ELITE PHARMACEUTICALS INC /NV/
Form 424B3
February 18, 2014
Filed Pursuant to Rule 424(b)(3)
Registration No. 333-188139

PROSPECTUS SUPPLEMENT

Number 4

to

Prospectus dated June 27, 2013

of

ELITE PHARMACEUTICALS, INC.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus Supplement No. 4 supplements the information provided in our Prospectus dated June 27, 2013 as previously supplemented by Supplement No. 3 dated November 15, 2013, Supplement No. 2 dated August 14, 2013 and Supplement No. 1 dated August 5, 2013. This Prospectus Supplement should be read in conjunction with that Prospectus, which is to be delivered with this Prospectus Supplement.

This Prospectus Supplement includes our Quarterly Report on Form 10-Q for the period ended December 31, 2013, filed with the Securities and Exchange Commission on February 14, 2014.

The date of this Prospectus Supplement is February 14, 2014.

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

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

For the quarterly period ended December 31, 2013

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: 001-15697

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

Nevada (State or other jurisdiction of incorporation or organization)	22-3542636 (I.R.S. Employer Identification No.)
165 Ludlow Avenue, Northvale, New Jersey (Address of principal executive offices)	07647 (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 x 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 x No ¨

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 x

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of February 5, 2014, the issuer had outstanding 527,082,097 shares of common stock, $0.001 par value (exclusive of 100,000 shares held in treasury).

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES

INDEX

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2013 (Unaudited)	March 31, 2013 (Audited)
ASSETS		
CURRENT ASSETS		
Cash	$ 1,080,792	$ 369,023
Accounts receivable (net of allowance for doubtful accounts of -0-)	1,024,284	665,154
Inventories (net of reserve of -0- and $93,338, respectively)	1,531,645	1,358,146
Prepaid expenses and other current assets	281,065	151,051
Total Current Assets	3,917,786	2,543,374
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $5,391,686 and $5,068,522, respectively	4,116,597	4,028,943
INTANGIBLE ASSETS net of accumulated amortization of $-0-	6,314,621	694,426
OTHER ASSETS		
Investment in Novel Laboratories, Inc.	3,329,322	3,329,322
Security deposits	35,083	14,314
Restricted cash debt service for EDA bonds	327,014	267,820
EDA bond offering costs, net of accumulated amortization of $118,153 and $107,519, respectively	236,300	246,934
Total Other Assets	3,927,719	3,858,390
TOTAL ASSETS	$ 18,276,723	$ 11,125,133

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

F-1

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2013 (Unaudited)	March 31, 2013 (Audited)
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
EDA bonds payable	$ 3,385,000	$ 3,385,000
Short term loans and current portion of long-term debt	1,177	6,296
Convertible Note Payable (net of debt discount of $3,932,879 and -0-, respectively	6,067,121	-0-
Derivative Liability convertible note payable	727,273	-0-
Related Party Line of Credit	320,148	600,000
Accounts payable and accrued expenses	1,990,728	1,325,126
Deferred revenues	13,333	13,333
Preferred share derivative interest payable	480	27,500
Total Current Liabilities	12,505,260	5,357,255
LONG TERM LIABILITIES		
Deferred revenues	142,223	152,223
Other long term liabilities	98,340	91,571
Derivative liability preferred shares	19,200	6,334,621
Derivative liability warrants	10,439,126	7,862,848
Total Long Term Liabilities	10,698,889	14,441,263
TOTAL LIABILITIES	23,204,149	19,798,518
STOCKHOLDERS' DEFICIT		
Common stock par value $0.001, Authorized 690,000,000 shares. Issued 513,217,800 shares and 374,493,959 shares, respectively. Outstanding 513,117,800 shares and 374,393,959 shares, respectively	513,219	374,495
Additional paid-in-capital	133,075,266	119,690,336
Accumulated deficit	(138,209,070)	(128,431,375)
Treasury stock at cost (100,000 common shares)	(306,841)	(306,841)
TOTAL STOCKHOLDERS' DEFICIT	(4,927,426)	(8,673,385)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 18,276,723	$ 11,125,133

