IntelGenx Technologies Corp.
Form 10-Q
May 13, 2009

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

FORM 10-Q

Q **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended **March 31, 2009**

or

£ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number **000-31187**

INTELGENX TECHNOLOGIES CORP.
(Exact name of small business issuer as specified in its charter)

Delaware	**87-0638336**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6425 Abrams, Ville Saint Laurent, Quebec H4S 1X9, Canada
(Address of principal executive offices)

(514) 331-7440
(Issuer's telephone number)

_____
(Former Name, former Address, if changed since last report)

Indicate by checkmark 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 Q No £

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 , non-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 Q

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes £ No £

APPLICABLE TO CORPORATE ISSUERS:

20,850,002 shares of the issuer s common stock, par value $.00001 per share, were issued and outstanding as of May 8, 2009.

IntelGenx Technologies Corp.
Form 10-Q

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March 31, 2009
(Expressed in U.S. Funds)
(Unaudited)

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IntelGenx Technologies Corp.

Consolidated Balance Sheet
(Expressed in Thousands of U.S. Dollars ($ 000) Except Share and Per Share Data)
(Unaudited)

		March 31, 2009		December 31, 2008
Assets				
Current				
Cash and cash equivalents	**$**	**305.6**	$	556.0
Restricted cash (note 4)		**28.7**		277.2
Accounts receivable		**389.5**		317.1
Prepaid expenses		**48.3**		44.9
Investment tax credits receivable		**295.6**		269.2
		1,067.7		1,464.4
Property and Equipment		**144.0**		157.2
	$	**1,211.7**	$	1,621.5
Liabilities				
Current				
Accounts payable and accrued liabilities		**581.8**		525.8
Convertible notes, less unamortized discount of $370.6 thousands (note 5)		**859.6**		714.5
Deferred income tax liability		**88.4**		127.4
		1,529.8		1,367.7
Loan Payable, Shareholder		**79.5**		82.4
Shareholders' Equity (Deficiency)				
Capital Stock (note 6)		**0.2**		0.2
Additional Paid-in-Capital		**5,113.8**		5,080.8
Accumulated Other Comprehensive Income		**(193.7)**		(184.4)
Accumulated Deficit		**(5,317.9)**		(4,725.0)
		(397.6)		171.6
	$	**1,211.7**	$	1,621.5

See accompanying notes

Approved on Behalf of the Board:

/s/Bernard Boudreau Director

/s/ Horst G. Zerbe Director

IntelGenx Technologies Corp.

Consolidated Statement of Shareholders' Equity (Deficiency)
For the Period Ended March 31, 2009
(Expressed in Thousands of U.S. Dollars ($ 000) Except Share and Per Share Data)
(Unaudited)

	Capital Stock		Additional Paid-In	Accumulated Other Comprehensive		**Total Shareholders'**
	Number	Amount	Capital	Income (Loss)	Deficit	**Equity**
Balance - December 31, 2008	20,852,002	$ 0.2	$ 5,080.8	$ (184.4)	$ (4,725.0)	**$ 171.6**
Foreign currency translation adjustment	-	-	-	(9.3)	-	**(9.3)**
Stock-based compensation (note 7)	-	-	33.0	-	-	**33.0**
Net loss for the period	-	-	-	-	(592.9)	**(592.9)**
Balance March 31, 2009	**20,850,002**	**$ 0.2**	**$ 5,113.8**	**$ (193.7)**	**$ (5,317.9)**	**$ (397.6)**

See accompanying notes

IntelGenx Technologies Corp.

