded the business operation of the Company to digital media with an intense focus on China. On August 30, 2012, the Company acquired all of the issued and outstanding shares of UMeLook Holdings Limited ("UMeLook"), a digital media startup with an intense focus on China. The acquisition of UMeLook was completed as a share exchange through the issuance of 70,000,000 common shares of AlphaRx Inc. to the shareholders of UMeLook at a deemed price of $0.30 per share in exchange for all of the issued and outstanding shares in the capital of UMeLook. There were no change of control of our officers and Board of Directors as a result of the Transaction. The acquisition of UMeLook will contain a British Virgin Islands holding company, a Hong Kong intermediate-holding company, a People's Republic of China ("PRC") wholly foreign owned enterprise ("WFOE") subsidiary and a PRC operation company which will hold the web license while under the financial control of the WFOE in a Variable Interest Entity ("VIE") structure. This set-up is not completed yet. Therefore, part of the acquisition becomes a deposit which is pending on the completion of the corporate structure to determine the final value allocation on the consideration of the acquisition.

Business Development

Drug Development Operation

The Company's nano drug delivery development business model was formed in 2000, substantial efforts and resources were devoted to understanding our nano drug delivery technology and establishing a product development pipeline that incorporated this technology with selected molecules. On July, 2011 the Board and management adopted a new business plan that it believed would improve the Company's performance. The new business plan narrowed the Company's focus to developing and commercializing 2 existing product candidates Indaflex and ARX8203 for the pain market.

To date, we have engaged in organizational activities, preparing ARX8203 for human trials; and expanding Indaflex sales. We have generated funding through the issuances of debt and private placement of common stock. We have not generated any substantial revenues and we do not expect to generate any substantial revenues in the near future. We may not be successful in developing our product candidates and start selling our products when planned, or that we will become profitable in the future. We have incurred net losses in each fiscal period since inception of our operations.

Indaflex

Indaflex™ is a topical NSAID (Non-Steroidal Anti-inflammatory Drug) formulation currently in clinical development for the reduction of signs and symptoms associated with osteoarthritis of the knee. Arthritis is the most common chronic disease in North America and afflicts an estimated 10% of the world's population. The active ingredient in Indaflex™, indomethacin, has a long-standing and proven clinical treatment record. Delivered through the skin using proprietary technology developed by AlphaRx, the companies believe Indaflex™ will have an attractive safety, tolerability and efficacy profile in comparison to oral treatments and other topical preparations. The side effects of the GI tract found with orally ingested NSAIDs will be dramatically reduced. This drug delivery vehicle significantly increases drug loading through a unique combination of polarity and hydrophobicity of the carrier components. Indaflex long-term market objective is to gain leadership in the anti-inflammatory topical cream/ointment arthritic and chronic joint/muscle pain relief market.

Indaflex is approved for sale in Mexico, but must undergo FDA approval for sale in United States and other countries. Indaflex is our only prescription drug at the clinical trial stage. We completed a Phase I human trial for Indaflex in Canada during March 2005.

Together with our former licensee Proprius Pharmaceuticals Inc. ("Proprius"), we completed Phase II clinical trials for Indaflex in March 2007. The randomized double-blind placebo and vehicle controlled trial, which included a six-week treatment period, was conducted on 233 patients with osteoarthritis of the knee. While the trial did not meet its primary endpoints, subgroup analyses of patients with moderate to severe pain and more impaired physical function at baseline showed positive trends in patients treated with Indaflex as compared to patients treated with either placebo or vehicle. Indaflex was demonstrated to be safe and well tolerated. Because we did not meet the primary endpoints, under the terms of the Licensing Agreement with Proprius we did not receive any milestone payments for this trial. On March 2008, Proprius was acquired by Cypress Bioscience Inc. ("Cypress") and Cypress assumed Indaflex clinical development. Our agreement with Cypress expired on June 28, 2010.

ARX-8203

ARX-8203 is a prodrug of a well-known non-steroidal anti-inflammatory drug, designed to reduce the occurrence of side- effects associated with the parent drug. ARX-8203 is pH neutral and has significantly less GI toxicity than diclofenac in a 28 days GI animal study. ARX-8203 demonstrates excellent G.I. safety profile in acute GLP toxicity studies and can be administrated orally or via intravenous infusion or IV bolus injection. The Company is seeking a development partner to conduct a POC (Proof of Concept) human trial as soon as practicable. With an estimated 15 million Americans taking prescription NSAIDs for arthritis, and an estimated 68 million prescriptions a year being written for these products, according to the FDA, the market for NSAIDs is strong. Prolonged use of NSAID's has been associated with a high incidence of gastro-intestinal ulcers. There will be a robust market for new drugs without the serious G.I. side-effects which prolonged use of current NSAID's risk.

AlphaRx owns all the regulatory licenses for Indaflex and ARX-8203. Our primary strategy is to establish collaborative relationships with pharmaceutical companies to develop our products. The products will be jointly developed, with the collaborative partner having primary responsibility to clinically test, manufacture, market and sell the product, and we retain ownership of our products.

Competition

Our products in development target a number of diseases and conditions associated with inflammation such as Osteoarthritis and rheumatoid arthritis. There are many commercially available products for these diseases and a large number of companies and institutions are spending considerable amounts of money and other resources to develop additional products to treat these diseases. Most of these companies have substantially greater financial and other resources, larger research and development staffs, and extensive marketing and manufacturing organizations. If we are able to successfully develop products, they would compete with existing products based primarily on:

- efficacy;
- safety;
- tolerability;
- acceptance by doctors;
- patient compliance;
- patent protection;
- ease of use;
- price;
- insurance and other reimbursement coverage;
- distribution;
- marketing; and
- adaptability to various modes of dosing.

Our Indaflex in development for osteoarthritis would compete with Pennsaid, Valtaren Emugel and Flector Patch that are sold by Nuvo Research, Novartis and Alpharma, respectively.

The competition for our ARX8203 will come from the oral anti-arthritic market, or more specifically the traditional non-selective NSAIDs (such as naproxen and diclofenac), traditional NSAID/gastroprotective agent combination products or combination product packages (such as Arthrotec® and Prevacid® NapraPACTM) and the only remaining COX-2 inhibitor, Celebrex®. The U.S. prescription market for oral solid NSAIDs was approximately $2.6 billion in 2009, of which 72% was accounted for by Celebrex, according to IMS. This market is continuing to undergo significant change, due to the voluntary withdrawal of Vioxx® by Merck & Co. in September 2004, the FDA-ordered withdrawal of Bextra® by Pfizer in April 2005 and the issuance of a Public Health Advisory by the FDA in April 2005 stating that it would require that manufacturers of all prescription products containing NSAIDs provide warnings regarding the potential for adverse cardiovascular events as well as life-threatening gastrointestinal events associated with the use of NSAIDs. Moreover, subsequent to the FDA advisory committee meeting in February 2005 that addressed the safety of NSAIDs, and, in particular, the cardiovascular risks of COX-2 selective NSAIDs, the FDA has indicated that long-term studies evaluating cardiovascular risk will be required for approval of new NSAID products that may be used on an intermittent or chronic basis.

Patents, Trademarks and Proprietary Rights

It is our policy to file patent applications in the United States and certain foreign jurisdictions for any drug formulations and any drug delivery methodologies that we consider commercially viable. There can be no assurance that our patent applications will issue as patents or, with respect to our issued patents, that they will provide us with significant protection. The following provides a general description of our patent portfolio and is not intended to represent an assessment of claim limitations or claim scope.

Indaflex

We have three issued patents in the U.S., China and Mexico under the title "Vehicle for topical delivery of anti-inflammatory compounds" for the use of Indaflex to increase efficacy of non steroidal anti-inflammatory drugs. This US patent was issued on November 21, 2006 and will expire on September 29, 2021.

ARX8203

We have one issued allowance US patent covering the use of ARX8203 for ocular inflammation. We filed 2 additional US patent applications for ARX8203 in 2011.

No assurance can be given that our patent applications will be approved or that any issued patents will provide competitive advantages for our products or will not be challenged or circumvented by competitors. With respect to any patents which may be issued from our applications, there can be no assurance that claims allowed will be sufficient to protect our products.. Competitors may have filed applications for, or may have received patents and may obtain additional patents and proprietary rights relating to, compounds or processes that may block our patent rights or compete without infringing our patent rights. In addition, there can be no assurance that any patents issued to us will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide proprietary protection or commercial advantage to us.

We also rely on trade secrets and proprietary know-how that we seek to protect, in part, through confidentiality agreements with employees, consultants, collaborative partners and others. There can be no assurance that these agreements will not be breached, that we will have adequate remedies for any such breach or that our trade secrets will not otherwise become known or be independently developed by competitors. Although potential collaborative partners, research partners and consultants are not given access to our proprietary trade secrets and know-how until they have executed confidentiality agreements, these agreements may be breached by the other party or may otherwise be of limited effectiveness or enforceability.

Proprietary Information

Much of our technology is dependent upon the knowledge, experience and skills of key scientific and technical personnel. To protect the rights to our proprietary technology, our policy requires all employees and consultants to execute confidentiality and non-competition agreements that prohibit the disclosure of confidential information to anyone outside the Company. These agreements also require disclosure and assignment to us of discoveries and inventions made by such persons while devoted to Company activities.

Manufacturing, Marketing and Sales

We do not have and do not intend to establish in the foreseeable future internal manufacturing capabilities. Rather, we intend to use the facilities of our collaborative partners or those of contract manufacturers to manufacture our products. Our dependence on third parties for the manufacture of products may adversely affect our ability to develop and deliver such products on a timely and competitive basis.

We are not actively pursuing the direct sales and marketing of our market ready products or potential products due primarily to our limited amount of financial resources. We do retain marketing and sales agents from time to time on an as needed basis on a commission or flat fee basis and other incentives.

Government Regulation

We are subject to regulation under various federal laws regarding pharmaceutical products and also various Canadian federal and provincial laws regarding, among other things, occupational safety, environmental protection, hazardous substance control and product advertising and promotion. In connection with our research and development activities, AlphaRx is subject to federal, provincial and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain materials and wastes. We believe that we have complied with these laws and regulations in all material respects and we have not been required to take any action to correct any material non-compliance.

In the United States, pharmaceutical products are subject to rigorous regulation by the FDA. If a company fails to comply with applicable requirements, it may be subject to administrative or judicially imposed sanctions such as civil penalties, criminal prosecution of our officers and employees, injunctions, product seizure or detention, product recalls, total or partial suspension of production, FDA withdrawal of approved applications or FDA refusal to approve pending new drug applications, premarket approval applications, or supplements to approved applications.

Prior to commencement of clinical studies involving human beings, preclinical testing of new pharmaceutical products is generally conducted on animals in the laboratory to evaluate the potential efficacy and the safety of the product. The results of these studies are submitted to the FDA as a part of an IND application, which must become effective before clinical testing in humans can begin. Typically, clinical evaluation involves a time consuming and costly three-phase process.

In the United States, a manufacturer must prepare and file an IND submission with the FDA before testing can begin on humans. An application contains a variety of information about the products, including the results of previous animal and human studies, the basic chemistry of the product and manufacturing information. The submission also provides details on the testing that is to be performed, including who will be performing the testing and where it will be performed. As in Canada, human studies are characterized as Phase I, Phase II or Phase III studies. Phase I studies focus on the safety profile of the product, Phase II seeks clues as to efficacy, and Phase III seeks to statistically confirm in larger trials the efficacy of the product.

After acceptance of the initial IND application, the manufacturer has certain reporting responsibilities to the FDA including the submission of yearly updates on the product's safety. As the testing progresses into Phases II and III, the focus shifts to the efficacy of the product and the clinical studies that will enable the manufacturer to receive FDA approval for the marketing of the product.

We presently have a licensed manufacturer and distributor in Mexico - Andromaco. We rely on Andromaco to complete, maintain and adhere to the required regulatory processes and procedures needed to manufacture and distribute our product in Mexico. Andromaco is a large pharmaceutical manufacturer in Mexico with more than 50 years of experience in manufacture, marketing and distribution of drugs. We will attempt to complete licensing and distribution arrangements in foreign countries and in the United States with larger, experienced organizations to ensure that regulatory processes and country-specific regulations are being observed and maintained.

Research and Development

We conduct our research and development activities through collaborative arrangements with universities, contract research organizations and independent consultants. We are also dependent upon third parties to conduct clinical studies, and to obtain FDA and other regulatory approvals. We conduct all of our fundamental research and development activities in China. We conduct animal testing, and other specialized research and development activities in various countries via third parties depending primarily on the most competitive pricing we can obtain.

Digital Media Operation

On August 30, 2012, the Company acquired all of the issued and outstanding shares of UMeLook Holdings Limited ("UMeLook"), a digital media startup with an intense focus on China. UMeLook is an early stage online video company focuses on providing unique foreign video content to Chinese viewers. Our mission is to become the primary source of foreign video content for the Chinese population across any Internet-enabled device. Our video content is delivered to viewers in China and USA via a sophisticated CDN comprised of over 11,400 servers which provide fast streaming and upload speed. CDN technology utilizes additional data storage to maintain copies of popular content at the "edge" of the Internet, which enables end-users to more quickly access that content. Our CDN facilitates faster responses to users' requests for content, avoids buffering and associated delays caused by low bandwidth and user congestion, and is therefore critical to the success of our online video business in China where bandwidth is still limited.

Our online video business focuses on UGC and we seek to be a strategically focused company with focuses on providing unique foreign video content and personalized users' experience. We provide a comprehensive selection of unique and differentiated UGC and in-house developed content on our websites. Our broad selection of online video content includes informational, fashion & life, music videos, education, travel, sports, technology, games, auto & creative and sub-channels such as news, beauty & health and etc. We provide an online platform that allows users to share comments on videos, ensuring that our users enjoy a highly engaging and interactive experience on our websites. We believe a volume of high-quality and differentiated content available on our website will allow us to establish a valuable user base in China, consisting primarily of young urban educated users between the ages of 18 and 44, a particularly attractive demographic to advertisers.

We intend to derive substantially all of our revenues from online advertising services primarily using performance advertising. Our advertising solutions intend to present advertisers with a complete range of advertisement creation, matching, placement and presentation. Our online advertising services will include in-video, display, sponsorship and other forms. Due to PRC legal restrictions on foreign ownership and investment in value-added telecommunications services and advertising businesses in China, we intend to operate our business primarily through our consolidated affiliated entities in China. We will not hold equity interests in our consolidated affiliated entities. However, through a series of contractual arrangements with these consolidated affiliated entities and their respective shareholders, we will effectively control, and will be able to derive substantially all of the economic benefits from, these consolidated affiliated entities.

Our Video Platform

Our Website

Users can access our website for short-form videos, including hot news and reports, first-hand information and entertainment videos, which can be in-house produced or provided by users or our content partners. Our website has a series of user-friendly functions such as search tools and recommendations. We also help users navigate our database and find videos of interest by creating popularity ranking indices and interest-based video channels. We provide social features, such as community web pages and video sharing and commenting tools. Users may create a playlist based on their preferences so that the requested video will be broadcast continuously. Registered visitors may upload video clips easily to our website and comment on each video clip to share their opinions. We believe all these features help provide an enhanced user experience and reinforce user loyalty. In addition, users can download and install our proprietary application on their tablets or 3G mobile phones, which allows users to use one-step mobile application to shoot and upload video clips.

Mobile Platform

Users can use their 3G mobile phones to watch a large number of videos on Umelook.com. We are also developing applications for a variety of major 3G mobile phones.

Our Content

UGC (User-Generated Content)

Our website allows Internet users to easily upload, watch and share UGC video clips. Our editorial team is responsible for communicating with users on the types of UGC we believe are popular and well demanded. In order to encourage more users to upload UGC to our website, we intend to purchase the licensing rights to some popular UGC, and will share advertising revenues with individual users whose number of uploads exceed certain threshold. We intend to establish a revenues sharing program to target three types of users: contracted users, certified original content providers and general uploading users. We will reward each type of users in accordance with different revenues sharing criteria. For example, we may pay contracted users certain fees based on the popularity of their videos and also a percentage of revenues based on the total video views as quarterly bonus. The quarterly bonus for a contracted user may range from US$150 to US$1,000 if its videos are viewed on our website for more than one million times.