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

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	THREE MONTHS ENDED December 31, 2013	2012	NINE MONTHS ENDED December 31, 2013	2012
REVENUES				
Manufacturing Fees	$ 891,838	$ 400,494	$ 2,356,619	$ 1,246,210
Royalties & Profit Splits	743,125	156,454	1,147,958	439,117
Lab Fee Revenues	58,283	110,734	69,255	195,427
Total Revenues	1,693,246	667,682	3,573,832	1,880,754
COSTS OF REVENUES	994,582	266,792	2,190,229	1,200,787
Gross Profit	698,664	400,890	1,383,603	679,967
OPERATING EXPENSES				
Research and Development	1,290,858	238,268	2,715,126	663,625
General and Administrative	494,469	380,976	1,143,487	1,147,112
Non-cash compensation through issuance of stock options	23,662	15,133	52,085	36,379
Depreciation and Amortization	126,827	40,723	372,227	108,094
Total Operating Expenses	1,935,816	675,100	4,282,925	1,955,210
(LOSS) FROM OPERATIONS	(1,237,152)	(274,210)	(2,899,322)	(1,275,243)
OTHER INCOME / (EXPENSES)				
Interest expense, net	(359,130)	(63,924)	(689,852)	(183,709)
Change in fair value of warrant derivatives	656,844	5,765,992	(2,576,278)	2,770,912
Change in fair value of preferred share derivatives	4,228	3,963,126	(3,462,104)	(867,741)
Change in fair value of convertible note derivative	(127,273)		(127,273)	
Interest expense attributable to preferred share derivatives	632	(27,818)	(40,428)	(111,719)
Discount in Series E issuance attributable to beneficial conversion features				(437,500)
Other Income			19,831	
Total Other Income / (Expense)	175,301	9,637,376	(6,876,104)	1,170,243
	(1,061,851)	9,363,166	(9,775,426)	(105,000)

INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES								
PROVISION FOR INCOME TAXES						(2,269)		(4,023)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$	(1,061,851)	$	9,363,166	$	(9,777,695)	$	(109,023)
NET INCOME (LOSS) PER SHARE								
Basic	$	(0.00)	$	0.03	$	(0.02)	$	(0.00)
Diluted	$	(0.00)	$	(0.00)	$	(0.02)	$	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING								
Basic		508,638,816		350,220,224		439,720,987		345,384,514
Diluted		508,638,816		486,207,413		439,720,987		345,384,514

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

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
(Unaudited)

	Common Stock Shares	Amount	Additional Paid-In Capital	Treasury Stock Shares	Amount	Accumulated Deficit	Stockholders' Deficit
Balance at March 31, 2013	374,493,959	$ 374,495	$ 119,690,336	100,000	$ (306,841)	$ (128,431,375)	$ (8,673,385)
Net Loss						(9,777,695)	(9,777,695)
Common shares sold pursuant to the Lincoln Park Capital purchase agreement	39,630,813	39,631	3,470,369				3,510,000
Common shares issued in lieu of cash in payment of preferred share derivative interest expense	873,518	874	66,575				67,449
Conversion of Series C, Series E and Series G Preferred Shares into Common Shares	91,628,937	91,629	9,685,895				9,777,524
Non-cash compensation through the issuance of stock options			52,085				52,085
Costs associated with raising			(47,987)				(47,987)

capital							
Common shares issued as commitment shares pursuant to the Lincoln Park Capital purchase agreement	3,957,239	3,957	(3,957)				
Common shares issued pursuant to the exercise of cash warrants	2,633,334	2,633	161,950				164,583
Balance at December 31, 2013	513,217,800	$ 513,219	$ 133,075,266	100,000	$ (306,841)	$ (138,209,070)	$ (4,927,426)