Consolidated Statement of Operations and Comprehensive Loss
(Expressed in Thousands of U.S. Dollars ($ 000) Except Share and Per Share Data)
(Unaudited)

	For the Three-Month Period Ended March 31,	
	2009	2008
Revenue	**$ 201.0**	$ 145.0
Interest	**-**	13.1
	201.0	158.1
Expenses		
Research and development	**435.0**	337.6
Research and development tax credits	**(35.8)**	(44.8)
Management salaries	**104.8**	107.5
General and administrative	**39.9**	48.2
Professional fees	**84.6**	118.4
Depreciation	**9.5**	13.6
Foreign exchange	**24.7**	(51.5)
Interest and financing fees	**170.2**	127.9
	832.9	656.9
Loss Before Income Taxes	**(631.9)**	(498.8)
Income taxes (note 8)	**(39.0)**	(35.4)
Net Loss	**(592.9)**	(463.4)
Other Comprehensive Loss		
Foreign currency translation adjustment	**(9.3)**	(53.1)
Comprehensive Loss	**$ (602.2)**	$ (516.5)
Basic Weighted Average Number of Shares Outstanding	**20,850,002**	16,123,812
Basic and Diluted Loss Per Common Share (note 10)	**$ (0.03)**	$ (0.03)

See accompanying notes

IntelGenx Technologies Corp.

Consolidated Statement of Cash Flows
(Expressed in thousands of U.S. Dollars ($ 000) Except Share and Per Share Data)
(Unaudited)

	For the Three-Month Period Ended March 31,	
	2009	2008
Funds Provided (Used) -		
Operating Activities		
Net loss	**$ (592.9)**	$ (463.4)
Depreciation	**9.5**	13.6
Investor relations services	**21.6**	-
Stock-based compensation	**11.4**	16.6
Interest accretion	**145.1**	97.4
Deferred income tax	**(39.0)**	(35.4)
	(444.3)	(371.2)
Changes in non-cash operating elements of working capital	**(44.3)**	651.9
	(488.6)	280.7
Financing Activities		
Issue of capital stock	**-**	2,800.7
Transaction costs	**-**	(451.6)
	-	2,349.1
Investing Activities		
Additions to property and equipment	**(1.8)**	(4.4)
Restricted cash (note 4)	**248.5**	-
	246.7	(4.4)
Increase (Decrease) in Cash and Cash Equivalent	**(241.9)**	2,625.4
Effect of Foreign Exchange on Cash and Cash Equivalents	**(8.5)**	(77.2)
Cash and Cash Equivalents		
Beginning of Period	**556.0**	331.0
End of Period	**$ 305.6**	$ 2,879.2

See accompanying notes

IntelGenx Technologies Corp.

Notes to Consolidated Interim Financial Statements
March 31, 2009
(Expressed in U.S. Funds)
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal and recurring nature.

These financial statements should be read in conjunction with the audited financial statements at December 31, 2008. Operating results for the quarter ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States. This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The consolidated financial statements include the accounts of the Company and its subsidiary companies. On consolidation, all inter-entity transactions and balances have been eliminated.

The financial statements are expressed in U.S. funds.

2. Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has reported an accumulated deficit of $5,317,978 (at December 31, 2008 - $4,725,045). To date, these losses have been financed principally through capital stock, long-term debt and debt from related parties. Additional capital and/or borrowings will be necessary in order for the Company to continue in existence and attain profitable operations.

The Company's strategy is to continue to focus on the development of novel oral immediate release and controlled release products for the branded and generic pharmaceutical markets. The Company will continue to develop novel, orally administered drug delivery products based upon its proprietary oral drug delivery technologies and will continue to position itself as a provider of product development services for the pharmaceutical industry.

To date revenues consisted primarily of research and development fee revenues and have not been sufficient to sustain operations. However, the Company expects to generate revenues from sales and manufacturing royalties in future years following successful development and commercialization of products within its current pipeline.

The first product fully-developed by the Company, a prenatal multivitamin supplement marketed as Gesticare® in the USA, was commercialized in November 2008. Royalty revenue totaling approximately $42,915 was

received by the Company in the first quarter of 2009 with respect to commercial activities which took place in November and December 2008.

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2. Going Concern (Cont d)

Management anticipates generating additional royalty revenue from this product in fiscal 2009. In addition, management is actively pursuing marketing opportunities for the product outside of the USA.