In-house Developed Content

Our objective is to establish our company as not only a leading foreign video content provider but also a leading foreign media company in China. We intend to apply for the "License for Audio-Visual Programs of Information Online Communication" with the State Administration. Upon approval we will be able to offer our viewers in-house produced coverage on significant international events such as the Japan earthquake, the passing of Steve Jobs, the Libya conflict and the UK royal wedding. We may also provide in-house produced online talk shows, celebrity interviews and reality shows to our viewers. We will determine the types of content to be produced generally based on our assessment of users' preferences and information gathered by us from analyzing user data collected through our video platform. We will cooperate with third parties engaged in in-house production, taking advantage of talents of local production teams and their relatively low production costs. We believe the success of in-house developed programs will further differentiate us from our competitors.

Our Users

We are targeting our unique foreign content to young urban educated users, between ages 18 and 44, which is a particularly attractive demographic to advertisers.

Online viewers in China also represent a more affluent and better-educated segment of the population in China. We intend to track and maintain extensive user data, including viewing history and information voluntarily provided by registered users. We intend to use sophisticated statistical tools to analyze user data, to better understand users' viewing preference and habits. This will greatly facilitate our efforts in providing service to our advertising customers.

Advertising Services and Customers

We intend to derive substantially all of our revenues from online advertising services primarily using performance advertising. By using the Application Advertisement, or AA, system, our advertising solutions intend to provide advertisers with attractive opportunities to combine the visual impact and engagement of traditional television-like multimedia advertisements with interactivity and precise targeting capabilities of the Internet.

Marketing and Brand Promotion

We intend to build our brand with modest marketing expenditures. We will grow primarily through word-of mouth. We focus on continuously improving the quality of our products and services as we believe satisfied users and customers are more likely to recommend our products and services to others. We have initiated various marketing activities to further promote our brand awareness among existing and potential users and customers, which include:

• Online Advertising. We engage in online advertising on other websites with user bases similar to our own or likely to watch online videos.

• Promotional Events. We organize and run a number of online promotional events which we believe help create brand awareness by associating the UMeLook brand with well-known and respected organizations and events in China.

Intellectual Property

We rely primarily on intellectual property laws and our contractual arrangements with our employees, clients, business partners and others to protect our intellectual property rights. We require our employees to enter into agreements requiring them to keep confidential all information relating to our customers, methods, business and trade secrets during and after their employment with us. Our employees are required to acknowledge and recognize that all inventions, trade secrets, works of authorship, developments and other processes, whether or not patentable or copyrightable, made by them during their employment are our property. They also sign agreements to substantiate our sole and exclusive right to those works and to transfer any ownership that they may claim in those works to us. We have registered our domain names, including ku6.com, juchang.com and juchang.cn.

Competition

The online video industry in China is rapidly evolving and highly competitive. We believe the key competitive factors in the online video industry in China include brand recognition, demographic composition of users, robust technology platform, ability to acquire popular premium licensed content at a reasonable cost and create differentiated content in-house, ability to source creative UGC, ability to provide innovative advertising services to customers, relationships with advertising customers, advertising prices, as well as the range of services provided to advertising customers. We face competition from other major online video companies. Among the independent or "pure-play" online video sites, our major competitors in China include Youku.com and Tudou.com. Several large Chinese Internet companies, such as SINA Corporation, Baidu, Inc., Sohu.com Inc., Tencent Holdings Limited, NetEase.com, Inc. and/or their affiliates, have launched online video websites. In addition, some of China's TV networks, such as CCTV, Phoenix Satellite TV and Hunan Satellite TV, have launched their own video broadcasting websites. We also face competition from Internet video streaming platforms based on the P2P technology, such as PPS and PPTV. Certain international online video sites, such as YouTube and Hulu, have large content portfolios and high brand recognition, particularly among users outside China. Currently, YouTube is not accessible by viewers in China. If China lifts the restrictions, YouTube may become our major competitor in China.

We also compete with traditional advertising media, such as television, radio, newspapers and magazines, and major out-of-home media, such as billboards, for advertisers' advertising budgets. Large enterprises currently spend a relatively small percentage of their advertising budgets on online advertising as compared to the percentage they spend on traditional advertising media, but we expect the percentage spent on online advertising to increase in the future.

Seasonality

We experience seasonality in our online advertising business. Historically, in the China market, the fourth calendar quarter represents the best season for the general advertising market. This is followed by the third and second calendar quarters. The first calendar quarter is usually the worst season in China due to the Chinese New Year holidays.

Employees

We have two full time employees and one part time consultant on staff. None of our staff is represented by a collective bargaining agreement, nor have we experienced any work stoppage. We believe that our relations with our staff are good.

Reports to Security Holders

As a result of its filing of Form 10-SB/A and listing on the NASD OTC Bulletin Board, the Company has become subject to the reporting obligations of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These obligations include filing an annual report under cover of Form 10-K, with audited financial statements, unaudited quarterly reports on Form 10-Q and the requisite proxy statements with regard to annual shareholder meetings. The public may read and copy any materials the Company files with the Securities and Exchange Commission (the "Commission") at the Commission's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0030. The Commission maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. Information about the Company is also available on its Web site at www.AlphaRx.com. Information included on the Web site is not part of this Form 10-K.

Website

Our website address is www.AlphaRx.com.

We intend to make available through our website, all of our filings with the Commission and all amendments to these reports as soon as reasonably practicable after filing, by providing a hyperlink to the EDGAR website containing our reports.

Our Information

Our principal executive offices are currently located at 31/F, Tower One, Times Square, Causeway Bay, Hong Kong and our telephone number is (852) 2824 8716. We can be contacted by email at info@AlphaRx.com.

ITEM 1A. RISK FACTORS

We provide the following cautionary discussion of risks, uncertainties and possible inaccurate assumptions relevant to our business and our products. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could also adversely affect us.

Risks Related to Our Drug Business

We face intense competition in the pharmaceutical business, and our failure to compete effectively would decrease our ability to generate meaningful revenues from our products.

The pharmaceutical business is highly competitive and is affected by new technologies, governmental regulations, health care legislation, availability of financing, litigation and other factors. Many of our competitors have longer operating histories and greater financial, research and development, marketing and other resources than we do. We are subject to competition from numerous other entities that currently operate or intend to operate in the industry. These include companies that are engaged in the development of colloidal drug delivery technologies and products as well as other manufacturers that may decide to undertake in-house development of these products. Many of the major pharmaceutical companies also have internal drug delivery programs that may compete directly with our business. Many of our competitors have more extensive experience than we have in conducting preclinical studies and clinical trials, obtaining regulatory approvals, and manufacturing and marketing pharmaceutical products. Many competitors also have competing products that have already received regulatory approval or are in late-stage development, and may have collaborative arrangements in our target markets with leading companies and research institutions. Our competitors may develop or commercialize more effective, safer or more affordable products, or obtain more effective patent protection, than we are able to develop, commercialize or obtain. As a result, our competitors may commercialize products more rapidly or effectively than we do, which would adversely affect our competitive position, the likelihood that our products will achieve market acceptance, and our ability to generate meaningful revenues from our products.

We are subject to industry and government regulation

All of our products, clinical trials, and certain research and development initiatives are regulated by FDA in the United States, and similar governing bodies in Mexico, China and elsewhere. Any changes in regulatory requirements, depth and breadth of clinical trials, provisions, statutes, or regulations could adversely impact the cost and duration of our research and development, product completion and related operations.

Our competitors may include large pharmaceutical companies with superior resources.

We are engaged in a rapidly changing and highly competitive field. To date, we have concentrated our efforts primarily on one pharmaceutical product -- Indaflex – for treating osteoarthritis and other inflammatory indications. Like the market for any pharmaceutical product, the market for treating arthritis and these other indications has the potential for rapid, unpredictable and significant technological change. Competition is intense from specialized biotechnology companies, major pharmaceutical and chemical companies and universities and research institutions. We currently have no products approved for sale in the U.S. If we are successful in obtaining approval for one of our products, our future competitors will have substantially greater financial resources, research and development staffs and facilities, and regulatory experience than we do. Major companies in the field of osteoporosis treatment include Novartis, Wyeth, Merck, Eli Lilly, Aventis, and Procter & Gamble Co. Any one of these potential competitors could, at any time, develop products or a manufacturing process that could render our technology or products non-competitive or obsolete.

Pre-clinical Research and Clinical Trials

In order to apply for a new medicine certificate, a pharmaceutical company must conduct a series of pre-clinical research including research on the synthesis technology, extraction methods, physical and chemical nature and purity, pharmaceutical forms, selection of prescriptions, manufacturing technologies, examination methods, quality indicators, stability, pharmacology, toxicology and animal pharmacokinetics of pharmaceuticals. This pre-clinical research should be conducted in compliance with the relevant technological guidelines issued by the SFDA. In particular, the safety evaluation research must be conducted in compliance with the Good Laboratory Practice. After completion of pre-clinical studies and obtaining the relevant approval from the SFDA, clinical trials are conducted in compliance with the Good Clinical Practice. Clinical trials to be conducted range from Phase I to IV, although under certain circumstances, only Phase II and III or only Phase III clinical trials are required.

- Phase I — preliminary trial of clinical pharmacology and human safety evaluation studies. The primary objective is to observe the pharmacokinetics and the tolerance level of the human body to the new medicine as a basis for ascertaining the appropriate methods of dosage.

- Phase II — preliminary exploration on the therapeutic efficacy. The purpose is to assess preliminarily the efficacy and safety of pharmaceutical products on patients within the target indication of the pharmaceutical products and to provide the basis for the design research and dosage tests for Phase III. The design and methodology of research in this phase generally adopts double-blind and random methods with limited sample sizes.

- Phase III — confirm the therapeutic efficacy. The objective is to further verify the efficacy and safety of pharmaceutical products on patients within the target indication of the pharmaceutical products, to evaluate the benefits and risks and finally to provide sufficient experimental proven evidence to support the registration application of the pharmaceutical products. In general, the trial should adopt double-blind, random methods with sufficient sample sizes.

- Phase IV — stage of application with research conducted by the applicants themselves after the launch of a new pharmaceutical. The objective is to observe the efficacy and adverse reaction of pharmaceutical products under extensive use, to perform an evaluation of the benefits and risks of the application among ordinary or special group of patients, and to ascertain and improve the appropriate dosage volume for application.

Our prior clinical trials evaluating Indaflex for Osteoarthritis of the knee failed to meet all of their primary endpoints and there can be no assurance this product will be approved for marketing.

In October 2007, our Phase 2 Canadian trials evaluating Indaflex for Osteoarthritis of the knee failed to meet all of their primary endpoints. However, additional analyses demonstrated that patients with moderate to severe pain demonstrated improvements in pain outcomes compared to placebo- and vehicle-treated patients. While these improvements involved only a small subset of patients, the data were robust, showing clinically meaningful improvements. Based on the guidance from Chinese regulatory consultants, we expect to initiate a pivotal human trial for Indaflex in China in mid-2011. The trial will be known as PAIN 3. There can be no assurance the results of the PAIN 3 trial will demonstrate the product candidate is sufficiently safe and effective to obtain Chinese approval for marketing. We will incur significant additional expenses and will not know for at least one to two years whether the drug is safe and effective such that it could be approved for marketing. Clinical development is a long, expensive and uncertain process and is subject to delays. The positive or encouraging results of prior clinical trial are not necessarily indicative of the results we will obtain in later clinical trials. Accordingly, our PAIN 3 trial may not demonstrate that Indaflex is effective for Osteoarthritis. In addition, data obtained from pivotal clinical trials are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval.

We have limited in-house sales and marketing resources, which we will require in order to successfully promote products through our own sales force.

If Indaflex or another product we develop or acquire is approved for marketing in the China, we may choose to promote the product with our own sale force or through a contract sales organization. The success of our own promotion efforts for Indaflex and any other product candidates that receive regulatory approval that we choose to market or co-market, will require that we substantially enhance our in-house marketing and sales force with technical expertise, or make arrangements with third parties to perform these services for us. The development of the infrastructure associated with these activities involves substantial resources, and considerable attention of our management and key personnel. To the extent that we enter into marketing and sales arrangements with other companies, our revenues will depend on the efforts of others. These efforts may not be successful. If we fail to fully develop marketing and sales capabilities, or enter into arrangements with third parties, our revenues may suffer.

We depend on our marketing partner for the successful commercialization of Indaflex in Mexico.

We have licensed exclusive marketing right to Indaflex in Mexico to Andromaco. Andromaco launched Indaflex in Mexico in June 2006. We expect to expand the license with Andromaco to cover several more countries in South America. If Andromaco fails to successfully commercialize Indaflex in these countries them, our future revenues may be adversely affected.

The global economic downturn may adversely affect our business.

The economic downturn that has affected the global economy over the past several fiscal quarters may have a material adverse effect on our liquidity and financial condition and our ability to raise additional funds, whether pursuant to our existing or future financing arrangements. In addition, if these developments negatively impact the ability of our collaborative partners to develop, manufacture, promote or commercialize our products and product candidates, our revenues may suffer and our business, financial condition and results of operations could be materially and adversely affected. Similarly, any negative impact of an economic downturn or recession on our potential collaborative partners could adversely affect the terms on which collaborative partnerships may be available to us, if at all.

If we are unable to obtain or maintain regulatory approval, we will be limited in our ability to commercialize our products, and our business will be harmed.

The regulatory process is expensive and time consuming. Even after investing significant time and expenditures on clinical trials, we may not obtain regulatory approval of our product candidates. Data obtained from clinical trials are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval, and the regulatory agency may not agree with our methods of clinical data analysis or our conclusions regarding safety and/or efficacy. Significant clinical trial delays would impair our ability to commercialize our products and could allow our competitors to bring products to market before we do. In addition, changes in regulatory policy for product approval during the period of product development and regulatory agency review of each submitted new application may cause delays or rejections. Even if we receive regulatory approval, this approval may entail limitations on the indicated uses for which we can market a product.

Further, with respect to our approved products, once regulatory approval is obtained, a marketed product and its manufacturer are subject to continual review. The discovery of previously unknown problems with a product or manufacturer may result in restrictions on the product, manufacturer or manufacturing facility, including withdrawal of the product from the market. Manufacturers of approved products are also subject to ongoing regulation, including compliance with regulations governing current Good Manufacturing Practices (cGMP). Failure to comply with manufacturing regulations can result in, among other things, warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, refusal of the government to renew marketing applications and criminal prosecution.

We depend on third parties to manufacture our products, which could adversely affect our ability to deliver our products to market on a timely or competitive basis.

We do not have, and we do not intend to establish in the foreseeable future, internal commercial scale manufacturing capabilities. Rather, we intend to use the facilities of third parties to manufacture products for clinical trials and commercialization. Our dependence on third parties for the manufacture of our products may adversely affect our ability to deliver such products on a timely or competitive basis. The manufacturing processes of our third party manufacturers may be found to violate the proprietary rights of others. If we are unable to contract for a sufficient supply of required products on acceptable terms, or if we encounter delays and difficulties in our relationships with manufacturers, the market introduction and commercial sales of our products will be delayed, and our future revenue will suffer.

Our success depends upon our ability to protect our intellectual property rights.

We filed applications for U.S. patents relating to proprietary drug delivery technologies and formulations that we have invented in the course of our research. To date, three U.S. patents have been issued and other applications are pending. We have also made patent application filings in selected foreign countries. We face the risk that any of our pending applications will not issue as patents. In addition, our patents may be found to be invalid or unenforceable. Our business is also subject to the risk that our issued patents will not provide us with significant competitive advantages if, for example, a competitor were to independently develop or obtain similar or superior technologies. To the extent we are unable to protect our patents and patent applications, our investment in those technologies may not yield the benefits that we expect. We also rely on trade secrets to protect our inventions. Our policy is to include confidentiality and non-disclosure obligations in all research contracts, joint development agreements and consulting relationships that provide access to our trade secrets and other know-how. However, parties with confidentiality obligations could breach their agreements causing us harm. If a confidentiality or non-disclosure obligation were to be breached, we may not have the financial resources necessary for a legal challenge. If licensees, consultants or other third parties use technological information independently developed by them or by others in the development of our products, disputes may arise from the use of this information and as to the ownership rights to products developed using this information. These disputes may not be resolved in our favour. We are not aware of infringing on any third party's patents, nor are we aware of any third party infringing on any of our patents or patent applications.

Our technology, clinical trials, or products could give rise to product liability claims.

