

ELITE PHARMACEUTICALS INC /DE/  
Form 10-Q  
August 16, 2010

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period ended to

Commission File Number: 333-45241

ELITE PHARMACEUTICALS, INC.  
(Exact name of registrant as specified in its charter)

Delaware 22-3542636  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

165 Ludlow Avenue, Northvale, New Jersey 07647  
(Address of principal executive offices) (Zip Code)

(201) 750-2646  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements 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 (§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  The registrant is not yet subject to this requirement.

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

Large Accelerated filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of August 9, 2010 the issuer had outstanding 87,352,981 shares of common stock, \$0.001 par value (exclusive of 100,000 shares held in treasury).

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## ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES

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ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2010 (Unaudited)	March 31, 2010 (Audited)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 389,884	\$ 578,187
Accounts receivable, (net of allowance for doubtful accounts of zero)	294,851	404,961
Inventories (net of allowance of \$494,425 and \$ 494,425, respectively)	1,296,444	1,371,292
Prepaid expenses and other current assets	87,339	131,507
<b>Total current assets</b>	<b>2,068,517</b>	<b>2,485,143</b>
<b>PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of \$3,838,297 and \$3,840,279, respectively</b>	<b>3,959,878</b>	<b>4,095,814</b>
<b>INTANGIBLE ASSETS – net of accumulated amortization of zero</b>	<b>338,119</b>	<b>96,407</b>
<b>OTHER ASSETS</b>		
Investment in Novel Laboratories Inc.	3,329,322	3,329,322
Security deposits	27,778	14,652
Restricted cash – debt service for EDA bonds	351,377	294,836
EDA Bond offering costs, net of accumulated amortization of \$68,300 and \$64,767, respectively	286,152	289,685
<b>Total other assets</b>	<b>3,994,629</b>	<b>4,024,902</b>
<b>TOTAL ASSETS</b>	<b>\$ 10,361,144</b>	<b>\$ 10,606,663</b>

The accompanying notes are an integral part of the condensed consolidated financial statements

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY

	June 30, 2010 (Unaudited)	March 31, 2010 (Audited)
<b>CURRENT LIABILITIES</b>		
EDA Bonds payable	\$ 3,385,000	\$ 3,385,000
Short term loans and current portion of long-term debt	12,061	82,302
Accounts payable and accrued expenses	954,096	986,777
Preferred share derivative interest payable	363,919	306,440
<b>Total Current Liabilities</b>	<b>4,6715,076</b>	<b>4,760,519</b>
<b>LONG TERM LIABILITIES</b>		
Long-term debt, less current portion	16,706	19,823
Derivative Liability – Preferred Shares	13,999,102	7,924,763
Derivative Liability – Warrants	6,675,722	8,499,423
<b>Total Long-Term Liabilities</b>	<b>20,691,530</b>	<b>16,444,009</b>
<b>Total Liabilities</b>	<b>25,406,606</b>	<b>21,204,528</b>
<b>COMMITMENTS AND CONTINGENCIES:</b>		