The Company currently has a pipeline of 11 products under development. Of the products under development, CPI- 300, an oral antidepressant formulated using the Company s proprietary controlled release technology, is the most advanced. A New Drug Application (NDA) (505(b)(2) for this product was filed with the FDA on April 3, 2009.

Nonetheless, in order to achieve profitability, revenue streams will have to increase significantly from current levels and there is no assurance that revenues can increase to such a level.

On May 22, 2007, the Company entered into convertible note agreements with certain institutional and accredited investors for amounts totaling $1,500,000, of which $1,230,241 remained outstanding at March 31, 2009. The notes are repayable on September 22, 2009. The notes are convertible into common stock of the Company, at the option of the holders, at a rate of $0.70 per share.

We are seeking additional funding through additional equity and/or debt financings. However, there can be no assurance that any additional financing will become available to us, and if available, on terms acceptable to us. Any financing, if available, may involve restrictive covenants that impact our ability to conduct our business and raise additional funds. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue our operations, including the development and/or commercialization of one or more of our product candidates. The Company may also receive funds through the exercise of outstanding stock options and warrants in addition to funds that may be generated from pre-commercialization payments. There can be no assurance that such proceeds, if any, will be material.

Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

3. Adoption of New Accounting Standards

Fair Value Measurements

SFAS No.157 is effective for financial assets and liabilities in fiscal years beginning after November 15, 2007, and for non-financial assets and liabilities in fiscal years beginning after November 15, 2008. The Company adopted SFAS No.157 for financial assets and liabilities in the first quarter of fiscal 2008 with no material impact to the consolidated financial statements. The Company adopted SFAS No.157 for non-financial assets and liabilities in the first quarter of fiscal 2009 with no material impact to the consolidated financial statements.

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IntelGenx Technologies Corp.

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3. Adoption of New Accounting Standards (Cont d)

SFAS No. 157 applies to all assets and liabilities that are being measured and reported on a fair value basis. SFAS No. 157 requires new disclosure that establishes a framework for measuring fair value in GAAP, and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to SFAS No. 157. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There are no assets or liabilities measured at fair value as at March 31, 2009.

Fair Value of Financial Instruments

The table below presents the carrying value and fair value of Company s financial instruments expressed in thousands of US$. The disclosure excludes leases.

The fair value represents management s best estimates based on a range of methodologies and assumptions. The carrying value of receivables and payables arising in the ordinary course of business and the investment tax credits receivable and the convertible notes approximate fair value because of the relatively short period of time between their origination and expected realization. The loan payable, shareholder is presumed to have a fair value measured by the cash proceeds exchanged at issuance in accordance with APB-21 Interest on Receivables and Payables .

The convertible notes use significant unobservable inputs and thus are shown as Level 3 hierarchy items. The fair value of the convertible notes is calculated by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability that does not have an associated equity component. Results of discounted cash flow calculations may be adjusted, as appropriate, to reflect other market conditions or the perceived changes in credit risk of the borrower.

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3. Adoption of New Accounting Standards (Cont d)

US$ thousands	Level	March 31, 2009 Carrying Value	March 31, 2009 Estimated Fair Value	December 31, 2008 Carrying Value	December 31, 2008 Estimated Fair Value
Financial assets					
Cash and cash equivalents	Level 1	**$ 305.6**	**$ 305.6**	$ 556.0	$ 556.0
Restricted cash	Level 1	**28.7**	**28.7**	277.2	277.2
Investment tax credits receivable	Level 1	**295.6**	**295.6**	269.2	269.2
Financial liabilities					
Loan payable, shareholder	Level 2	**79.5**	**79.5**	82.4	82.4
Convertible notes, excluding unamortized discounts	Level 3	**1,230.2**	**1,134.0**	1,230.2	1,099.3

4. Collaborative Agreements

On April 7, 2008, the Company ratified with Cary Pharmaceutical, a pharmaceutical development company, an Agreement to jointly develop and commercialize an oral antidepressant using IntelGenx s proprietary oral delivery technology. Under the terms of the agreement, IntelGenx will provide funding and development support for the product and will be entitled to profit sharing. The Company accounts for this transaction as a collaborative agreement as defined in EITF 07-1 Accounting for Collaborative agreements . Per the Agreement, $2,000,000 of the Company s cash and cash equivalents was initially restricted for the funding of this venture. This cash was taken from the proceeds of the private placement of March 27, 2008. Expenses exceeding the initial $2,000,000 are to be equally shared between the Company and Cary Pharmaceuticals.