Our business exposes us to the risk of product liability claims that are a part of human testing, manufacturing and sale of pharmaceutical products. The administration of drugs to humans, whether in clinical trials or commercially, can result in product liability claims even if our products are not actually at fault for causing an injury. Furthermore, our products may cause, or may appear to cause, adverse side effects or potentially dangerous drug interactions that we may not learn about or understand fully until the drug is actually manufactured and sold. Product liability claims can be expensive to defend and may result in large judgments against us. Even if a product liability claim is not successful, the adverse publicity, time, and expense involved in defending such a claim may interfere with our business. We may not have sufficient resources to defend against or satisfy these claims. Even though our licensees are required to have product liability insurance we may still be subject to product liability claims.

Risks Related to Our Digital Media Business

We have a short operating history in a new and unproven market, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We entered the online video business in August 2012 when we acquired UMeLook Holdings Limited. However, UMeLook only have a short operating history in this new and unproven market that may not develop as expected, if at all. This short operating history makes it difficult to effectively assess our future prospects. You should consider our business and prospects in light of the risks and difficulties we encounter in this rapidly evolving market.

We operate in a highly competitive market and we may not be able to compete successfully against our competitors.

We face significant competition, primarily from those companies that operate online video websites in China, which our management estimates to currently number over one hundred. A large number of independent online video sites, such as Youku.com and Tudou.com, compete against us. In addition, Chinese Internet portals, including Sina.com, Sohu.com and Baidu.com, and some of China's major TV networks, such as China Central Television, or CCTV, Phoenix Satellite TV and Hunan Satellite TV, which have longer operating histories and more experience in attracting and retaining users and managing customers than we do, have launched their own video businesses. We also face competition from Internet video streaming platforms based on the P2P technology, such as PPS and PPTV. We compete with these companies for users and advertisers. Our competitors may compete with us in a variety of ways, including by conducting brand promotions and other marketing activities and making acquisitions. In addition, certain online video websites may continue to derive their revenues from providing content that infringes third-party copyright and may not monitor their websites for any such infringing content. As a result, we may be placed at a disadvantage to some of these websites that do not incur similar costs as we do with respect to content monitoring. Some of our competitors have a longer operating history and significantly greater financial resources than we do, and in turn may be able to attract and retain more users and advertisers. If any of our competitors achieves greater market acceptance than we do or is able to offer more attractive online video content, our user traffic may decrease and our market share may decrease, which may result in a loss of advertisers and have a material and adverse effect on our business, financial condition and results of operations.

In addition, Internet streaming of content represents only one of many existing and potential new technologies for viewing video. Many users maintain simultaneous relationships with multiple video providers and can easily shift from one provider to another. For example, users may subscribe to cable, buy a DVD, and download a movie from Apple iTunes or other sources, or some combination thereof. New competitors may be able to launch new businesses at a relatively low cost.

We also face competition from other types of advertising media, such as newspapers, magazines, yellow pages, billboards and other forms of outdoor media, television and radio. Most large companies in China allocate, and will likely continue to allocate, most of their marketing budgets to traditional advertising media and only a small portion of their budgets to online marketing and other forms of advertising media. If these companies do not devote a larger portion of their marketing budgets to online marketing services provided by our online video business, or if our existing customers reduce the amount they spend on online marketing, our results of operations and future growth prospects could be adversely affected.

The online video industry in China and user acceptance of our online video content may not grow as quickly as expected, which may adversely affect our revenues and business prospects.

Our business prospects depend on the continuing development of the online video industry in China. As an emerging industry, China's online video industry has experienced substantial growth in recent years in terms of both users and content. We cannot assure you, however, that the online video industry will continue to grow as rapidly as it has in the past. With the development of technology, new forms of media may emerge and render online video websites less attractive to users. Growth of the online video industry is affected by numerous factors, such as users' general online video experience, technological innovations, development of Internet and Internet-based services, regulatory changes, especially regulations affecting copyrights, and the macroeconomic environment. If the online video industry in China does not grow as quickly as expected or if we fail to benefit from such growth by successfully implementing our business strategies, our user traffic may decrease and our business and prospects may be adversely affected.

We operate in a rapidly evolving industry. If we fail to keep up with the technological developments and users' changing requirements, our business, results of operations and prospects may be materially and adversely affected.

The online video industry is rapidly evolving and subject to continuous technological changes and changes in industry standards. Our success will depend on our ability to keep up with the changes in technology and user behavior resulting from the technological developments. For example, the development of broadband enabled the enjoyment of high definition videos online. In addition, the number of people accessing the Internet via devices other than personal computers, including mobile phones and other hand-held devices, has increased in recent years. With the introduction of 3G mobile services by all three mobile carriers in China in 2009, we expect this trend to continue. If we do not adapt our products and services to such changes in an effective and timely manner, we may suffer from a decreased user traffic, which may result in a reduced number of advertisers using our online advertising services. Furthermore, changes in technologies may require substantial capital expenditures in product development as well as in modification of products, services or infrastructure. Failure in keeping up with technological development may result in our products and services being less attractive, which in turn, may materially and adversely affect our business, results of operations and prospects.

If we fail to continue to anticipate user preferences and provide products and services to attract and retain users, we may not be able to generate sufficient user traffic to remain competitive.

Our success depends on our ability to generate sufficient user traffic through provision of attractive products and services. To attract and retain users and compete against our competitors, we must continue to offer high-quality content that provides our users with a satisfactory online video experience. To this end, we must continue to produce new in-house content and encourage more UGC, while balancing the value of each type of content to our advertising services. For example, with UGC, users can upload and share their own videos and spend a longer time on our website, and a "community-like" environment enhances users' loyalty to our website and such network effect broadens advertisers' reach of audience; and with our in-house productions, we tailor such content to users' preferences based on our industry experience and combine these productions with targeted advertising services such as product placements, which benefits both the users and our advertisers.

Based on the feedback on our website design and our statistics regarding users' watching behavior, we keep developing new website features that appeal to users, such as designing more user-friendly content searching tools, creating additional interactive social functions or offering better website compatibility with new Internet-enabled devices. We need to continuously anticipate user preferences and industry changes and respond to such changes in a timely and effective manner. If we fail to cater to the needs and preferences of our users and, as a result, fail to deliver satisfactory user experience, we may suffer from reduced user traffic and our business and results of operations may be materially and adversely affected.

The success of our business depends on our ability to maintain and enhance our brand.

We believe that maintaining and enhancing our UMeLook brand is of significant importance to the success of our business. Since the online video market is highly competitive, a well-recognized brand is critical to increasing our user base and, in turn, enhancing our attractiveness to advertisers. We believe that the importance of brand recognition will increase as the number of Internet users in China grows. In order to attract and retain Internet users and advertisers, we may need to substantially increase our expenditures for creating and maintaining brand loyalty. Our success in promoting and enhancing our brand, as well as our ability to remain competitive, will also depend on our success in offering high-quality content, features and functionality. If we fail to promote our brand successfully or if visitors to our website or advertisers do not perceive our content and services to be of high quality, we may not be able to continue growing our business and attracting users and advertisers.

Disruption or failure of our systems could impair our users' online video experience and adversely affect our reputation.

Our ability to provide users with a high-quality online video experience depends on the continuous and reliable operation of our systems. We cannot assure you that we will be able to procure sufficient bandwidth in a timely manner or on acceptable terms or at all. Failure to do so may significantly impair user experience on our website and decrease the overall effectiveness of our website to both users and advertisers. Disruptions, failures, unscheduled service interruptions or a decrease in connection speeds could hurt user experience and our reputation, causing our users and advertisers to switch to our competitors' websites. Our systems and video content delivery network, or CDN, are vulnerable to damage or interruption as a result of fires, floods, earthquakes, power losses, telecommunications failures, undetected errors in software, computer viruses, hacking and other attempts to harm our systems.. Since we host our servers at third-party Internet data centers, any natural disaster or unexpected closure of Internet data centers operated by third-party providers may result in lengthy service interruptions. If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party service providers, our users' experience may be negatively affected, which in turn, may have a material and adverse effect on our reputation. We cannot assure you that we will be successful in minimizing the frequency or duration of service interruptions

Undetected programming errors could adversely affect user experience and the market acceptance of our video programs, which may materially and adversely affect our business and results of operations.

The video programs on our website may contain programming errors that may only become apparent after their release. We receive user feedback in connection with programming errors affecting their user experience from time to time, and such errors may also come to our attention during our monitoring process. We generally have been able to resolve such programming errors in a timely manner. However, we cannot assure you that we will be able to detect and resolve all these programming errors effectively. Undetected audio or video programming errors or defects may adversely affect user experience and cause our advertisers to reduce their use of our services, any of which could materially and adversely affect our business and results of operations.

We may be exposed to intellectual property infringement and other claims, including claims based on content posted on our website, which could be time-consuming and costly to defend and may result in substantial damage awards and/or court orders that may prevent us from continuing to provide certain of our existing services.

Our success depends, in large part, on our ability to operate our business without infringing third-party rights, including third-party intellectual property rights. Internet companies, technology and media industries own, and are seeking to obtain, a large number of patents, copyrights, trademarks and trade secrets, and they are frequently involved in litigation based on allegations of infringement or other violations of intellectual property rights or other related legal rights. There may be patents issued or pending that are held by others that cover significant aspects of our technologies, products, business methods or services. We may be subject to claims for defamation, negligence, infringement of third-party copyright and other rights, such as privacy and image rights, or other claims based on the nature or content of videos or our users on our websites. Such claims, with or without merit, may cause us to incur significant costs and liabilities and could materially and adversely affect our business, and also result in diversion of the attention of our management and our financial resources and negative publicity on our brand and reputation. In addition, third parties may make claims against us for losses incurred in reliance on the information on our websites. We do not carry any liability insurance covering such risks. Due to the significant number of videos uploaded by users, we may not be able to identify all content that may infringe on third-party rights. Thus, our failure to identify unauthorized videos posted on our website may subject us to, and may continue to subject us to, claims of infringement on third-party intellectual property rights or other rights.

Regulation and censorship of information disseminated over the Internet in China may adversely affect our business and subject us to liability for information displayed on or linked to our websites.

The PRC government has adopted regulations governing Internet access and the distribution of news and other information over the Internet. Under these regulations, Internet content providers and Internet publishers are prohibited from posting or displaying over the Internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Furthermore, Internet content providers are also prohibited from displaying content that may be deemed by relevant government authorities as "socially destabilizing" or leaking "state secrets" of the PRC. Failure to comply with such requirements has resulted in the closure of certain websites.

Although we attempt to monitor the content in our websites, we are not able to control or restrict the content of other Internet content providers linked to or accessible through our websites, or content generated or placed on our websites by our users. To the extent that PRC regulatory authorities find any content displayed on our websites objectionable, they may require us to limit or eliminate the dissemination of such information on our websites. If third-party websites linked to or accessible through our website operate unlawful activities such as online gambling on their websites, PRC regulatory authorities may require us to report such unlawful activities to relevant authorities and to remove the links to such websites, or they may suspend or shut down the operation of such websites. PRC regulatory authorities may also temporarily block access to certain websites for a period of time for reasons beyond our control. Any of these actions may reduce our user traffic and adversely affect our business.

Other Risks Related to Our Business

We have significant historical losses and may continue to incur losses in the future.

We have incurred annual operating losses since our inception. As a result, at September 30, 2012 we had an accumulated gain of approximately $ 19,604,325. Our revenues for the years ended September 30, 2012 and September 30, 2011 were $411,129 and $183,503 respectively. Our revenues have not been sufficient to sustain our operations. Revenues for 2012 consisted of royalty revenues, gain from disposal of fixed assets, forgo of salary from Chief Executive Officer, legal settlement, and interest income, and in 2011 revenues consisted of royalty revenues and consulting revenues. In order to achieve profitability our revenue streams will have to increase and there is no assurance that revenues can increase to such a level. We may never be profitable. Our ability to achieve profitability is affected by various factors, including:

- growth of the online video industry and the online advertising market;
- the transition from long-form professional content to short-form user-generated content, or UGC;
- the continued growth and maintenance of our user base;
- our efforts to sell and market our products through licensees, distributors and other partners;
- our ability to establish corporate partnerships and licensing arrangements;
- the time and costs involved in obtaining regulatory approvals;
- our ability to control our costs and expenses; and
- the continued ability to source investments from our investors.

Many of these factors are beyond our control. We may continue to incur net losses in the future due to our continued investments in content, bandwidth and technology. If we cannot successfully offset our increased costs with an increase in net revenues, our gross margin, financial condition and results of operations could be materially and adversely affected. We may also continue to incur net losses in the future due to changes in the macroeconomic and regulatory environment, competitive dynamics and our inability to respond to these changes in a timely and effective manner.

Our disclosure controls & procedures and internal control over financial reporting were ineffective

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to conduct a comprehensive evaluation of their disclosure controls & procedures and internal control over financial reporting. At the end of each fiscal year, we must perform an evaluation of our disclosure controls & procedures and internal control over financial reporting, include in our annual report the results of the evaluation, and have our external auditors publicly attest to such evaluation. If material weaknesses were found in our disclosure controls & procedures and internal controls in the future, if we fail to complete future evaluations on time, or if our external auditors cannot attest to our future evaluations, we could fail to meet our regulatory reporting requirements and be subject to regulatory scrutiny and a loss of public confidence in our disclosure and internal controls, which could have an adverse effect on our stock price. In connection with management's assessment of the Company's disclosure controls & procedures and internal control over financial reporting, we identified the following material weakness in our disclosure controls & procedures and internal control over financial reporting as of September 30, 2012:

Segregation of Duties: We did not maintain adequate segregation of duties related to job responsibilities for initiating, authorizing, and recording of certain transactions. Due to this material weakness, there is a risk that a material misstatement in the financial statements would not be prevented or detected on a timely basis.

We are subject to currency fluctuations, which may affect our results

The majority of our expenses and some of our debt are in Canadian dollars, while our revenues are primarily U.S. dollars. We also incur expenses in Hong Kong dollar and Chinese Yuan related to our Far East subsidiaries. The fluctuation of the Canadian dollar, Hong Kong dollar and Chinese Yuan vis a vis the U.S. dollar could materially impact our operating results and financial position.

We will require additional financing to sustain our operations, and our ability to secure additional financing is uncertain.

We may be unable to raise on acceptable terms, if at all, the substantial capital resources necessary to conduct our operations. If we are unable to raise the required capital, we may be forced to curtail business development activities and, ultimately, cease operations. At September 30, 2012, we had working capital of approximately $19,025,583 as compared to a working capital deficiency of $1,286,815 as at September 30, 2011. The independent auditors' report for the year ended September 30, 2012 includes an explanatory paragraph stating that our recurring losses from operations and working capital levels raise substantial doubt about our ability to continue as a going concern.

We may be unable to retain key employees or recruit additional qualified personnel.

Because of the specialized scientific nature of our business, we are highly dependent upon qualified scientific, technical, and managerial and marketing personnel. There is competition for qualified personnel in our business. Therefore, we may not be able to attract and retain the qualified personnel necessary for the development of our business. The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical, and managerial personnel in a timely manner would harm our research and development programs and our business.

The market price of our Common Stock is volatile.

The market price of our Common Stock has been, and we expect it to continue to be, highly unstable. Factors, including our announcement of technological improvements or announcements by other companies, regulatory matters, research and development activities, new or existing products or procedures, signing or termination of licensing agreements, concerns about our financial condition, operating results, litigation, government regulation, developments or disputes relating to agreements, patents or proprietary rights, and public concern over the safety of activities or products have had a significant impact on the market price of our stock. We expect such factors to continue to impact our market price for the foreseeable future.

Our Common Stock is classified as a "penny stock" under SEC rules which may make it more difficult for our stockholders to resell our Common Stock.

Our Common Stock is traded on the OTC Bulletin Board. As a result, the holders of our Common Stock may find it more difficult to obtain accurate quotations concerning the market value of the stock. Stockholders also may experience greater difficulties in attempting to sell the stock than if it was listed on a stock exchange or quoted on the Nasdaq National Market or the Nasdaq Small-Cap Market. Because AlphaRx Common Stock is not traded on a stock exchange or on Nasdaq, and the market price of the Common Stock is less than $5.00 per share, the Common Stock is classified as a "penny stock." Rule 15g-9 of the Securities Exchange Act of 1934 imposes additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as an "established customer" or an "accredited investor." This includes the requirement that a broker-dealer must make a determination that investments in penny stocks are suitable for the customer and must make special disclosures to the customer concerning the risks of penny stocks. Application of the penny stock rules to our Common Stock could adversely affect the market liquidity of the shares, which in turn may affect the ability of holders of our Common Stock to resell the stock. We have a significant number of options and warrants outstanding that could be exercised in the future. Subsequent resales of these and other shares could cause the Company’s stock price to decline. This could also make it more difficult to raise funds at acceptable levels, via future securities offerings.