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

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	NINE MONTHS ENDED DECEMBER 31 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (9,777,695)	$ (109,023)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	334,277	330,543
Change in fair value of warrant derivative liability	2,576,278	(2,770,912)
Change in fair value of preferred share derivative liability	3,462,104	867,741
Change in fair value of convertible note derivative	127,273	
Discount in Series E issuance attributable to embedded beneficial conversion feature		437,500
Preferred share derivative interest satisfied by the issuance of common stock	67,449	155,184
Non-cash compensation accrued	344,500	190,000
Non-Cash Interest Expense	469,805	
Non-cash compensation from the issuance of options	52,085	36,379
Non-cash rent expense	5,698	7,215
Non-cash lease accretion	1,070	1,008
Changes in Assets and Liabilities		
Accounts receivable	(359,130)	(129,539)
Inventories	(173,499)	(679,549)
Prepaid and other current assets	(150,783)	62,425
Accounts payable, accrued expenses and other current liabilities	315,980	137,640
Deferred revenues and Customer deposits	(10,000)	40,130
Derivative interest payable	(27,020)	(43,466)
NET CASH USED IN OPERATING ACTIVITIES	(2,741,608)	(1,466,724)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(379,615)	(110,787)
Cost of leasehold improvements	(31,682)	(32,801)
Costs incurred for intellectual property assets	(22,878)	(40,001)
Deposits to / (withdrawals from) restricted cash, net	(59,194)	(62,466)
NET CASH USED IN INVESTING ACTIVITIES	(493,369)	(246,055)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Series E Convertible Preferred Stock		437,500
Proceeds from sale of common shares to Lincoln Park Capital	3,510,000	
Proceeds from exercise of cash warrants	164,583	187,500
Proceeds from draws against credit lines from related parties	320,150	500,000
Other loan payments		(5,117)
Costs associated with raising capital	(47,987)	(9,856)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,946,746	1,110,027
NET CHANGE IN CASH AND CASH EQUIVALENTS	711,769	(602,752)
CASH AND CASH EQUIVALENTS beginning of period	369,023	668,407
CASH AND CASH EQUIVALENTS end of period	$ 1,080,792	$ 65,655

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid for interest	$	160,680	$	115,623
Cash paid for taxes		2,269		4,023
Non-Cash Financing Transactions				
Commitment shares issued to Lincoln Park Capital		320,522		
Conversion of Preferred Shares to Common Shares		9,777,524		
Acquisition of intellectual property		5,597,317		
Convertible note payable		5,597,317		
Issuance of note payable to related party in payment of balance due on line of credit owed to the same related party		600,000		

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

ELITE PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED DECEMBER 31, 2013 AND 2012
(UNAUDITED)

NOTE 1 - DEFINITIONS

"Cash Reserves" are equal to the amount listed in Note 2

"Current Balance Sheet Date" means December 31, 2013

"Current Bond Liability" is equal to the amount listed in Note 2

"Current Fiscal Year" means the twelve months ended March 31, 2014

"Current Quarter" means the three months ended December 31, 2013

"Current YTD" means the nine months ended December 31, 2013

"Derivative Interest Liability Common Shares" means the following Common Shares issued in lieu of cash in payment of Derivative Interest due and owing as of the Current Balance Sheet Date:

Common Shares Issued
4,295

"**FDA**" means the U.S. Food and Drug Administration

"Hakim Credit Line Limit" equals $1,000,000

"Hakim Credit Line Balance" equals $320,150

"Hakim Credit Line Interest Due" equals $6,527

"**Outstanding Bond Principal Payments"** means principal payments which were due and owing on the NJEDA Bonds on or before the Current Balance Sheet Date and not made, consisting of the following:

Payment Date	Amount
September 1, 2010	225,000
September 1, 2011	470,000
September 1, 2012	730,000
September 1, 2013	915,000