As of March 31, 2009, the Company has expensed approximately $2,085,853 on the project of which $1,971,303 had been disbursed, resulting in a restricted cash balance of $28,697 and amounts payable of $114,550. Included within these disbursements is approximately $222,236 paid to Cary Pharmaceutical in respect of management fees. All expenses incurred with respect to the collaborative agreement were expensed in the statement of operations and were classified as research and development expenses and professional fees.

Development work for this product was completed in the fourth quarter of 2008 and a New Drug Application (NDA) (505(b)(2) was filed with the FDA on April 3, 2009.

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5. Convertible Notes

On May 22, 2007 the Company entered into convertible note agreements with certain institutional and accredited investors for amounts totaling $1,500,000. The convertible notes bear interest at the rate of 8% per annum and are repayable on September 22, 2009. Interest is payable quarterly and payments commenced on July 1, 2007. The notes are convertible into common stock of the Company, at the option of the holders, at a rate of $0.70 per share. The Company also issued to the holders 2,142,857 stock purchase warrants exercisable at $1.02 per share before May 22, 2012.

On May 22, 2007, the Company paid approximately $229,323 in cash consideration and issued warrants with a fair value of $82,993 in consideration for transaction costs. These transaction costs were allocated between the convertible debt and the warrants based on their relative fair value.

The Company may, at its option, elect to pay the interest by the issuance of common shares. The number of shares is to be determined by dividing the amount of the interest payment by the number which is 85% of the average market price of the Company's common shares for the 20 trading days immediately prior to the interest payment date assuming the average market price is equal or greater than $0.70 as adjusted for reverse and forward share splits, recapitalizations and the like that occur after the date of the Securities Purchase Agreements.

In accordance with EITF Issue 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", the Company recognized the value of the embedded beneficial conversion feature of $490,093 as additional paid-in capital and an equivalent discount which will be expensed over the term of the convertible notes. In addition, in accordance with EITF Issue 00-27 "Application of Issue No.98-5 to Certain Convertible Instruments", the Company has allocated the proceeds of issuance between the convertible notes and the detachable warrants based on their relative fair value. Accordingly, the Company recognized the fair value of the detachable warrants of $490,093 as additional paid-in capital and an equivalent discount against the convertible notes. The difference between the face amount of the convertible notes and their carrying value is amortized over the life of the convertible notes. The Black-Scholes Model was used to calculate the fair value of the warrants.

The underlying assumptions included in the Black-Scholes Model were as follows:

Expected volatility	64%
Contractual life	5 years
Risk-free interest rate	4.39%
Dividend yield	Nil

Substantially all of the assets of the Company have been pledged as security of the convertible notes. In the three months ended March 31, 2009, $23,578 of interest was paid (2008 - $28,714), and $145,129 of interest has been accreted (2008 - $97,498). In the first quarter of 2009, no convertible notes were exchanged for shares of common

stock (2008 - Nil).

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6. Capital Stock

Authorized -		
100,000,000 common shares of $0.00001 par value		
20,000,000 preferred shares of $0.00001 par value		
Issued -		
20,850,002 common shares	**$**	**209**

During the three months ended March 31, 2009 the Company had no transactions affecting capital stock.

7. Additional Paid-In Capital

Stock Options

No stock options were granted and no stock options were exercised during the first quarter of 2009.