Lack of Independent Directors

We cannot guarantee that our Board of Directors will have a majority of independent directors in the future. In the absence of a majority of independent directors, our executive officers, which are also principal stockholders and directors, could establish policies and enter into transactions without independent review and approval thereof. This could present the potential for a conflict of interest between the Company and its stockholders generally and the controlling officers, stockholders or directors.

Ownership of our Common Stock by Current Officers and Directors

The present officers and directors own approximately 5.98% of the outstanding shares of Common Stock, and are therefore no longer in a position to elect all of our Directors and otherwise control the Company. As of September 30, 2012, Vago International Limited controlled by Yee Chu beneficially owned approximately 62.90% of our outstanding capital stock. Chu therefore has significant influence over management and affairs and over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets, for the foreseeable future. This concentrated control limits or severely restricts our stockholders’ ability to influence corporate matters and, as a result, we may take actions that our stockholders do not view as beneficial. As a result, the market price of our common stock could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

NONE.

ITEM 2. PROPERTIES

AlphaRx is headquartered in Causeway Bay, Hong Kong, where it leases its executive offices from which the Company is managed. A lease was executed with the landlord through October 30, 2012 and the monthly rent payment is $2,200.

ITEM 3. LEGAL PROCEEDINGS

On June 29, 2011, we filed an action in the Ontario Superior Court of Justice, Case No CV-11-42969, captioned AlphaRx Inc. v Joseph Schwarz, Michael Weisspapir, and Nanoessentials Inc for conversion and misuse of our intellectual property and breach of fiduciary duty. The Claim was settled on January 11, 2012.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our Common Stock is traded over-the-counter and its quotations are carried in the Electronic Bulletin Board of the National Association of Securities Dealers, Inc.

The following table sets forth the range of high and low bid quotations for our Common Stock for the periods indicated from sources we deem reliable.

		High $	Low $
Fourth Quarter	(Ended September 30, 2012)	0.79	0.27
Third Quarter	(Ended June 30, 2012)	1.24	0.05
Second Quarter	(Ended March 31, 2012)	0.09	0.03
First Quarter	(Ended December 31, 2011)	0.06	0.03
Fourth Quarter	(Ended September 30, 2011)	0.05	0.03
Third Quarter	(Ended June 30, 2011)	0.06	0.03
Second Quarter	(Ended March 31, 2011)	0.07	0.03
First Quarter	(Ended December 31, 2010)	0.10	0.03

The foregoing quotations reflect inter-dealer prices without retail mark-up, markdown or commissions and may not necessarily represent actual transactions.

Records of our stock transfer agent indicate that as of September 30, 2012 there were approximately 76 record holders of our Common Stock. This does not include an indeterminate number of stockholders who may hold their shares in "street name" or in nominee form.

DIVIDENDS

We have never declared any cash dividends and do not anticipate paying such dividends in the near future. We anticipate all earnings, if any, over the next twelve (12) to twenty - four (24) months will be retained for working capital purposes. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our results of operations, financial conditions, contractual restrictions, and other factors deemed relevant by the Board of Directors. We are under no contractual restrictions in declaring or paying dividends to our common stockholders.

The future sale of presently outstanding "unregistered" and "restricted" Common Stock of the Company by present members of management and persons who own more than five percent of the outstanding voting securities of the Company may have an adverse effect on the public market for our Common Stock.

STOCK OPTION PLANS

At the Annual General Meeting of stockholders held on November 26, 2008 a majority of stockholders approved a new stock option plan - the 2008 Stock Incentive Plan. This plan is generally more restrictive than the preceding plans were. Major amendments to the existing plans reflected in the 2008 Stock Incentive Plan include: (i) combining the 2004 and 2006 Plans for ease of administration; (ii) providing a cap for the number of options to be issued at 22,000,000; (iii) providing guidelines for exercise prices such that the exercise price of any newly granted option is never less than the market value or in the case of a 10%+ holder, never less than 110% of the market value on the date of grant; (iv) providing for a maximum term of 5 years for any option granted; (v) provide for a vesting schedule whereby vesting must occur over at least 18 months with no more than $1/6^{th}$ of the options granted vesting in any 3 month period; (vi) providing for the maximum number of options to be granted to any one individual in any 12 month period to be no more than 5% of the issued and outstanding common stock, and (vii) providing for a maximum number of options to be granted to any Investor Relations party to be no more than 2% of the issued and outstanding common stock. Finally, in accordance with the existing Plan we can grant no more than 4,310,000 options regardless of how many options may be exercised or expire.

No options were granted nor were any exercised during the year ended September 30, 2011. There remain 7,940,000 options to purchase shares of Common Stock as of September 30, 2010.

During fiscal 2008 employees, officers and consultants exercised a total of 3,430,000 options at an average exercise price of approximately $0.08 per share and resulting in $274,750 in cash proceeds to the Company. Of these options 700,000 were from the 2000 Plan and had a weighted remaining contractual life of 2.5 years when exercised and 2,730,000 were from the 2004 Plan and had a weighted remaining contractual life of 7.8 years when exercised. Immediately thereafter the remaining options in the 2000 Plan and 2003 Plan were cancelled, with the agreement of the option holders. In addition, and pursuant to an application for listing on the Toronto Venture Exchange, the Company cancelled a total of 7,660,000 options with the agreement of the option holders during fiscal 2008. Also during fiscal 2008, with the agreement of the option holders, the option expiry date for all remaining 2004 Plan options was accelerated to June 30, 2012. All options were expired on or before June 30, 2012.

RECENT SALES OF UNREGISTERED SECURITIES

During fiscal 2012, 300,000 units with a value of $15,000 were subscribed by an investor. Each Unit consists of one (1) common share of the Company and one-half (1/2) warrant. Each full warrant offers the subscriber a call to purchase one (1) additional common share of the Company at US$0.075 per warrant before June 30, 2014. The issuance and sale of all of the securities above were exempt from registration under the Securities Act pursuant to exemptions provided by Section 4(2) of the Securities Act as a transaction by the Company not involving any public offering

On August 30, 70,000,000 common shares were issued to the shareholders of UMeLook at a deemed price of $0.30 per share in exchange for all of the issued and outstanding shares in the capital of UMeLook. The common shares issued pursuant to the acquisition were not registered for sale under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under SEC guidelines

ITEM 6. SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATONS

The following discussion should be read in conjunction with the information contained in the consolidated financial statements of the Company and the notes thereto appearing elsewhere herein and in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in (1) the Company's Annual Report on Form 10-K for the year ended September 30, 2012. Readers should carefully review the risk factors disclosed in this Form 10-K and other documents filed by the Company with the SEC.

As used in this report, the terms "Company," "AlphaRx" "we," "us," and "our," refer collectively to AlphaRx Inc., AlphaRx Canada Limited, our wholly owned subsidiary and 80% of AlphaRx International Holdings Limited.

PRELIMINARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the federal securities laws. These include statements about our expectations, beliefs, intentions or strategies for the future, which we indicate by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "we believe," "the Company believes," "management believes" and similar language. The forward-looking statements are based on the current expectations of the Company and are subject to certain risks, uncertainties and assumptions, including those set forth in the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report. Actual results may differ materially from results anticipated in these forward-looking statements. We base the forward-looking statements on information currently available to us, and we assume no obligation to update them. Investors are also advised to refer to the information in our previous filings with the Securities and Exchange Commission (SEC), especially on Forms 10-K, 10-Q and 8-K, in which we discuss in more detail various important factors that could cause actual results to differ from expected or historic results. It is not possible to foresee or identify all such factors. As such, investors should not consider any list of such factors to be an exhaustive statement of all risks and uncertainties or potentially inaccurate assumptions.

General

AlphaRx Inc., formerly known as Logic Tech International Inc., was incorporated in Delaware on August 8, 1997 as an intellectual property holding company whose mission was to identify, acquire and develop new technologies or products and devise commercial applications to be taken to market through licensing or joint venture partners. Logic Tech International Inc. was renamed AlphaRx Inc. on January 28, 2000 and our Common Stock commenced trading on the OTC Pink Sheets under the symbol "AHRX" on July 25, 2000. On October 12, 2000 AlphaRx Inc. Common Stock ceased trading on the Pink Sheets and began trading on the Over The Counter Bulletin Board (“OTCBB”) under the same symbol. Subsequent to March 19, 2002 AlphaRx Inc.’s symbol was changed to “ALRX” after a consolidation of its Common Stock on a 1 new for 5 old basis.

On April 20, 2012, the Company effected a consolidation of its share capital on the ratio of one new share for five old shares and began trading on a split-adjusted basis on May 29, 2012. On July 23, 2012 AlphaRx Inc. Common Stock ceased trading on the OTCBB and began trading on the OTCQB Marketplace under the same symbol “ALRX” on account of its ineligibility for quotation on OTCBB due to quoting inactivity under SEC Rule 15c2-11. All references to AlphaRx Inc. Common Stock have been retroactively restated.

AlphaRx is a specialty pharmaceutical company dedicated to developing therapies to treat and manage pain. Prior to November, 2011, the business of the Company was focused on reformulating FDA approved and marketed drugs using its proprietary site-specific nano drug delivery technology. From 2000 until June 2011, substantial efforts and resources were devoted to understanding our nano drug delivery technology and establishing a product development pipeline that incorporated this technology with selected molecules. On July, 2011 the Board and management adopted a new business plan that it believed would improve the Company’s performance. The new business plan narrowed the Company’s focus to developing and commercializing 2 existing product candidates Indaflex and ARX 8203 for the pain market. On November 4, 2011 the Company adopted a new corporate development strategy that expanded the business operation of the Company to digital media with an intense focus on China. On August 30, 2012, the Company acquired all of the issued and outstanding shares of UMeLook Holdings Limited (“UMeLook”), a digital media startup with an intense focus on China. The acquisition of UMeLook was completed as a share exchange through the issuance of 70,000,000 common shares of AlphaRx Inc. to the shareholders of UMeLook at a deemed price of $0.30 per share in exchange for all of the issued and outstanding shares in the capital of UMeLook.

Business Development

Drug Development Operation

The Company’s nano drug delivery development business model was formed in 2000, substantial efforts and resources were devoted to understanding our nano drug delivery technology and establishing a product development pipeline that incorporated this technology with selected molecules. On July, 2011 the Board and management adopted a new business plan that it believed would improve the Company’s performance. The new business plan narrowed the Company’s focus to developing and commercializing 2 existing product candidates Indaflex and ARX8203 for the pain market.

To date, we have engaged in organizational activities, preparing ARX8203 for human trials; and expanding Indaflex sales. We have generated funding through the issuances of debt and private placement of common stock. We have not generated any substantial revenues and we do not expect to generate any substantial revenues in the near future. We may not be successful in developing our product candidates and start selling our products when planned, or that we will become profitable in the future. We have incurred net losses in each fiscal period since inception of our operations.

Indaflex

Indaflex™ is a topical NSAID (Non-Steroidal Anti-inflammatory Drug) formulation currently in clinical development for the reduction of signs and symptoms associated with osteoarthritis of the knee. Arthritis is the most common chronic disease in North America and afflicts an estimated 10% of the world's population. The active ingredient in Indaflex™, indomethacin, has a long-standing and proven clinical treatment record. Delivered through the skin using proprietary technology developed by AlphaRx, the companies believe Indaflex™ will have an attractive safety, tolerability and efficacy profile in comparison to oral treatments and other topical preparations. The side effects of the GI tract found with orally ingested NSAIDs will be dramatically reduced. This drug delivery vehicle significantly increases drug loading through a unique combination of polarity and hydrophobicity of the carrier components. Indaflex long-term market objective is to gain leadership in the anti-inflammatory topical cream/ointment arthritic and chronic joint/muscle pain relief market.

Indaflex is approved for sale in Mexico, but must undergo FDA approval for sale in United States and other countries. Indaflex is our only prescription drug at the clinical trial stage. We completed a Phase I human trial for Indaflex in Canada during March 2005.

Together with our former licensee Proprius Pharmaceuticals Inc. ("Proprius"), we completed Phase II clinical trials for Indaflex in March 2007. The randomized double-blind placebo and vehicle controlled trial, which included a six-week treatment period, was conducted on 233 patients with osteoarthritis of the knee. While the trial did not meet its primary endpoints, subgroup analyses of patients with moderate to severe pain and more impaired physical function at baseline showed positive trends in patients treated with Indaflex as compared to patients treated with either placebo or vehicle. Indaflex was demonstrated to be safe and well tolerated. Because we did not meet the primary endpoints, under the terms of the Licensing Agreement with Proprius we did not receive any milestone payments for this trial. On March 2008, Proprius was acquired by Cypress Bioscience Inc. (“Cypress”) and Cypress assumed Indaflex clinical development. Our agreement with Cypress expired on June 28, 2010.

ARX-8203

ARX-8203 is a prodrug of a well-known non-steroidal anti-inflammatory drug, designed to reduce the occurrence of side- effects associated with the parent drug. ARX-8203 is pH neutral and has significantly less GI toxicity than diclofenac in a 28 days GI animal study. ARX-8203 demonstrates excellent G.I. safety profile in acute GLP toxicity studies and can be administrated orally or via intravenous infusion or IV bolus injection. The Company is seeking a development partner to conduct a POC (Proof of Concept) human trial as soon as practicable. With an estimated 15 million Americans taking prescription NSAIDs for arthritis, and an estimated 68 million prescriptions a year being written for these products, according to the FDA, the market for NSAIDs is strong. Prolonged use of NSAID’s has been associated with a high incidence of gastro-intestinal ulcers. There will be a robust market for new drugs without the serious G.I. side-effects which prolonged use of current NSAID’s risk.

AlphaRx owns all the regulatory licenses for Indaflex and ARX-8203. Our primary strategy is to establish collaborative relationships with pharmaceutical companies to develop our products. The products will be jointly developed, with the collaborative partner having primary responsibility to clinically test, manufacture, market and sell the product, and we retain ownership of our products.

Digital Media Operation

On August 30, 2012, the Company acquired all of the issued and outstanding shares of UMeLook Holdings Limited (“UMeLook”), a digital media startup with an intense focus on China. UMeLook is an early stage online video company focuses on providing unique foreign video content to Chinese viewers. Our mission is to become the primary source of foreign video content for the Chinese population across any Internet-enabled device. Our video content is delivered to viewers in China and USA via a sophisticated CDN comprised of over 11,400 servers which provide fast streaming and upload speed. CDN technology utilizes additional data storage to maintain copies of popular content at the “edge” of the Internet, which enables end-users to more quickly access that content. Our CDN facilitates faster responses to users’ requests for content, avoids buffering and associated delays caused by low bandwidth and user congestion, and is therefore critical to the success of our online video business in China where bandwidth is still limited.

Our online video business focuses on UGC and we seek to be a strategically focused company with focuses on providing unique foreign video content and personalized users' experience. We provide a comprehensive selection of unique and differentiated UGC and in-house developed content on our websites. Our broad selection of online video content includes informational, fashion & life, music videos, education, travel, sports, technology, games, auto & creative and sub-channels such as news, beauty & health and etc. We provide an online platform that allows users to share comments on videos, ensuring that our users enjoy a highly engaging and interactive experience on our websites. We believe a volume of high-quality and differentiated content available on our website will allow us to establish a valuable user base in China, consisting primarily of young urban educated users between the ages of 18 and 44, a particularly attractive demographic to advertisers.

We intend to derive substantially all of our revenues from online advertising services primarily using performance advertising. Our advertising solutions intend to present advertisers with a complete range of advertisement creation, matching, placement and presentation. Our online advertising services will include in-video, display, sponsorship and other forms. Due to PRC legal restrictions on foreign ownership and investment in value-added telecommunications services and advertising businesses in China, we intend to operate our business primarily through our consolidated affiliated entities in China. We will not hold equity interests in our consolidated affiliated entities. However, through a series of contractual arrangements with these consolidated affiliated entities and their respective shareholders, we will effectively control, and will be able to derive substantially all of the economic benefits from, these consolidated affiliated entities.