"**Prior Year Balance Sheet Date**" means December 31, 2012

"**Prior Fiscal Year**" means the twelve months ended March 31, 2013

"**Prior Year Quarter**" means the three months ended December 31, 2012

"**Restricted Cash Interest Payments**" means the following withdrawal of funds from the debt service reserve, with such funds being used to make interest payments due to holders of the NJEDA Bonds:

Payment Date	Amount
March 1, 2009	$ 120,775
September 1, 2009	120,775
March 1, 2010	113,075
September 1, 2010	113,075
March 1, 2011	113,075
September 1, 2011	113,075
March 1, 2012	113,075
September 1, 2012	113,075
March 1, 2013	113,075
September 1, 2013	113,075

"**Restricted Cash Principal Payments**" means the following withdrawal of funds from the debt service reserve, with such funds being used to make principal payments due to holders of the NJEDA Bonds:

Payment Date	Amount
September 1, 2009	210,000

"SEC" means the Securities and Exchange Commission

"Treppel Credit Line Balance" equals zero

"Treppel Credit Line Interest Due" equals $8,384

"Treppel Credit Line Limit" equals $1,000,000

"Working Capital Deficit" is equal to the amount listed in Note 2

NOTE 2 - <u>BASIS OF PRESENTATION AND LIQUIDITY</u>

The information in this quarterly report on Form 10-Q includes the results of operations of Elite Pharmaceuticals, Inc. and its consolidated subsidiaries (collectively the "Company" or "Elite") for the Current Quarter and Prior Year Quarter. The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission in accordance with accounting principles generally accepted for interim financial statement presentation. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the condensed consolidated financial position, results of operations and cash flows of the Company for the periods presented have been included.

The financial results for the interim periods are not necessarily indicative of the results to be expected for the full year or future interim periods.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended March 31, 2013 and filed with the SEC on June 21, 2013. There have been no changes in significant accounting policies since March 31, 2013.

The Company does not anticipate being profitable for the Current Fiscal Year; therefore a current provision for income tax was not established for the Current Quarter. Only the minimum liability required for state corporation taxes was considered.

The accompanying unaudited condensed consolidated financial statements were prepared on the assumption that the Company will continue as a going concern. As of the Current Balance Sheet Date, the Company had the following:

Cash reserves ("Cash Reserves")	$ 1.1	million
Working capital deficit ("Working Capital Deficit")	$ 8.6	million
Losses from operations for the Current Quarter	$ 1.2	million
Other income for the Current Quarter	$ 0.2	million
Net loss for the Current Quarter	$ 1.1	million
NJEDA Bonds Payable ("Current Bond Liability")	$ 3.4	million

The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

In addition, the Company has received Notice of Default from the Trustee of the NJEDA Bonds as a result of the utilization of the debt service reserve being used to pay semi-annual interest payments due on September 1st and March 1st of each year. The debt service reserve was first used to make such semi-annual interest payments on March 1, 2009 and has been utilized for all semi-annual interest payments due since then, with the Restricted Cash Interest Payments constituting such payments.

The Company has replenished all amounts withdrawn from the debt service reserve for the payment of semi-annual interest payments, as required, and in accordance with the applicable terms and conditions of such replenishments.

The Company did not have sufficient funds available to make the Restricted Cash Principal Payments and the Outstanding Principal Payments.

The debt service reserve was utilized to make the Restricted Cash Principal Payments, with the Company replenishing such amounts withdrawn from the debt service reserve, as required and in accordance with the applicable terms and conditions of such replenishments.

The Company requested that the Trustee utilize the debt service reserve to pay the principal payment due on September 1, 2010. This request was denied and accordingly the principal payment due on September 1, 2010 was not made.

The Company did not have sufficient funds available to make the principal payments due on September 1, 2011, 2012 and 2013, with such amount due including principal payments due in the prior year but not paid. There were not sufficient funds available in the debt service reserve and the payment was not made.

Please refer to the definition of Outstanding Bond Principal Payments for details on the amounts of the principal payments which were due and not made.