Compensation expenses for stock-based compensation of $32,951 and $16,560 were recorded during the three months ended March 31, 2009 and 2008 respectively. Of the amount expensed in 2009, $21,609 (2008 - $Nil) relates to stock options granted to Auctus Capital as compensation for investor relation services and $11,342 (2008 - $16,560) relates to stock options granted to employees. The amount expensed in 2008 relates to stock options granted to employees. As at March 31, 2009, the Company has $51,039 (2008 - $79,894) of unrecognized stock-based compensation.

Warrants

As of March 31, 2009, the Company had 6,678,223, warrants outstanding at an average exercise price of $0.95 per warrant for one share each of the Company s ordinary shares. The warrants will expire at various dates, with 4,321,080 expiring in 2010 and 2,357,143 expiring in 2012.

No warrants were exercised during the three months ended March 31, 2009. As at March 31, 2008, 5,186 shares of common stock were issued as a result of the cashless exercise of 10,638 warrants with an exercise price of $0.41 and a fair value of $0.80.

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7. Additional Paid-In Capital (Cont d)

	Number of warrants	Weighted average exercise price $
Outstanding warrants at January 1, 2009	6,678,2	0.95
Warrants granted		-
Exercised		-
Expired		-
Outstanding warrants at March 31, 2009	6,678,2	0.95

8. Income Taxes

Deferred Income Taxes

The balance of deferred income taxes as at March 31, 2009 represents the tax effect of the convertible debt arising from the difference between the convertible debt s basis for accounting purposes and that for income tax purposes and it has been charged to additional paid-in capital. As the convertible debt is repaid, the deferred tax liability will be charged to expenses.

9. Related Party Transactions

During the three month period ended March 31, 2009, the Company incurred expenses of approximately $4,030 (2008 - $5,044) for laboratory equipment leased from a shareholder, who is also an officer of the Company, and $1,241 (2008 - $1,545) for interest on the loan payable, shareholder.

Included in management salaries are $4,967 (2008 - $6,365) for options granted to the Chief Financial Officer under the 2006 Stock Option.

Included in accounts payable and accrued liabilities is approximately $18,378 (2008 - $76,000) payable to shareholders, who are also officers of the Company and a cash retainer of $17,243 (2008- $Nil) payable to a director.

The above related party transactions have been measured at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

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Notes to Consolidated Interim Financial Statements
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10. Basic and Diluted Loss Per Common Share

Basic and diluted loss per common share is calculated based on the weighted average number of shares outstanding during the period. The warrants, share-based compensation and convertible notes have been excluded from the calculation of diluted loss per share since they are anti-dilutive.

Item 2: MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction to Management s Discussion and Analysis

The purpose of this section, Management s Discussion and Analysis of Financial Condition and Results of Operations, is to provide a narrative explanation of our financial statements that enables investors to better understand our business, to enhance our overall financial disclosures, to provide the context within which our financial information may be analyzed, and to provide information about the quality of, and potential variability of, our financial condition, results of operations and cash flows. Unless otherwise indicated, all financial and statistical information included herein relates to our continuing operations. Unless otherwise indicated or the context otherwise requires, the words, IntelGenx, Company , we , us , and our refer to IntelGenx Technologies Corp. and its subsidiaries, including Intel Corp. This information should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and Notes thereto.

Company Background

We are a drug delivery company established in 2003 and headquartered in Montreal, Quebec, Canada. We focus on the development of novel oral immediate-release and controlled-release products for the pharmaceutical market. Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and, once the viability of a product has been demonstrated, to license the commercial rights to partners in the pharmaceutical industry. In certain cases, we rely upon our partners in the pharmaceutical industry to fund development of the licensed products, complete the regulatory approval process with the FDA or other regulatory agencies relating to the licensed products, and assume responsibility for marketing and distributing such products.

In addition, we may choose to pursue the development of certain products until the product reaches the marketing and distribution stage. The Company will assess the potential for successful development of a product and associated costs, and then determine at which stage it is most prudent to seek a partner, balancing such costs against the potential for additional returns earned by partnering later in the development process.