Our Video Platform

Our Website

Users can access our website for short-form videos, including hot news and reports, first-hand information and entertainment videos, which can be in-house produced or provided by users or our content partners. Our website has a series of user-friendly functions such as search tools and recommendations. We also help users navigate our database and find videos of interest by creating popularity ranking indices and interest-based video channels. We provide social features, such as community web pages and video sharing and commenting tools. Users may create a playlist based on their preferences so that the requested video will be broadcast continuously. Registered visitors may upload video clips easily to our website and comment on each video clip to share their opinions. We believe all these features help provide an enhanced user experience and reinforce user loyalty. In addition, users can download and install our proprietary application on their tablets or 3G mobile phones, which allows users to use one-step mobile application to shoot and upload video clips.

Mobile Platform

Users can use their 3G mobile phones to watch a large number of videos on Umelook.com. We are also developing applications for a variety of major 3G mobile phones.

Our Content

UGC (User-Generated Content)

Our website allows Internet users to easily upload, watch and share UGC video clips. Our editorial team is responsible for communicating with users on the types of UGC we believe are popular and well demanded. In order to encourage more users to upload UGC to our website, we intend to purchase the licensing rights to some popular UGC, and will share advertising revenues with individual users whose number of uploads exceed certain threshold. We intend to establish a revenues sharing program to target three types of users: contracted users, certified original content providers and general uploading users. We will reward each type of users in accordance with different revenues sharing criteria. For example, we may pay contracted users certain fees based on the popularity of their videos and also a percentage of revenues based on the total video views as quarterly bonus. The quarterly bonus for a contracted user may range from US$150 to US$1,000 if its videos are viewed on our website for more than one million times.

In-house Developed Content

Our objective is to establish our company as not only a leading foreign video content provider but also a leading foreign media company in China. We intend to apply for the "License for Audio-Visual Programs of Information Online Communication" with the State Administration. Upon approval we will be able to offer our viewers in-house produced coverage on significant international events such as the Japan earthquake, the passing of Steve Jobs, the Libya conflict and the UK royal wedding. We may also provide in-house produced online talk shows, celebrity interviews and reality shows to our viewers. We will determine the types of content to be produced generally based on our assessment of users' preferences and information gathered by us from analyzing user data collected through our video platform. We will cooperate with third parties engaged in in-house production, taking advantage of talents of local production teams and their relatively low production costs. We believe the success of in-house developed programs will further differentiate us from our competitors.

Our Users

We are targeting our unique foreign content to young urban educated users, between ages 18 and 44, which is a particularly attractive demographic to advertisers.

Online viewers in China also represent a more affluent and better-educated segment of the population in China. We intend to track and maintain extensive user data, including viewing history and information voluntarily provided by registered users. We intend to use sophisticated statistical tools to analyze user data, to better understand users' viewing preference and habits. This will greatly facilitate our efforts in providing service to our advertising customers.

Advertising Services and Customers

We intend to derive substantially all of our revenues from online advertising services primarily using performance advertising. By using the Application Advertisement, or AA, system, our advertising solutions intend to provide advertisers with attractive opportunities to combine the visual impact and engagement of traditional television-like multimedia advertisements with interactivity and precise targeting capabilities of the Internet.

Marketing and Brand Promotion

We intend to build our brand with modest marketing expenditures. We will grow primarily through word-of mouth. We focus on continuously improving the quality of our products and services as we believe satisfied users and customers are more likely to recommend our products and services to others. We have initiated various marketing activities to further promote our brand awareness among existing and potential users and customers, which include:

• Online Advertising. We engage in online advertising on other websites with user bases similar to our own or likely to watch online videos.

• Promotional Events. We organize and run a number of online promotional events which we believe help create brand awareness by associating the UMeLook brand with well-known and respected organizations and events in China.

Intellectual Property

We rely primarily on intellectual property laws and our contractual arrangements with our employees, clients, business partners and others to protect our intellectual property rights. We require our employees to enter into agreements requiring them to keep confidential all information relating to our customers, methods, business and trade secrets during and after their employment with us. Our employees are required to acknowledge and recognize that all inventions, trade secrets, works of authorship, developments and other processes, whether or not patentable or copyrightable, made by them during their employment are our property. They also sign agreements to substantiate our sole and exclusive right to those works and to transfer any ownership that they may claim in those works to us. We have registered our domain names, including ku6.com, juchang.com and juchang.cn.

Competition

The online video industry in China is rapidly evolving and highly competitive. We believe the key competitive factors in the online video industry in China include brand recognition, demographic composition of users, robust technology platform, ability to acquire popular premium licensed content at a reasonable cost and create differentiated content in-house, ability to source creative UGC, ability to provide innovative advertising services to customers, relationships with advertising customers, advertising prices, as well as the range of services provided to advertising customers. We face competition from other major online video companies. Among the independent or "pure-play" online video sites, our major competitors in China include Youku.com and Tudou.com. Several large Chinese Internet companies, such as SINA Corporation, Baidu, Inc., Sohu.com Inc., Tencent Holdings Limited, NetEase.com, Inc. and/or their affiliates, have launched online video websites. In addition, some of China's TV networks, such as CCTV, Phoenix Satellite TV and Hunan Satellite TV, have launched their own video broadcasting websites. We also face competition from Internet video streaming platforms based on the P2P technology, such as PPS and PPTV. Certain international online video sites, such as YouTube and Hulu, have large content portfolios and high brand recognition, particularly among users outside China. Currently, YouTube is not accessible by viewers in China. If China lifts the restrictions, YouTube may become our major competitor in China.

We also compete with traditional advertising media, such as television, radio, newspapers and magazines, and major out-of-home media, such as billboards, for advertisers' advertising budgets. Large enterprises currently spend a relatively small percentage of their advertising budgets on online advertising as compared to the percentage they spend on traditional advertising media, but we expect the percentage spent on online advertising to increase in the future.

Seasonality

We experience seasonality in our online advertising business. Historically, in the China market, the fourth calendar quarter represents the best season for the general advertising market. This is followed by the third and second calendar quarters. The first calendar quarter is usually the worst season in China due to the Chinese New Year holidays.

Requirement for Additional Capital

We estimate that we will need approximately an additional $5M to $10M over the next 18 months for further development of our digital media business. These additional funds, if raised, will be used for general working capital, marketing and brand promotion.

The Company has limited experience with digital media business development. Thus, our budget estimates are not based on experience, but rather based on advice given by our associates and consultants. As such these budget estimates may not be accurate. In addition, the actual work to be performed is not known at this time, other than a broad outline, as is normal with any scientific work. As further work is performed, additional work may become necessary or change in plans or workload may occur. Such changes may have an adverse impact on our estimated budget. Such changes may also have an adverse impact on our projected timeline of drug development.

Management intends to use capital and debt financing, as required, to fund the Company's operations. There can be no assurance that the Company will be able to obtain the additional capital resources necessary to fund its anticipated obligations for the next twelve months.

The Company is considered to be a development stage company and will continue in the development stage until it generates substantial revenues from the sales of its products or services.

Research and Development Costs

The Company does not maintain separate accounting line items for each project in development. The Company maintains aggregate expense records for all research and development conducted. Because at this time all of the Company's projects share a common core material, the Company allocates expenses across all projects at each period-end for purposes of providing accounting basis for each project. Project costs are allocated based upon labor hours performed for each project. The Company expects to enter into cooperative agreements with other governmental and non-governmental, academic, or commercial, agencies, institutions, and companies. There can be no assurance that a final agreement may be achieved and that the Company will execute any of these agreements. However, should any of these agreements materialize, the Company will implement a system to track these costs by project and account for these projects as customer-sponsored activities and show these project costs separately.

Overview of Results of Operations

The following tables summarize the results of operations for the years ended September 30, 2012 and 2011 and the quarterly results of operations for the past two years:

Year Ended September 30	**2012**	**2011**
	$	**$**
Net Sales	411,812	183,503
Net Loss	(92,893)	(265,786)
Net Loss Per Share	(0.001)	(0.003)

Three Months Ended	**Sep 30 2012**	**June 30 2012**	**Mar 31 2012**	**Dec 31 2011**	**Sep 30 2011**	**June 30 2011**	**Mar 31 2011**	**Dec 31 2010**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Net Sales	69,659	30,513	30,948	35,683	77,417	31,866	51,390	22,830
Net Income (Loss)	(69, 409)	(31,457)	87,140	(79,166)	(150,078)	(106,655)	(111,753)	(197,456)
Net (Income) Loss per Share [(1)]	(0.0016)	(0.0016)	(0.0009)	(0.001)	0.002	(0.001)	(0.001)	(0.002)

NOTE [(1)] Net Loss per share on a quarterly basis does not equal net Loss per share for the annual periods due to rounding.

RESULTS OF OPERATIONS

Year ended September 30, 2012 as compared to year ended September 30, 2011

Revenues

Revenues totaled $166,803 for the year ended September 30, 2012 as compared to $183,503 generated for the year ended September 30, 2011, a decrease of $16,700 or about 9.1%. Royalties from Indaflex sales in Mexico increased to $166,803 from $158,166 generated for the same period a year ago based on an increase in the minimum royalty payment compared to previous year. We also generated $10,637 in selling of R & D Equipment for the year ended September 30, 2012. We anticipate generating royalty revenues in the new fiscal year.

General and Administrative Expenses

General and administrative expenses were $404,791 for the year ended September 30, 2012 as compared to $374,676 incurred for the same period a year ago, an increase of $30,115 or about 8%.

Stock based compensation was $6,558 for the year ended September 30, 2012 as compared to $26,540 in 2011, a decrease of $19,982 or about 75.3%. There are no further amounts remaining to be amortized related to warrants or options as at September 30, 2012. We anticipate issuance of additional options and warrants in the future, which may result in stock based compensation expense and warrant amortization expense.

General and administrative salary and consulting fees totaled $66,000 for the year ended September 30, 2012 as compared to $192,000 incurred for the same period a year ago, a decrease of $126,000 or about 65.6%. Head count in the general and administrative category with 1 full time and 1 part time staff.

We incurred $9,366 in investor relations expenses for the year ended September 30, 2012 as compared to $10,480 incurred in the same period a year ago, a decrease of $1,114 or about 10.6%.

We realized a foreign exchange loss of $69,455 for the year ended September 30, 2012 as compared to a foreign exchange gain of $30,440 generated during the same period a year ago, a decrease of $99,895 between years.

We incurred travel expenses of $73,257 for the year ended September 30, 2012 as compared to $60,854 incurred during the same period a year ago, an increase of $12,403 or about 20.4%. Increased travel particularly to China because of the expansion to china market.

Research and Development Expenses

Research and development expenses typically include costs for scientific personnel, supplies, equipment, outsourced clinical and other research activities, consultants, and other costs directly related to research and development of existing products. We have been incurring research and development expenses in Canada via our wholly owned subsidiary AlphaRx Canada Ltd. and to a lesser degree in China.

We incurred $0 in research and development expenses during the year ended September 30, 2012 as compared to $16,609 incurred in the same period a year ago, a decrease of $16,609 or about 100%.

Research and development staff costs and external consulting services totaled $0 for the year ended September 30, 2012 as compared to $9,902, a decrease of $9,902 or about 100%. Salary reductions and reduced external consulting services served to reduce this expense when compared to prior year.

Finally equipment leasing for research and development activities totaled $0 during the year ended September 30, 2012 as compared to $352 a reduction of $352 or about 100%. All equipment leases have come to the end of their lease term.

We anticipate limited spending on research and development in the future. The degree and pace of expenditures will depend primarily on financial resources available to us.

Depreciation Expense

Depreciation expense totaled $2,281 for the year ended September 30, 2012 as compared to $33,698 incurred for the same period a year ago, a decrease of $31,417 or about 93.23%.

Interest Expense

We incurred $97,632 in net interest expense during 2012 as a result of our borrowings and the issuance of promissory notes yielding interest ranging from 10% - 12% per annum. This compares to $103,872 incurred during 2011 a decrease of $6,240 or about 6%. We will continue to seek funding in the form of Promissory Notes, which will result in ongoing interest expense until more permanent equity or other forms of funding are sourced.

Loss from Continuing Operations and Net Loss

As a result of the above revenues and expenses, we incurred a loss from continuing operations of $92,893 for the year ended September 30, 2012 as compared to $262,060 incurred loss for the same period a year ago, a decrease of $169,168 or about 64.55%. Revenues decreased by $16,700 and expenses decreased by $132,131 in the year ended September 30, 2012 as compared to the previous year.

Cumulative Translation Adjustment and Comprehensive Loss

The cumulative translation adjustment ("CTA") stems from unrealized foreign exchange gains and losses resulting from translation of foreign currency subsidiaries into U.S. dollars. Although the CTA is reflected in the statement of operations, it is reflected after the net loss and flows into stockholders' equity/ (deficiency) directly. The CTA was a $316 loss for the year ended September 30, 2012 as compared to a loss of $3,726 for the year ended September 30, 2011. Netting the CTA against the Net Loss for the year results in comprehensive loss of $(93,208) for the year ended September 30, 2012 as compared to a comprehensive loss of $(265,786) incurred for the year ended September 30, 2011.

Liquidity And Capital Resources

At September 30, 2012, we had working capital of approximately $19,025,583 as compared to a working capital deficiency of $1,286,815 as at September 30, 2011. We have licensing arrangement with Andromaco which provides royalty on our drug product Indaflex. We continue to seek out licensing and royalty arrangements and distribution arrangements with established and experienced drug development partners in order to expand our revenue base.

Since inception, we have financed operations primarily from the issuance of Common Stock. We expect to continue Common Stock issuances and issuance of promissory notes to fund our ongoing activities.

We currently do not have sufficient resources to complete the commercialization of our drug products or to carry out our entire business strategy. Therefore, we will need to raise additional capital to fund our operations sometime in the future. We cannot be certain that any financing will be available when needed. Any additional equity financings will be dilutive to our existing stockholders, and debt financing, if available, may involve restrictive covenants on our business and also the issuance of warrants or conversion features which may further dilute our existing stockholders.

We expect to continue to spend capital on:

1. marketing and brand promotion of UMeLook; and
2. sales and marketing activities related to establishing collaborative, licensing and distribution agreements for our drug products.

The inability to raise capital would have a material adverse effect on the Company.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are material and which, in our opinion, could become material in the future.

Contractual Obligations and Commitments

Excluding accounts payable and accrued liabilities, the Company is committed to the following contractual obligations and commitments.

	2012	2013	2014	2015	2016
Operating Lease Obligations	$ 2,572	$ 10,288	$ 10,288	-	-
Notes Payable (1)	995,912	-	-	-	-
Total	$ 998,484	$ 10,288	$ 10,288	-	-

(1) These notes are unsecured and include accrued interest accruing at rates ranging from 8% -12% per annum.

Certain Factors that may Affect Future Results

Certain of the information contained in this document constitutes “forward-looking statements”, including but not limited to those with respect to the future revenues, our development strategy, involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the risks and uncertainties associated with a drug delivery company including a history of net losses, unproven technology, lack of manufacturing experience, current and potential competitors with significant technical and marketing resources, need for future capital and dependence on collaborative partners and on key personnel. Additionally, we are subject to the risks and uncertainties associated with all drug delivery companies, including compliance with government regulations and the possibility of patent infringement litigation, as well as those factors disclosed in our documents filed from time to time with the United States Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements for the fiscal years ending September 30, 2012 and 2011, required by Item 7 are set forth on pages F-1 through F-21.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On December 16, 2010, Schwartz Levitsky Feldman LLP ("SLF") resigned as the independent accountant of AlphaRx, Inc. (the "Company"). The Board of Directors acting in the capacity of an audit committee approved the dismissal of SLF.

SLF's reports on the Company's financial statements for the years ended September 30, 2009 and 2008 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles except that the reports for both years indicated that the Company is under development, has suffered significant operating losses, and is dependent upon its stockholders to provide sufficient working capital to meet its obligations and sustain its operations. Accordingly, such reports indicated that there was substantial doubt as to the Company's ability to continue as a going concern and that the financial statements did not include any adjustments that might result from the outcome of this uncertainty.

During the years ended September 30, 2009 and 2008 and through December 16, 2010, there were no disagreements with SLF on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of SLF, would have caused it to make reference thereto in connection with its reports on the financial statements for such years. During the years ended September 30, 2009 and 2008 and through December 16, 2010, there were no matters that were either the subject of a disagreement as defined in Item 304(a)(l)(iv) of Regulation S-K or a reportable event as described in Item 304(a)(l)(v) of Regulation S-K.