Resolution of the Company's default on the NJEDA Bonds and our request for postponement of principal payments will have a significant effect on our ability to operate in the future.

Please refer to Note 6 to our financial statements for a more detailed discussion of the NJEDA Bonds and Notice of Default.

Please also note that the Working Capital Deficit includes the Current Bond Liability. This amount was first classified as a current liability as of March 31, 2010, due to the Notice of Default received from the Trustee in relation to the NJEDA Bonds. Please refer to the balance sheet and note 6 to our financial statements for details on the Current Bond Liability.

As of the Current Balance Sheet Date, we had Cash Reserves.

On June 12, 2012, Elite entered into a bridge loan agreement, as amended on December 5, 2012, and August 2, 2013, (the “Treppel Credit Line Agreement”) with Jerry Treppel, the Company’s Chairman. Under the terms of the Treppel Credit Line Agreement, Elite has the right, in its sole discretion to a line of credit (the “Treppel Credit Line”) in the maximum principal amount of up to the Treppel Credit Line Limit, at any one time. Mr. Treppel provided the Treppel Credit Line for the purpose of supporting the acceleration of Elite’s product development activities. The outstanding amount is evidenced by a promissory note which shall mature on July 31, 2014, at which time the entire unpaid principal balance, plus accrued interest thereon shall be due and payable in full. Elite may prepay any amounts owed without penalty. Any such prepayments shall first be due and owing and then to principal. Interest only shall be payable quarterly on July 1, October 1, January 1 and April 1 of each year. Prior to maturity or the occurrence of an Event of Default as defined in the Treppel Credit Line Agreement, the Company may borrow, repay and reborrow under the Treppel Credit Line through maturity. Amounts borrowed under the Treppel Credit Line bear interest at the rate of ten percent (10%) per annum. For more detailed information, please refer to the Current Reports on Form 8-K filed with the SEC on June 13, 2012 December 10, 2012 and August 6, 2013, with such filings being herein incorporated by reference.

On November 21, 2013, Elite entered into an unsecured convertible note (the “Treppel Note”) with Jerry Treppel (“Treppel”), Elite’s Chairman of the Board, in the amount of $600,000 for the unpaid current principal amount owed pursuant to the Treppel Bridge Loan Agreement (“Treppel Credit Line”). The original Treppel Credit Line agreement was executed on June 12, 2012 and amended on December 5, 2012 and August 2, 2013.

The Note is interest free and due and payable on the third anniversary of its issuance. Subject to certain limitations, the principal amount of the Note is convertible at the option of Treppel on and after the first anniversary of the date of the Note into shares of the Company’s Common Stock at a rate of $0.099 (approximately 10,101 shares per $1,000 in principal amount), the closing market price of the Company’s Common Stock on the date that the Note was executed. The conversion rate is adjustable for customary corporate actions such as stock splits and, subject to certain exclusions, includes weighted average anti-dilution for common stock transactions at prices below the then applicable conversion rate.

The foregoing description of the Note is qualified in its entirety by reference to the full text of the Note, a copy of which is attached as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 26, 2013, with such exhibit and filing being herein in its entirety by reference. The representations, warranties and covenants contained in such Note was made only for purposes of such Note and as of a specific date, was solely for the benefit of the parties to such Note, and may be subject to limitations agreed upon by the contracting parties.

As of the Current Balance Sheet Date, the principal balance of the Treppel Credit Line was equal to the Treppel Credit Line Balance and the interest due was equal to the Treppel Credit Line Interest Due. Please also see Note 16-Subsequent Transaction.