The Company has also undertaken a strategy under which it will work with pharmaceutical companies in order to develop new dosage forms for pharmaceutical products for which patent protection is nearing expiration. Under §(505)(b)(2) of the Food, Drug, and Cosmetics Act, the FDA may grant market exclusivity for a term of up to three years of exclusivity following approval of a listed drug that contains previously approved active ingredients but is approved in a new dosage, dosage form, route of administration or combination, or for a new use, the approval of which was required to be supported by new clinical trials, other than bioavailability studies, conducted by or for the sponsor.

The Company is currently continuing to develop the existing products in its pipeline and may also perform research and development on other potential products as opportunities arise.

The Company does not currently plan to acquire a manufacturing facility. The Company currently purchases and/or leases, on an as-needed basis, the equipment necessary for performing research and development activities related to its products.

The Company plans to hire new personnel, primarily in the area of research and development, on an as-needed basis as the Company enters into partnership agreements and increases its research and development activities.

Key Developments

The Company achieved a number of milestones in its strategic development, growth and future income potential so far in 2009, most notably:

Filed NDA with U.S. Food and Drug Administration (FDA) - on April 3, 2009 the Company and Cary Pharmaceuticals filed a New Drug Application (NDA) under CFR 21 §505(b)(2) for the CPI-300 antidepressant. CPI-300 is a new strength of a leading antidepressant that will provide a more convenient dosing option to patients with major depressive disorder (MDD).

IntelGenx and Cary Pharmaceuticals entered into a Collaborative Agreement in November 2007 to jointly develop and commercialize CPI-300 using IntelGenx s proprietary oral delivery technology. Under the terms of the Collaborative Agreement, IntelGenx raised $2 million in March 2008 to fund completion of the product development and Cary Pharmaceuticals acted as the applicant for the submission of the NDA. Upon commercialization of the product, IntelGenx and Cary Pharmaceuticals would share profits.

Announced Positive Phase 1(b) Clinical Study Results for Relivar - on April 14, 2009 the Company and Cannasat Therapeutics Inc., announced positive results for the Phase 1(b) clinical trial of *Relivar*, the first buccal dronabinol drug delivery product, which was developed using IntelGenx proprietary AdVersa buccal delivery technology. Buccal delivery allows for drug absorption from the mouth directly into the bloodstream as opposed to the intestinal tract absorption seen with oral tablet technologies.

In this clinical trial, *Relivar* delivered twice the amount of dronabinol into the bloodstream versus the reference drug Marinol (as measured by AUC) with no increase in adverse events. The randomized, single dose, double crossover study compared *Relivar* to the reference oral dosage form of dronabinol (Marinol) at 2.5 mg in healthy volunteers. *Relivar* was well-tolerated with no adverse events noted in this study. *Relivar* met its primary goal of delivering a greater dose of the drug through the buccal mucosa versus the reference compound, Marinol, which is swallowed and has an intestinal absorption mechanism. *Relivar* also showed nearly a 50% reduction in the ratio of 11-OH-THC to the parent drug versus oral dronabinol in the same subjects. Literature suggests that the 11-OH-THC metabolite, which is also a marker of absorption in the gut, is responsible for the pronounced CNS adverse events of oral Marinol (or dronabinol). *Relivar* also showed an extended absorption profile which may be advantageous for more convenient dosing.

Signed New Partnership Agreement with European Pharmaceutical Company - On January 15, 2009 the Company announced a new partnership with Circ Pharma Limited, a specialty pharmaceutical company based in Ireland, to develop and commercialize a novel drug for the treatment of hyperlipidemia. This is the first product in a series of Circ Pharma s controlled release lipid lowering agents specifically designed to target the absorption of drug in order to reduce the effective dose and potentially lower the side effects.

In accordance with the Agreement, IntelGenx will be responsible for the formulation, manufacture and supply to Circ Pharma of the drug product. Circ Pharma will be responsible for commercialization of the product. Under the terms of the agreement, Circ Pharma will fund the development of the product and IntelGenx will receive royalties from the product s sales. IntelGenx will use its proprietary Versatab technology to formulate the product.