The Company provided SLF with a copy of the foregoing disclosures and requested SLF to furnish the Company with a letter addressed to the Securities and Exchange Commission stating whether or not SLF agrees with the disclosures.

On December 17, 2010, the Company's Board of Directors acting in the capacity of an audit committee engaged Albert Wong & Co. ("AWC") as the Company's new independent accountant to act as the principal accountant to audit the Company's financial statements. During the Company's fiscal years ended September 30, 2009 and 2008 and through November 15, 2010, neither the Company, nor anyone acting on its behalf, consulted with AWC regarding the application of accounting principles to a specific completed or proposed transaction or the type of audit opinion that might be rendered on the Company's financial statements, and no written report or oral advice was provided that AWC concluded was an important factor considered by the Company in reaching a decision as to any such accounting, auditing or financial reporting issue.

ITEM 9A. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our "disclosure controls and procedures," as such term is defined in Rules 13a-15e promulgated under the Exchange Act as of this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this report to provide reasonable assurance that material information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Management is aware that there is a lack of segregation of certain duties at the Company due to the small number of employees with responsibility for general administrative and financial matters. This constitutes a deficiency in financial reporting. However, at this time, management has decided that considering the employees involved and the control procedures in place, the risks associated with such lack of segregation of duties are insignificant and the potential benefits of adding additional employees to clearly segregate duties do not justify the additional expenses associated with such increases. Management will periodically reevaluate this situation. If the volume of business increases and sufficient capital is secured, it is the Company's intention to further increase staffing to mitigate the current lack of segregation of duties within the general, administrative and financial functions.

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f), and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial officer and effected by our Board, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting is supported by policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Management's Report on Internal Control over Financial Reporting

Management assessed our internal control over financial reporting as of September 30, 2012, the end of our fiscal year. Management based its assessment on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls.

Based on this assessment, management has concluded that as of September 30, 2012, our internal control over financial reporting was ineffective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Our report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only Management's report in this Form 10-K.

Management is aware that we have a lack of segregation of certain duties due to the small number of employees with responsibility for general administrative and financial matters. This constitutes a deficiency in financial controls. However, at this time, management has decided that considering the employees involved and the control procedures in place, the risks associated with such lack of segregation of duties are insignificant and the potential benefits of adding additional employees to clearly segregate duties do not justify the expenses associated with such increases. Management will periodically reevaluate this situation. If the volume of business increases and sufficient capital is secured, it is our intention to further increase staffing to mitigate the current lack of segregation of duties within the general, administrative and financial functions.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Such limitations include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures, such as simple errors or mistakes or intentional circumvention of the established process.

Changes in Internal Control over Financial Reporting

During the year ended September 30, 2012, there were no changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that was conducted during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None**.**

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names and ages of our current directors and executive officers, their principal offices and positions and the date each such person became a director or executive officer. Executive officers are elected annually by our Board of Directors. Each executive officer holds his office until he resigns, is removed by the Board or his successor is elected and qualified. Directors are elected annually by our stockholders at the annual meeting. Each director holds his office until his successor is elected and qualified or his earlier resignation or removal.

The following persons are the directors and executive officers of our company:

Name	Age	Position	Term
Michael M. Lee	49	Chairman of the Board of Directors Chief Executive Officer, Chief Financial Officer	since 8/8/1997
Sandro Persia	42	Secretary/Treasurer	
Dr. David Milroy	61	Director	since 4/15/2003
Dr. Ford Moore	61	Director	Since 4/15/2003

Michael M. Lee: Mr. Lee is a founder of the Company. Mr. Lee has over 15 years of business experience in the areas of high tech development, marketing and corporate finance. Mr. Lee holds a B.Sc. in Applied Mathematics from the University of Western Ontario. Mr. Lee founded the company in August 1997.

Sandro Persia: Mr. Persia joined Logic Tech Corp. in 1989 as Marketing Manager and promoted to Vice President in 1996. Mr. Persia has extensive business experience in high tech marketing and sales. Mr. Persia holds a diploma in business administration from Seneca College based in Toronto.

David Milroy, D.D.S. M.R.C.D. (C): Dr. Milroy is a Certified Oral & Maxillofacial Surgeon and has been in private practice in Richmond Hill, Woodbridge, and Port Hope, Ontario for the past twenty years. He graduated from the University of Toronto, Faculty of Dentistry with a Doctor of Dental Surgery degree in 1976 and a Residency in Oral & Maxillofacial Surgery at the University of Toronto, Toronto General and Toronto Doctor's Hospitals in 1982.

Ford Moore, D.D.S. F.R.C.D. (C): Dr. Moore is a certified Oral & Maxillofacial Surgeon, is engaged in a full-time private practice in Newmarket, Ontario that he established in 1981. Dr. Moore graduated from the University of Toronto with a Doctor of Dental Surgery degree in 1976, and completed a hospital Residency in Oral Surgery and Anesthesia at Toronto General Hospital, Toronto Doctor's Hospital and the University of Toronto in 1980.

All directors will hold office until the next annual stockholder's meeting and until their successors have been elected or qualified or until their death, resignation, retirement, removal, or disqualification. Vacancies on the board will be filled by a majority vote of the remaining directors. Officers of the Company serve at the discretion of the board of directors.

Compensation of Directors

Our directors did not receive any compensation for the year ended September 30, 2012 or 2011. Directors are reimbursed for direct out-of-pocket expenses for attendance at meetings of the Board of Directors and for expenses incurred for and on behalf of the Company.

Board of Directors Committees

We were not able to attract an independent director with financial experience to sit on our board. Based on the size of the organization – six full time employees, and 2 part time consultants, effective controls over financial reporting and internal financial controls can still be effectively maintained without an audit committee. The board of directors has not yet established a compensation committee.

Audit Committee

Although its By-laws provide for the appointment of one, the Company is not yet required to have an Audit Committee as a result of the fact that our common stock is not considered a "listed security" as defined in Rule 10A-3 of the Exchange Act. There are currently no audit committee members that meet the criteria of "Financial Expert", however the company is actively working to appoint a "Financial Expert" in the current year.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Section 16(a) of the Exchange Act requires directors, officers and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and change in ownership with the Securities and Exchange Commission. Directors, officers and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely upon our review of the copies of such forms that we received during the fiscal year ended September 30, 2012, we believe that each person who at any time during the fiscal year was a director, officer, or beneficial owner of more than ten percent of our Common Stock complied with all Section 16(a) filing requirements during such fiscal year.

CODE OF ETHICS

We have not adopted a formal code of ethics at this time, as our focus has been on our product development and enhancement. We do follow what are considered proper business ethics and labour law in Canada ensures that our employees are treated with a minimum standard of care and consideration.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation

The table below summarizes the compensation received by the Company's Chief Executive Officer for the fiscal years ended September 30, 2012, 2011 and 2010 and each other executive officer of the Company who received compensation in excess of $40,000 for services rendered during any of those years ("named executive officers").

NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	LONG TERM COMPENSATION SECURITIES UNDERLYING OPTION (#)
Michael M. Lee	2012	0	0	0
President & C.E.O.	2011	120,000	0	0
	2010	50,504	0	0

Aggregated Option Exercises In Last Fiscal Year and Fiscal Year End Option Values

No options were exercised by any executive officers during fiscal 2012. All granted options were expired on or before June 30, 2012.

2000 and 2003 Stock Option Plans - cancelled

After the exercising of options to purchase 700,000 shares of Common Stock on December 27, 2007 at an exercise price of $0.10, the 2000 Stock Option Plan was cancelled with the agreement of the option holders. Similarly the 2003 Stock Option Plan was cancelled in December 2007 with the agreement of the option holders. A total of 1,020,000 options to purchase Common Stock were cancelled under these plans.

2004 and 2006 Stock Option Plans - combined into the 2008 Stock Option Plan

The 2004 and 2006 Plans are administered by the board of directors, which determines which directors, officers, employees, consultants, scientific advisors and independent contractors of the Company are to be granted options, the number of shares subject to the options granted, the exercise price of the options, and certain terms and conditions of the options. The board of directors may delegate administration of the 2004 and 2006 Plans, including the power to grant options to persons who are not officers or directors of the Corporation, to a Stock Option Committee, composed of members of the board of directors. The board of directors, in its sole discretion, may amend, modify or terminate the 2004 and 2006 Plans at any time without restriction. However, no amendment may, without stockholder approval, increase the total number of shares of stock, which may be issued under the 2004 and 2006 Plans (other than increases to reflect stock dividends, stock splits or other relevant capitalization changes). There were 26,000,000 authorized shares of our Common Stock that are not issued or outstanding, reserved for implementation of the 2004 and 2006 Plans.

Options to purchase 2,730,000 shares of Common Stock were exercised on December 27, 2007 at an exercise price of $0.075. Immediately thereafter 6,640,000 options to purchase shares of Common Stock were cancelled with the agreement of the option holders.

2008 Stock Option Plan

At the Annual General Meeting of Stockholders held November 26, 2008 a majority of stockholders approved the amendment of our Stock Option Plans. The key changes reflected in the 2008 Plan: (i) combine the 2004 and 2006 Plans (the only remaining plans) into one plan for ease of administration; (ii) provide for a cap for the number of options allowed to be issued at 22,000,000; (iii) provide guidelines for exercise prices such that the exercise price of any newly granted option is never less than market value or in the case of any 10% holder, never less than 110% of market value on the day of grant; (iv) provide for a maximum term of 5 years for any option granted; (v) provide for a vesting schedule whereby vesting must occur over at least 18 months with no more than 1/6th of the options granted vesting in any 3 month period; (vi) provide for a maximum number of options to be granted to any one individual in any 12 month period to be no more than 5% of the issued and outstanding common stock; and (vii) provide for a maximum number of options to be granted to any Investor Relations party to be no more than 2% of the issued and outstanding common stock.

These changes provide for more restrictions as to the issuance of stock options than exist under the present 2004 and 2006 Plans. Secondly the combination of the two existing plans will result in less administration effort and fewer administrative costs. The above summary of the 2008 Plan is qualified in all respects by reference to the full text of the 2008 Plan, which was filed together with our Proxy Statement on or about October 1, 2008.

Equity Compensation Plan Information

	Number of Securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-Average Exercise Price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first two columns
Equity Compensation Plans Approved by Security Holders	7,940,000	$ 0.155	4,310,000*
Equity Compensation Plans Not Approved by Security Holders	None	None	None
Total**	7,940,000	$ 0.155	4,310,000

* This amount represents options made available to management, employees and consultants as approved by stockholders at the Annual General Meeting held November 26, 2008. None of these options have been granted to date.

** The total number of shares of Common Stock that may be issued equals 18,570,000, which is less than the 22,000,000 maximum number that may be issued in accordance with the 2008 Plan. Once options have been exercised the maximum allowed to be issued is reduced accordingly. (22,000,000 less 3,430,000 exercised during fiscal 2008 = 18,570,000)

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information with respect to ownership of the Company's securities by its officers and directors and by any person (including any "group") who is the beneficial owner of more than 5% of the Company's Common Stock. The total number of shares authorized is 250,000,000 shares of Common Stock, each of which has a par value of $0.0001. As of September 30, 2012 there were 89,036,000 shares of Common Stock issued and outstanding.

Name and Address Of Owner	Amount and Nature of Beneficial Owner	Percent of Class
Michael Lee [1]	3,817,938 shares	4.29%
Ford Moore [3]	911,636 shares	1.02%
David Milroy [3]	591,387 shares	0.66%
Sandro Persia [2]	3,600 shares	0.004%
Vago International Limited[4]	56,000,000 shares	62.90%
All directors and officers as a group (4 persons)	5,324,561 shares	5.98%

[1] Director and Officer; [2] Officer; [3] Director, [4] Vago International Limited is owned by Yee W. Chu

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Mr. Lee, CEO and director loaned us $51,363 during the year ended September 30, 2012. Interest accrued on all loans outstanding to Mr. Lee totaled $24,831 as of September 30, 2012.

Except as disclosed above, during the past two years, there have been no other material transactions, series of similar transactions or currently proposed transactions, to which the Company was or is to be a party, and in which any director or executive officer, or any security holder who is known to the Company to own of record or beneficially more than five percent of the Company's Common Stock, or any member of the immediate family of any of the foregoing persons, had a material interest.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees: For the year ended September 30, 2012 we incurred $17,000 in external audit fees, and quarterly reviews in connection with statutory and regulatory filings to our principal accountants as compared to approximately $14,000 for the year ended September 30, 2011.

Audit-Related Fees: For the years ended September 30, 2012 and 2011 we incurred no fees for assurance and related services by the principal accountant.

Tax Fees: For the year ended September 30, 2012 and September 30, 2011 we incurred 1,000 tax fees with our principal accountants.

All Other Fees: For the year ended September 30, 2012 we incurred NIL in other fees with our principal accountants related to our application to the Toronto Stock Exchange – Venture market.

Audit Committee's Pre-Approval Policies and Procedures: The Company currently does not have a designated Audit Committee, and accordingly, the Company's Board of Directors policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The independent auditors and management are required to periodically report to the Company's Board of Directors regarding the extent of the services to be provided. Pre-approval is generally provided prior to the service commencing.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS

(a) Financial Statements and Schedules

See index to the financial statements on page F-1.

(b) Exhibits

The following exhibits are incorporated by reference.

EXHIBIT NO.	DESCRIPTION
3(i)(a)	Certificate of Incorporation dated August 8, 1997 (incorporated by reference to the Form 10-KSB filed on June 16, 2000).
3(i)(b)	Amendment to Certificate of Incorporation dated January 26, 2000 (incorporated by reference to the Form 10- KSB filed on June 16, 2000).
3(i)(c)	Amended and Restated Certificate of Incorporation dated July 20, 2000 (incorporated by reference to the Form 10-KSB filed on December 31, 2001).
3(ii)	Bylaws dated August 11, 1997 (incorporated by reference to the Form 10-KSB filed on June 16, 2000).
10.1	10.1 2000 Stock Option Plan adopted June 20, 2000 (incorporated by reference to the Form 10-KSB filed on December 31, 2001).
10.2	Manufacturing and Distribution License Agreement with Industria Farmaceutica Andromaco, S.A. de C.V. (incorporated by reference to the Form 10KSB filed on July 8, 2005).
10.3	2004 Stock Option Plan adopted March 29, 2005 (incorporated by reference to the 10KSB filed on December 29, 2005)
10.4	2006 Stock Option Plan adopted March 29, 2006 (incorporated by reference to the 10KSB filed on December 21, 2006)
10.5	2008 Stock Option Plan adopted November 26, 2008 (incorporated by reference to the 10K filed on December 22, 2008)
31.1	Certification of C.E.O. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.1	Certification of Interim C.F.O. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Michael Lee pursuant to Section 1350 of Chapter 63 of Title 18 United States Code.
32.2	Certification of Michael Lee pursuant to Section 1350 of Chapter 63 of Title 18 United States Code.
101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALPHARx, INC.

DATED: January 15, 2013

By: */s/ Michael M. Lee*
Michael M. Lee, President and
Chief Executive Officer

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

ALPHARx, INC.

Directors:

DATED: January 15, 2013

By: */s/ Michael M. Lee*
Michael M. Lee, Director and
Chairman of the Board

By: */s/ David Milroy*
David Milroy, Director

By: */s/ Ford Moore*
Ford Moore, Director

ALPHARx, INC.
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
AlphaRx, Inc. ("the Company")

We have audited the accompanying consolidated balance sheets of AlphaRx, Inc. (incorporated in the State of Delaware) as at September 30, 2012 and 2011, and the related consolidated statements of operations and comprehensive loss, cash flows and stockholders' deficiency for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. The company is not required to have nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of AlphaRx, Inc. as at September 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, certain assets and liabilities will have to be adjusted to their liquidation values.