On October 15, 2013, Elite entered into a bridge loan agreement (the "Hakim Credit Line Agreement") with Nasrat Hakim, the Company's CEO and President. Under the terms of the Hakim Credit Line Agreement, Elite has the right, in its sole discretion to a line of credit (the "Hakim Credit Line") in the maximum principal amount of up to the Hakim Credit Line Limit, at any one time. Mr. Hakim provided the Hakim Credit Line for the purpose of supporting the acceleration of Elite's product development activities. The outstanding amount is evidenced by a promissory note which shall mature on June 30, 2015, at which time the entire unpaid principal balance, plus accrued interest thereon shall be due and payable in full. Elite may prepay any amounts owed without penalty. Any such prepayments shall first be applied to interest due and owing and then to principal. Interest only shall be payable quarterly on July 1, October 1, January 1 and April 1 of each year. Prior to maturity or the occurrence of an Event of Default as defined in the Hakim Credit Line Agreement, the Company may borrow, repay and reborrow under the Hakim Credit Line through maturity. Amounts borrowed under the Hakim Credit Line bear interest at the rate of ten percent (10%) per annum. For more detailed information, please refer to the Current Reports on Form 8-K filed with the SEC on October 16, 2013 and exhibit 10.16 to the Quarterly Report on Form 10-Q filed with the SEC on November 14, 2013, with such filings being herein incorporated by reference.

As of the Current Balance Sheet Date, the principal balance of the Hakim Credit Line was equal to the Hakim Credit Line Balance and the interest due was equal to the Hakim Credit Line Interest Due.

On April 19, 2013, the Company entered into a purchase agreement (the "LPC Purchase Agreement"), together with a registration rights agreement (the "LPC Registration Rights Agreement"), with Lincoln Park Capital Fund, LLC ("LPC").

Under the terms and subject to the conditions of the LPC Agreement, the Company has the right to sell to and LPC is obligated to purchase up to $10 million in shares of the Company's Common Stock, subject to certain limitations, from time to time, over the 36 month period commencing on May 9, 2013, the date that the registration statement, which the Company agreed to file with the Securities and Exchange Commission (the "SEC") pursuant to the LPC Registration Rights Agreement, was declared effective by the SEC. The Company may direct LPC, at its sole discretion and subject to certain conditions, to purchase stock in amounts of up to $80,000 on any single business day, so long as at least two business days have passed since the most recent purchase, increasing to up to $500,000 per purchase, depending upon the closing sale price of the Common Stock. The purchase price of the shares of Common Stock related to the future funding will be based on the prevailing market prices of such shares at the time of sales (or over a period of up to 12 business days leading up to such time), but in no event will shares be sold to LPC on a day the Common Stock closing price is less than the floor price of $0.07 per share, subject to adjustment. The Company's sales of shares of Common Stock to LPC under the LPC Purchase Agreement are limited to no more than the number of shares that would result in the beneficial ownership by LPC and its affiliates, at any single point in time, of more than 9.99% of the then outstanding shares of Common Stock.

A Current Report on Form 8-K was filed with the SEC on April 22, 2013 with regards to the LPC Purchase Agreement and LPC Registration Rights Agreement with such filing being herein incorporated by reference. A Securities Registration Statement on Form S-1 was filed with the SEC on April 25, 2013 and declared effective by the SEC on May 9, 2013. A post-effective amendment to the Registration Statement was filed with the SEC and declared effective on June 26, 2013.

Shares issued pursuant to the LPC Purchase Agreement are summarized as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2013	2012	2013	2012
Initial commitment shares issued			2,929,115	
Additional commitment shares issued	471,590		1,028,124	
Purchased shares issued	13,774,792		39,630,813	

Proceeds from purchased shares	$	1,610,000	$	3,510,000	$

Despite having entered into the Treppel Credit Line Agreement, the Hakim Credit Line Agreement and the LPC Purchase Agreement we still may be required to seek additional capital in the future and there can be no assurances that Elite will be able to obtain such additional capital on favorable terms, if at all.

Management has evaluated subsequent events or transactions occurring through the date the financial statements were issued (please see note 16).

Segment Reporting
FASB ASC 280-10-50, "Disclosure about Segments of an Enterprise and Related Information" requires use of the "management approach" model for segment reporting. The management approach is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company. The Company operates in one segment for the three and nine months ended December 31, 2013.