ALBERT WONG & CO.
Certified Public Accountants

Hong Kong, China
January 15, 2013

ALPHARx, INC.
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2012 AND, 2011
(All amounts in US Dollars)

	2012	2011
CURRENT ASSETS		
Cash and Cash Equivalents	$ 4,342	$ 30,386
Accounts Receivable (Note 3)	108,982	44,741
Deposit	19,425,347	
Deferred Financing Cost	20,000	25,000
Prepayment	2,505	1,942
TOTAL CURRENT ASSETS	19,561,176	102,069
NON-CURRENT ASSETS		
PROPERTY, PLANT and EQUIPMENT, net (Note 4)	0	9,790
Loan Receivable	1,574,654	0
TOTAL ASSETS	21,135,830	111,859
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	535,594	531,975
Notes Payable (Note 6)	0	856,909
TOTAL CURRENT LIABILITIES	535,594	1,388,884
NON-CURRENT LIABILITIES		
Notes Payable (Note 6)	995,912	0
TOTAL LIABILITIES	1,531,506	1,388,884
Going Concern (Note 1)		
Commitments (Note 8)		
Related Party Transactions (Note 13)		
STOCKHOLDERS' DEFICIENCY		
Common Stock: $ 0.0001 par value,		
Authorized: 250,000,000 shares; Issued and outstanding		
September 30, 2011: 95,935,047 and 2012: 89,036,000 (Notes 9,11,12)	8,904	9,594
Additional paid-in capital	38,568,360	17,593,112
Deficit	(19,122,924)	(19,045,635)
Accumulated Other Comprehensive Loss	(5,518)	(5,265)
Non-controlling Interest (Note 7)	155,502	171,169
TOTAL STOCKHOLDERS' EQUITY/ (DEFICIENCY)	19,604,324	(1,277,025)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY/DEFICIENCY	$ 21,135,830	$ 111,859

Signed: Michael Lee
Director

Signed: Dr. Ford Moore
Director

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

ALPHARx, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(All amounts in US Dollars)

	2012	2011
License Fees and Royalties	$ 166,803	$ 158,166
Consulting Revenues	0	25,337
TOTAL REVENUES	166,803	183,503
General and Administrative Expenses	404,791	374,676
Research and Development Expenses		16,609
Depreciation	2,280	33,698
LOSS FROM OPERATIONS	(240,268)	(241,480)
OTHER INCOME		
Other Income	244,325	83,292
Interest Income	682	
OTHER EXPENSES		
Interest Expense, net	(97,632)	(103,872)
LOSS BEFORE INCOME TAXES	(92,893)	(262,060)
Income Tax (Note 10)	-	-
Net Loss	(92,893)	(262,060)
Net Income/(Loss) attributable to Non-controlling interests	15,604	
Net Gain/(Loss) attributable to AlphaRx Inc. Stockholders	(77,289)	(262,060)
Comprehensive Loss		
Net Gain/(Loss)	(92,893)	(262,060)
Translation Adjustment	(315)	(3,726)
Comprehensive Gain/(Loss)	(93,208)	(265,786)
Less: Comprehensive Loss Attributable to Non-Controlling Interests	(63)	(745)
Comprehensive Gain/(Loss) Attributable to AlphaRx Inc. Stockholders	(93,271)	(266,531)
Per Share Data		
Net Loss Per Share, basic and diluted	$ (0.0031)	$ (0.014)
Weighted Average Number of Common Shares Outstanding	*25,023,148	*18,960,489

*The 2012 and 2011 Weighted Average Number of Common Shares Outstanding was retroactively restated to reflect the 1 for 5 reverse-split on May 29, 2012 when the FINRA approved this transaction.

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

ALPHARx, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY/(DEFICIENCY)
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(All amounts in US Dollars)

	Common Stock		Additional Paid in Capital	Accumulated Other Com-prehensive Loss	(Deficiency)	Total AlphaRx Inc. Stockholders' Deficiency	Non-controlling Interest	Total Gain/ (Deficiency)
	Number of Shares	Amount						
Balance as of September 30, 2011	**95,935,047**	**$ 9,594**	**$17,593,112**	$ **(5,265)**	$**(19,045,635)**	$ **(1,448,194)**	$ **171,169**	$ **(1,277,025)**
Warrants issued for Private Placement			6,558			6,558		6,558
Stock issued for Private Placement	300,000	30	14,970			15,000		15,000
Stock cancelled for settlement	(1,060,000)	(106)	(52,894)			(53,000)		(53,000)
Reverse Split	(76,139,047)	(7,614)	7,614			-		0
Stock Issued for Acquisition	70,000,000	7,000	20,999,000			21,006,000		21,006,000
Foreign Currency Translation				(253)		(253)	(63)	(316)
Non-controlling interest							(15,604)	(15,604)
Net Loss for the period					(77,289)	(77,289)		(77,289)
Balance as of September 30, 2012	**89,036,000**	**$ 8,904**	**$38,568,360**	**$ (5,518)**	**$(19,122,924)**	**$ (19,448,822)**	**$ 155,502**	**$19,604,324**

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

ALPHARx, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(All amounts in US Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (92,893)	$ (262,060)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	2,275	33,698
Issuance of warrants		26,540
Stock based compensation	6,558	
Changes in assets and liabilities:		
Prepaid	(564)	(1,941)
Deferred Financing Cost	5,000	(25,000)
Decrease/(Increase) in Accounts Receivable	(64,241)	103,098
Decrease/(Increase) in Loan Receivable	(1,574,654)	
(Decrease) Increase in Accounts Payable and Accrued Liabilities	3,620	11,633
(Decrease) Increase in Accrued Interest on Notes Payable	(243,171)	152,377
Decrease/(Increase) in Deposit	(19,425,347)	
Machinery & Equipment written off	(9,790)	-
Non-Controlling Interest	(15,920)	(6,855)
NET CASH USED IN OPERATING ACTIVITIES	(21,409,127)	31,490
CASH FLOWS FROM INVESTING ACTIVITIES		
Sold of Machinery and Equipment	67,077	(409)
NET CASH USED IN INVESTING ACTIVITIES	67,077	(409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance / (Cancellation) of Common Stock	(690)	64,870
Additional Paid-In Capital	20,931,112	847
Issuance (repayment) of Notes Payable, net	382,174	(86,138)
NET CASH PROVIDED BY FINANCING ACTIVITIES	21,312,596	(20,421)
Effect of exchange rate changes on cash and cash equivalents	3,410	3,462
NET INCREASE (DECREASE) IN CASH	(26,044)	14,122
CASH and cash equivalents, beginning of year	30,386	16,264
CASH and cash equivalents, end of year	$ 4,342	$ 30,386
SUPPLEMENTARY DISCLOSURE:		
Income Tax Paid	$ -	$ -
Interest Paid	$ -	$ 754

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

NOTE 1. NATURE OF BUSINESS AND GOING CONCERN

ALPHARX, INC. (the "Company") was incorporated under the laws of the State of Delaware on August 8, 1997. AlphaRx Inc. is an emerging pharmaceutical company specializing in the formulation of therapeutic products using proprietary drug delivery technologies.

Effective June 30, 2006, AlphaRx International Holdings Limited (a British Virgin Island company and an 80% owned subsidiary of AlphaRx Inc.) ("AIH") acquired 100% of Alpha Life Sciences Ltd. ("ALS") for a nominal amount and the assumption of approximately $63,000 of related party liabilities. ALS is primarily involved in research and development of drugs in the Asian market.

Effective June 22, 2006, New Super Limited, an independent Hong Kong based corporation, subscribed for 1,500 shares of Common Stock of AIH, previously a wholly-owned subsidiary of the Company.

The consolidated financial statements reflect the activities of the Company, 100% of AlphaRx Canada Limited and 80% of AIH and ALS (AIH's wholly-owned subsidiary) accounted for on a self-sustained basis. All material inter-company accounts and transactions have been eliminated. Where the Company owns less than 100% of a consolidated entity the net assets belonging to the minority owners are accounted for as a non-controlling interest.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, they do not include any adjustments relating to the realization of the carrying value of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Factors relating to going concern issues include working capital deficiency, operating losses, stockholders' deficit, and continued reliance on external funding sources. Continuance of the Company as a going concern is dependent on its future profitability and on the on-going support of its stockholders, affiliates and creditors. In order to mitigate the going concern issues, the Company is constantly pursuing new business arrangements and striving to achieve profitability, and seeking capital funding on an ongoing basis via the issuance of Promissory Notes, and private placements. The Company has contracted with several parties for research and development consulting services that could also result in future license fees and royalties. The Company has one licensee that provides an ongoing royalty stream for its Indaflex product. The Company is constantly seeking out collaborative arrangements with third parties in anticipation of license fees, royalties, milestone payments and consulting services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Cash and Cash Equivalents

Cash includes cash on hand, and amounts on deposit with banks. Cash equivalents include any other highly liquid cash investments purchased with maturity of three months or less which are readily convertible to cash. The carrying amount approximates fair value because of the immediate liquidity or short maturity of these instruments. As at September 30, 2012 and 2011 the Company had only cash on deposit and petty cash on hand.

Accounts Receivable

The Company segregates trade receivables resulting from revenues generated from non-trade or other receivables. An allowance for bad debts is estimated for each type of receivable on a periodic basis based on experience with the respective parties.

Financial Instruments

a) Fair Value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of judgement, they cannot be determined with complete accuracy. Changes in assumptions can significantly affect estimated fair values. The carrying values of cash, accounts receivable, notes payable, accounts payable, and accrued liabilities approximate their fair values because of the short-term nature of these instruments.

b) Interest rate, currency and credit risk

The Company is not subject to significant credit and interest risks arising from these financial instruments. The Company may be subject to significant currency risk as some of the external promissory notes are denominated in Canadian dollars or Hong Kong dollars.

Long-Term Financial Instruments

The fair value of each of the Company’s long-term financial assets is based on the amount of future cash flows associated with each instrument discounted using an estimate of what the Company's current borrowing rate for similar instruments of comparable maturity would be.

It is of the management’s opinion that the Company is not exposed to significant interest rate risk, credit risk or currency risks arising from these financial instruments.

Foreign Currency Translation

The Company maintains the books and records of AlphaRx Canada Ltd. in Canadian dollars, and the books and records of Alpha Life Sciences Ltd. and AlphaRx International Holdings Ltd. in Hong Kong dollars, their respective functional currencies. The records of these companies are converted to US dollars, the reporting currency. The translation method used is the current rate method. Under the current rate method all assets and liabilities are translated at the current rate, stockholders’ equity accounts are translated at historical rates and revenues and expenses are translated at average rates for the year. Cumulative net translation adjustments related to equity accounts are included as a separate component of stockholders’ deficiency.

Earnings or Loss Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the year. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding plus Common Stock equivalents (if dilutive) related to stock options and warrants for each year.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statement or tax returns. Deferred income taxes are provided using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases of assets and liabilities.

Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to tax expense in the period of enactment. Deferred tax assets may be reduced, if deemed necessary based on a judgmental assessment of available evidence, by a valuation allowance for the amount of any tax benefits which are more likely, based on current circumstances, not expected to be realized.

Property Plant and Equipment

Property plant and equipment are stated at cost. Depreciation is calculated by using the Modified Accelerated Cost Recovery System Method for financial reporting as well as for income tax purposes at rates based on the following estimated useful lives:

Furniture and Fixtures	7 years
Machinery and Equipment	3 - 7 years
Leasehold Improvements	10 years

The Company capitalizes expenditures that materially increase assets' lives and expenses ordinary repairs and maintenance to operations as incurred. When assets are sold or disposed or otherwise fully depreciated, the cost and related accumulated depreciation is removed from the accounts and any gain or loss is included in the statement of income and retained earnings.

Research and Development

All research and development costs are charged to expense as incurred. These costs include in house and contracted research and development, travel to explore and evaluate new product candidates, raw materials, lab supplies and other costs related directly to research and development of new and existing drug product candidates.

Revenue Recognition

Revenues related to license fees and royalties are recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is probable. Should there be any future obligations or deliverables related to the license fees, revenue is deferred and recognized only when those obligations and or deliverables have been satisfied. Any advance payments or deposits received in relation to license fees and other fees are deferred until those obligations or deliverables have been satisfied. Royalty payments are not received in advance but rather, are paid to the Company based on previous period sales by licensees. Royalty revenue is accrued in the period earned based on estimates or actual licensed sales during the period in question. Consulting revenues are recognized as the services are rendered to the customer, and invoiced a periodic basis or upon completion of the consulting services depending on contract terms and conditions.

Sales represent the invoiced value of goods supplied to customers. Revenues are recognized upon the passage of title to the customers, provided that the collection of the proceeds from sales is reasonably assured. A reserve for returns is considered periodically based on actual or anticipated returns from customers. The Company no longer sells any products directly to end-users.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates in amounts than may be material to the consolidated financial statements. Management believes that these estimates and assumptions used are reasonable. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. Estimates were used in determining the amounts of accrued liabilities, useful lives of property plant and equipment, stock based compensation, and valuation allowances.

Long-Lived Assets

The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During the year management determined that an impairment test was necessary and used its best estimate of the undiscounted cash flows to evaluate the carrying amount and have determined that no impairment has occurred.

Concentrations of Credit Risks and Revenues

The Company's receivables are unsecured and are generally due in 30 Days. Reserves for uncollectible receivables are determined by the Company periodically based on best estimates available and historical data, as well as the economic and financial status of its debtors. Investment in marketable securities carry normal market risk of fluctuation in the price of securities traded on recognized stock exchanges as well as liquidity and foreign exchange risks.

Currently, the Company does not have a diverse customer base. The Company relies on one licensee for all of its royalty revenues and has another licensee attempting to commercialize one of its product candidates. Should these licensees discontinue sales of our products, or should commercialization efforts of our product candidates be curtailed, our revenues could be adversely impacted.

Investment in Joint Venture

The Company holds an indirect 42.5% interest in AlphaAP Inc. ("AAP"), a joint venture established between the Company (via its AIH subsidiary) and Basin Industrial Limited (an independent third party). As the Company contributes no funds, and does not provide management or direction to the joint venture, the Company's interest in the joint venture is not consolidated into the financial statements. AIH will receive a 5% royalty on all revenues generated by AAP. This joint venture is currently inactive.

Stock Based Compensation

The Company recognizes compensation cost for third party and employee services rendered in exchange for an equity instrument award based on the fair value of the award on the date of grant. The Company uses the Black-Sholes option-pricing model in determining the fair value of options and warrants. In determining the expected volatility, the Company bases this assumption on the historical volatilities of the Company's common stock over the expected life of the stock acquisition rights.

Comprehensive Income

Comprehensive income is net income plus certain items that are recorded directly to stockholders' equity, bypassing net income. With the exception of foreign exchange gains and losses, the Company has no other components in its comprehensive income (loss) accounts.

Recent Issued Standards

In April 2011, the FASB issued ASU 2011-03, Consideration of Effective Control on Repurchase Agreements, which deals with the accounting for repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. ASU 2011-03 changes the rules for determining when these transactions should be accounted for as financings, as opposed to sales. The guidance in ASU 2011-03 is effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The adoption of ASU 2011-03 is not expected to have a material impact on the Company's financial condition or results of operation.

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"). ASU 2011-04 clarifies some existing concepts, eliminates wording differences between U.S. GAAP and IFRS, and in some limited cases, changes some principles to achieve convergence between U.S. GAAP and IFRS. ASU 2011-04 results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. ASU 2011-04 will be effective for the Company beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-04 to have a material effect on its operating results or financial position.

In June 2011, the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") 2011-05, Presentation of Comprehensive Income, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present components of other comprehensive income as part of the statement of equity. ASU 2011-05 will be effective for the Company beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-05 to have a material effect on its operating results or financial position. However, it will impact the presentation of comprehensive income.

In September 2011, the FASB has issued Accounting Standards Update (ASU) No. 2011-08, Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment. ASU 2011-08 is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. ASU 2011-08 permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350, Intangibles-Goodwill and Other. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance.

NOTE 3. ACCOUNTS RECEIVABLE

	2012	2011
Trade Accounts Receivable	$ 108,982	$ 43,470
Other Accounts Receivable	1,574,654	1,271
	$ 1,683,636	$ 44,741

The Company carries accounts receivable at the amounts it deems to be collectible. Accordingly, the Company provides allowances for accounts receivable it deems to be uncollectible based on management's best estimates. Recoveries are recognized in the period they are received. The ultimate amount of accounts receivable that becomes uncollectible could differ from those estimated. No reserve for bad debts was established as at September 30, 2012 and 2011 as all amounts were deemed collectible.

NOTE 4. PROPERTY, PLANT & EQUIPMENT

	2012	2011
Leasehold Improvements	$ -	$ -
Furniture and Fixtures	-	-
Machinery and Equipment	-	18,075
COST	0	18,075
Less: Accumulated depreciation/amortization		
Leasehold Improvements	-	-
Furniture and Fixtures	-	-
Machinery and Equipment	-	8,285
	0	8,285
NET	$ 0	$ 9,790

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2012	2011
Accounts Payable	$ 520,594	$ 491,392
Accrued Liabilities for services rendered but		
not invoiced as of September 30, 2012 and 2011:		
Professional services (legal, audit, financial)	15,000	40,583
Management Salary	-	-
Other	-	-
	$ 535,594	$ 531,975

NOTE 6. NOTES PAYABLE

The Company and its subsidiaries repaid $15,607 and issued $1,908 in promissory notes, net of repayments during the year ended September 30, 2012 and 2011 respectively. The newly issued and existing promissory notes bear interest at rates of 8% - 12% per annum and are repayable on or before the first anniversary date of issuance. Included in Promissory Notes payable are $51,363 in Notes Payable including accrued interest of $24,831 to Michael Lee – CEO at September 30, 2012.

(As at September 30, 2011 Notes Payable plus accrued interest of $17,509 owing to Mr. Lee totaled $65,687). See also Related Party Transactions Note 14.

September 30,	2012	2011	2010
Promissory Notes Issued and outstanding, net of repayments and conversions:	$ 699,126	$ 654,305	$ 663,765
Interest accrued	296,786	202,604	126,906
Promissory Notes Payable	$ 995,912	$ 856,909	$ 790,617

NOTE 7. NON-CONTROLLING INTEREST

On June 22, 2006, AlphaRx International Holdings Ltd. ("AIH"), previously a wholly-owned subsidiary of the Company issued 1,500 shares of its Common Stock to New Super Limited ("NSL"), an independent Hong Kong based corporation, at a price of approximately $HK 6,667 per share or $HK 10 million in cash. (US $1,288,826). As a result AIH's issued and outstanding shares were increased to 10,000 and the Company's interest in AIH was reduced to 80%. With the consolidation of only 80% of AIH, a non-controlling interest was established, representing amounts owing to the minority shareholder. The capital infusion into AIH is accounted for as additional paid in capital on the consolidated financial statements of the Company.

NOTE 8. COMMITMENTS

The Company leases an automobile all on an operating lease basis. The aggregate minimum annual and total payments due under these operating leases are as follows:

As of September 30,	2012	2013	2014
Car Lease	$ 2,572	$ 10,288	$ 10,288
TOTAL	$ 2,572	$ 10,288	$ 10,288

NOTE 9. COMMON STOCK

The Company is authorized to issue up to 250,000,000 shares of Common Stock. As of September 30, 2012, there were 89,036,000 shares of Common Stock issued and outstanding, with a stated par value of $0.0001 per share.

For the year ended September 30, 2012, the Company issued 300,000 shares of Common Stock to Dr. William Gannon under a private placement subscription, 1,060,000 shares of Common Stock were cancelled pursuant to an out of court settlement agreement with 2 former scientists. The Company also issued 70,000,000 shares of Common Stock for the acquisition of UMeLook Holdings Limited. During the year ended September 30, 2011, the Company issued 1,300,000 shares of Common Stock to Mr. Ford Moore, Mr. David Milroy, and Mr. Paul Dowell as private placement subscription.

Net Loss per share of Common Stock is not based on diluted shares since the effect would be anti-dilutive. The Company has warrants outstanding to purchase 1,508,030 shares of Common Stock and 0 options outstanding to purchase shares of Common Stock as at September 30, 2012. On a fully diluted basis there would be 22,643,861shares of Common Stock issued and outstanding if all warrants and all options were to be exercised. Refer to Notes 12 and 13 respectively for more details on options and warrants. (As at September 30, 2011 there would have been 22,253,039 shares outstanding on a diluted basis if all outstanding warrants and options were exercised).

NOTE 10. INCOME TAXES

The regional sources of tax losses for the years ended September 30, 2012 and 2011 were as follows:

	2012	2011
North America	$ (92,893)	$ (262,060)
Outside North America	-	
	$ (92,893)	$ (262,060)

Tax losses by year of origin and year of expiry are as follows:

Year of Origin	United States	Year of Expiry	Canada	Year of Expiry	Outside North America	Year of Expiry
1998	$ 212,899	2018				
1999	795,878	2019				
2000	6,179	2020				
2001	292,351	2021				
2002	1,017,792	2022				
2003	1,189,476	2023				
2004	790,108	2024				
2005	2,166,634	2025	732,448	2015		
2006	1,764,202	2026	682,619	2016	205,123	2013
2007	1,530,976	2027			293,528	2014
2008	1,266,180	2028			99,852	2015
2009	208,940	2029	97,040	2019	78,953	2016
2010	477,350	2030	54,697	2020	27,267	2017
2011	77,922	2031	184,138	2021	-	
2012	38,979	2032	90,950	2022	-	
TOTAL	**$ 11,835,866**		**$ 1,841,892**		**$ 704,723**	
CONSOLIDATED TAX LOSSES					**$ 14,382,481**	

The tax effect of material temporary differences representing deferred tax assets is estimated as follows:

	2012	2011
Deferred tax assets:		
North America	$ 4,718,827	$ 4,674,001
Outside North America	105,708	105,708
Sub-total	4,824,535	4,779,709
Less Valuation allowance	(4,824,535)	(4,779,709)
Net deferred tax assets	-	-

The valuation allowance as of September 30, 2012 and 2011 totaled $4,824,535 and $4,779,709 respectively which consisted primarily of established reserves for deferred tax assets on non-capital operating loss carry forwards for our entities in United States and our foreign entities. The tax rates being used to determine deferred tax assets are estimated at 34.5% for North America and 15% for outside North America.

The consolidated effective tax (benefit) rate as a percentage of income (loss) before income taxes is as follows:

	2012	2011
Combined Statutory Rates	31.3%	31.3%
Non-deductible expenses	(9)	(9)
Change in valuation allowance	(22.3)	(22.3)
Effective tax rate	0%	0%

As of September 30, 2012 and 2011 the Company had no unrecognized tax benefits and as such required no adjustments to the financial statements. The Company records any interest and penalties related to tax matters within general and administrative expenses on the accompanying consolidated statements of operations and comprehensive loss. These amounts are not material to the consolidated financial statements for the periods presented. The Company's US and Canadian tax returns are subject to examination by respective tax authorities. Generally tax years 2007 – 2010 remain open to examination by those respective tax authorities. (IRS in the United States and Canada Customs and Revenue Agency in Canada).

NOTE 11. STOCK OPTION PLANS

No options were granted nor were any exercised during the year ended September 30, 2012. There remains 0 options to purchase shares of Common Stock as of September 30, 2012.

During fiscal 2009 employees, officers and consultants exercised a total of 3,430,000 options at an average exercise price of approximately $0.08 per share and resulting in $274,750 in cash proceeds to the Company. Of these options 700,000 were from the 2000 Plan and had a weighted remaining contractual life of 2.5 years when exercised and 2,730,000 were from the 2004 Plan and had a weighted remaining contractual life of 7.8 years when exercised. Immediately thereafter the remaining options in the 2000 Plan and 2003 Plan were cancelled, with the agreement of the option holders. In addition, and pursuant to an application for listing on the Toronto Venture Exchange, the Company cancelled a total of 7,660,000 options with the agreement of the option holders during fiscal 2008.

Proceeds received by the Company from exercises of stock options are credited to Common Stock and additional paid-in capital. Additional information with respect to the plan's stock option activity is seen in the table below. The weighted average exercise price and remaining contractual life for all options seen at the bottom of the table was calculated by multiplying the number of options by the exercise prices or remaining lives and dividing the result by the total number of options. During fiscal 2008, with the agreement of the option holders, the option expiry date for all remaining 2004 Plan options was accelerated to June 30, 2012. All options now expire on or before June 30, 2012. The table below reflects remaining contractual life of the options as of September 30, 2012.

At the Company's Annual General Meeting held November 26, 2008 a majority of stockholders approved amendments to the existing Stock Incentive Plans including, among others: (i) combining the 2004 and 2006 Plans into one "2008 Stock Incentive Plan" for ease of administration; (ii) providing a cap for the number of options to be issued at 22,000,000; (iii) providing guidelines for exercise prices such that the exercise price of any newly granted option is never less than the market value or in the case of a 10%+ holder, never less than 110% of the market value on the date of grant; (iv) providing for a maximum term of 5 years for any option granted; (v) provide for a vesting schedule whereby vesting must occur over at least 18 months with no more than 1/6th of the options granted vesting in any 3 month period; (vi) providing for the maximum number of options to be granted to any one individual in any 12 month period to be no more than 5% of the issued and outstanding common stock, and (vii) providing for a maximum number of options to be granted to any Investor Relations party to be no more than 2% of the issued and outstanding common stock.

As a result of the new terms governing the Company's Stock Incentive Plan, the maximum number of options that can still be issued totals 4,310,000 regardless of how many are exercised or expire.

2008 Stock Incentive Plan	Number Granted, (exercised), (cancelled) or (expired)	Issue Date	Exercise Price $	Share Price on Date of Grant $	Expiry Date	Remaining Contractual Life (Years)
	12,720,000	11/15/2004	0.15	0.11	6/30/2012	0.75
	500,000	11/15/2004	0.40 – 0.50	0.11	6/30/2012	0.75
	7,000,000	10/1/2005	0.16	0.14	6/30/2012	0.75
	390,000	8/2/2005	0.15	0.14	6/30/2012	0.75
	100,000	5/25/2005	0.13	0.13	6/30/2012	0.75
	3,290,000	10/17/2005	0.075	0.08	6/30/2012	0.75
Total Grant	24,000,000					
Exercised	(2,730,000)	12/27/2007	0.075	-	-	-
Cancelled	(6,640,000)	12/28/2007	-	-	-	-
Expired	(460,000)	2/10/2008	-	-	-	-
Remaining	**14,170,000**					
Granted	90,000	1/3/2007	0.10	0.10	1/3/2012	0.26
Cancelled	6,320,000	9/30/2011	-	-	-	-
Expired	**90,000**	1/3/2007				
Expired	**700,000**	11/15/2004				
Expired	**7,000,000**	1/10/2005				
Expired	**50,000**	2/8/2005				
Expired	**100,000**	5/25/2005				
Total	**0**					

Weighted Average of Options Remaining

NOTE 12. WARRANTS

On January 9, 2012, the Company issued 150,000 warrants to purchase 150,000 shares of Common Stock at $0.075 per share expiring on June 30, 2014. On September 13, 2011, the Company issued 250,000 warrants to purchase 250,000 shares of Common Stock at $0.075 per share expiring on June 30, 2014.

On April 12, 2010, the Company issued 3,740,150 warrants to purchase 3,740,150 shares of Common Stock at $0.085 per share expiring on April 11, 2015. The warrants were issued in exchange for financial advisory services to be provided from the period from April 11, 2010 until Sep 30, 2010. The total fair value of the warrants has been estimated to be $262,090 using Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%, expected volatility of 103.86%, risk-free interest rate of 3%, and an expected life of 5 years. The company recorded $262,090 in stock based compensation for the year ended September 30, 2010 (2009- $73,725). No income tax benefit has been realized as a result of warrant amortization expenses during 2010 and 2009. Stock based compensation is included in general and administrative expenses seen on the consolidated statement of operations and comprehensive loss.

As at September 30, 2012 there were 1,508,030 (were 7,540,150 before 1 for 5 reverse split) warrants issued and outstanding. Additional details regarding warrant activity and warrants outstanding as of September 30, 2012 and 2011 are seen in the table below.

No. of Warrant Issued	Issue Date	Exercise Price $	Share Price on Grant Date $	Expiry Date	Remaining Contractual Life (Years)
400,000	8/3/2011	0.075	0.04	6/30/2014	1.75
250,000	9/13/2011	0.075	0.05	6/30/2014	1.75
7,390,150	**Balance As at September 30, 2011**				
150,000	1/9/2012	0.075	0.05	6/30/2014	1.75
		Weighted Average Exercise Price			**Weighted Average Contractual Life (Years)**
		0.06			2.037
7,540,150	**Balance As At September 30, 2012**				

After reverse split:
1,508,030

NOTE 13. RELATED PARTY TRANSACTIONS

The Company sourced some of its funding from one director. Mr. Lee, CEO. Interest accrued on all loans outstanding to Mr. Lee totaled $24,831 as of September 30, 2012. The total loan amounts including accrued interest owing to Mr. Lee as of September 30, 2012 was $76,194.

NOTE 14. SEGMENTED INFORMATION

The Company operates in one business segment, namely human therapeutics. Results of operations are reported on a consolidated basis for segment reporting purposes. Consolidated disclosures about revenue streams and long-lived assets by geographic area are seen below.

Revenues

The Company derived revenues from royalties and from consulting services for the year ended September 30, 2012 and 2011.

	Years ended September 30,	
Revenue Stream	**2012**	**2011**
Third Party Royalties (Mexico)	166,803	158,166
Consulting Fees (North America)	0	25,337
Gross Operating Revenue	166,803	183,503
Other non-operating revenue:		
Forgo Salary	117,300	
Gain from disposal of fixed assets	67,077	
Legal Settlement	59,949	
Interest Income	683	
Total Revenues and Non-Operating Revenues	**$ 411,812**	**$ 183,503**

Long Lived Assets

	Years ended September 30,	
Long Lived Assets	**2012**	**2011**
North America	$ 0	$ 9,790
Asia	-	-
Total Long Lived Assets	**$ 0**	**$ 9,790**

NOTE 15. RECLASSIFICATIONS

Certain amounts from prior year have been reclassified to conform to current year's presentation.

NOTE 16. SUBSEQUENT EVENTS

The Company has evaluated all other subsequent events through January 14, 2013, the date these consolidated financial statements were issued and determined that there were no other subsequent events or transactions that require recognition or disclosures in the financial statements except the following events:

(1) The acquisition of UMeLook on August 30, 2012 will contain a British Virgin Islands holding company, a Hong Kong intermediate-holding company, a People's Republic of China ("PRC") wholly foreign owned enterprise ("WFOE") subsidiary and a PRC operation company which will hold the web license while under the financial control of the WFOE in a Variable Interest Entity ("VIE") structure. This set-up is not completed yet. Therefore, part of the acquisition becomes a deposit which is pending on the completion of the corporate structure to determine the final value allocation on the consideration of the acquisition.

(2) On October 24, 2012, the Company (the"Vendor") entered into a Purchase and Sale Agreement (the "Agreement") with Industria Farmaceutica Andromaco S.A. DE C.V., (the "Purchaser") whereby the Purchaser acquired the Mexican rights of Indaflex from the Vendor for a consideration of USD$750,000 (the "Purchase Price") payable as follows: (a) the sum of USD$300,000 was paid by the Purchaser to the Vendor by wire transfer upon signing of the Agreement; and (b) the balance of the Purchase Price, being the amount of USD$450,000 to be payable in fifteen (15) equal monthly installments of USD$30,000 each within the first five business days of each month. The first payment was made on November 5, 2012.

EXHIBIT 31.1

CERTIFICATION PURSUANT TORULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael M. Lee, certify that:

1. I have reviewed this Annual Report on Form 10-K of AlphaRx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 15, 2013

/s/ Michael M. Lee
Michael M. Lee
President and Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael M. Lee, certify that:

1. I have reviewed this Annual Report on Form 10-K of AlphaRx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d- 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 15, 2013

/s/ Michael M. Lee
Michael M. Lee
Interim Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of AlphaRx, Inc. on Form 10-K for the period ending September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof, Michael M. Lee, as chief executive officer of AlphaRx, Inc., does hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

1. This 10-K report fully complies with the requirements of Section 13(a) of the Exchange Act; and

2. The information contained in this 10-K report fairly presents, in all material respects, the financial condition and result of operations of AlphaRx, Inc.

Date: January 15, 2013

By: /s/ Michael M. Lee
Michael M. Lee
President & Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of AlphaRx, Inc. on Form 10-K for the period ending September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof, Michael M. Lee, as interim chief financial officer of AlphaRx, Inc., does hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

3. This 10-K report fully complies with the requirements of Section 13(a) of the Exchange Act; and

4. The information contained in this 10-K report fairly presents, in all material respects, the financial condition and result of operations of AlphaRx, Inc.

Date: January 15, 2013

By: /s/ Michael M. Lee
Michael M. Lee
Interim Chief Financial Officer