NOTE 3 - CASH
The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on deposit with banks and money market instruments. The Company places its cash and cash equivalents with high-quality, U.S. financial institutions and, to date, has not experienced losses on any of its balances.

NOTE 4 - INVENTORIES
Inventories consist of raw materials, work in process and finished goods and are stated at the lower of cost (first-in, first-out basis) or market (net realizable value), and summarized as follows:

	December 31, 2013	March 31, 2013
Raw Materials	$ 978,192	$ 774,758
Work-in-Process	553,453	676,726
Finished Goods		
Less: Inventory Reserve		(93,338)
Total Inventory	$ 1,531,645	$ 1,358,146

NOTE 5 - INTANGIBLE ASSETS

Costs to acquire intangible assets, such as asset purchases of Abbreviated New Drug Applications ("ANDAs") which are approved by the FDA or costs incurred in the application of patents are capitalized and amortized on the straight-line method, based on their estimated useful lives ranging from five to fifteen years, commencing upon approval of the patent or site transfers required for commercialization of an acquired ANDA. Such costs are charged to expense if the patent application or ANDA site transfer is unsuccessful.

As of the Current Balance Sheet Date, the following costs were recorded as intangible assets on the Company's balance sheet:

	Patent Application Costs	ANDA Acquisitions	Total Intangible Assets
Intangible Assets as of March 31, 2013	$ 244,424	$ 450,000	$ 694,424
Costs Capitalized During Current Fiscal Year			
Three months ended June 30, 2013	18,498		18,498
Three months ended September 30, 2013	3,765	5,597,317	5,601,082
Three months ended December 31, 2013	617		617
Total Costs Capitalized-nine months ended December 31, 2013	22,880	5,597,317	5,620,197

Amortization of Intangible Assets During Current Fiscal Year						
Three months ended June 30, 2013						
Three months ended September 30, 2013						
Three months ended December 31, 2013						
Total Amortization nine months ended December 31, 2013						
Intangible Assets as of December 31, 2013	$	267,304	$	6,047,317	$	6,314,621

F-11

The costs incurred in patent applications for the Current YTD and Current Quarter, were related to our abuse resistant opioid product lines. Additional costs incurred in relation to such patent applications will be capitalized as intangible assets, with amortization of such costs to commence upon approval of the patents.

NOTE 6 - NJEDA BONDS

On August 31, 2005, the Company successfully completed a refinancing of a prior 1999 bond issue through the issuance of new tax-exempt bonds (the "Bonds") via the issuance of the following:

Description	Principal Amount On Issue Date	Interest Rate		Maturity
Series A Note	3,660,000	6.50	%	September 1, 2030
Series B Note	495,000	9.0	%	September 1, 2012

The net proceeds, after payment of issuance costs, were used (i) to redeem the outstanding tax-exempt Bonds originally issued by the Authority on September 2, 1999, (ii) refinance other equipment financing and (iii) for the purchase of certain equipment to be used in the manufacture of pharmaceutical products. As of the Current Balance Sheet Date, all of the proceeds were utilized by the Company for such stated purposes.

Interest is payable semiannually on March 1 and September 1 of each year. The Bonds are collateralized by a first lien on the Company's facility and equipment acquired with the proceeds of the original and refinanced Bonds. The related Indenture requires the maintenance of a Debt Service Reserve Fund as follows:

Description	Amount	
Series A Note Proceeds	$	366,000
Series B Note Proceeds		49,500
Total	$	415,500

The Debt Service Reserve is maintained in restricted cash accounts that are classified in Other Assets.

Bond issue costs were paid from the bond proceeds and are being amortized over the life of the bonds. These costs and amortization activity are summarized as follows:

Description	Balances As of March 31, 2013	Amortization Expense Current YTD	Balances As of Current Balance Sheet Date
Bond Issue Costs	$		