Hyperlipidemia is an elevation of lipids (fats) in the bloodstream. These lipids include cholesterol, cholesterol esters (compounds), phospholipids and triglycerides. They are transported in the blood as part of large molecules called lipoproteins.

Currency rate fluctuations

The Company s operating currency is Canadian dollars, while its reporting currency is U.S. dollars. Accordingly, the Company s results of operations and balance sheet position have been affected by currency rate fluctuations. The following management discussion and analysis takes this into consideration whenever material.

Results of Operations - three months ended March 31, 2009 compared to the three month period ended March 31, 2008.

In U.S.$ thousands	2009	2008	Increase/ (Decrease)	Percentage Change
Revenue	$ 201.0	$ 158.1	$ 42.9	27%
Research and Development Expenses	435.0	337.6	97.4	29%
Research and Development Tax Credit	(35.8)	(44.8)	9.0	20%
Management Salaries	104.8	107.5	(2.7)	3%
General and Administrative Expenses	39.9	48.2	(8.3)	17%
Professional Fees	84.6	118.4	(33.8)	29%
Interest and Financing Fees	170.2	127.9	42.3	33%
Foreign Exchange	24.7	(51.5)	76.2	N/A
Income taxes	(39.0)	(35.4)	(3.6)	10%
Net Income (Loss)	(592.9)	(463.4)	(129.5)	28%

Revenue

Total revenue increased by $42.9 thousand, or 27%, to $201.0 thousand for the three months ended March 31, 2009 from $158.1 thousand for the three months ended March 31, 2008.

The increase in revenue is primarily attributable to royalty revenues earned from commercialization of the first product fully-developed by the Company, a prenatal multivitamin supplement marketed as Gesticare® in the USA, which was commercialized in November 2008. Royalty revenue totaling approximately $42.9 thousand was received by the Company in the first quarter of 2009 in respect of commercial activities in November and December 2008.

In the first quarter of 2009, revenue earned from our pharmaceutical partners for development milestones achieved increased by $13.1 thousand, or 9%, to $158.1 thousand, compared with $145.0 thousand in the previous year.

No interest income was recorded in the first quarter of 2009, compared with $13.1 thousand earned in the first quarter of 2008.

Research and Development (R&D) Expenses

R&D expenses for the three months ended March 31, 2009 were $435.0 thousand and represent an increase of $97.4 thousand, or 29%, compared to $337.6 thousand for the three months ended March 31, 2008.

Included within R&D expenses for the first quarter of 2009 are approximately $253.4 thousand of costs related to the development of the CPI-300 pursuant to the collaboration agreement with Cary Pharmaceuticals. These expenses relate primarily to the preparation of the 505(b)(2) New Drug Application, which was filed with the U.S. Food and Drug Administration on April 3, 2009.

Also included within R&D expenses for the three months ended March 31, 2009 are R&D Salaries of $91.4 thousand, none of which represents non-cash compensation. This compares to R&D salaries of $106.5 thousand in the three month period ended March 31, 2008, which included $3.8 thousand in non-cash compensation.

In the first quarter of 2009 we recorded estimated Research and Development Tax Credits and refunds of $35.8 thousand, as compared to $44.8 for the first quarter of 2008.

Management Salaries and General and Administrative (G&A) Expenses

Management salaries decreased $2.7 thousand, or 3% in the first quarter of 2009, to $104.8 thousand from $107.5 thousand in the first quarter of 2008. Included within the decrease in management salaries is approximately $21.6 thousand relating to the effects of foreign exchange, which have been partially compensated by increases in management salaries.

Included in management salaries in the first quarter of 2009 are approximately $11.4 thousand in non cash compensation resulting from options granted to management employees in 2007 and 2008, as compared to $12.7 thousand expensed for the same period last year.

General and administrative expenses decreased 17%, to $39.9 thousand in the first quarter of 2009 from $48.2 thousand in the first quarter of 2008. The decrease is primarily attributable to the effect of foreign exchange between the Canadian and U.S. currencies.

Professional Fees

Professional fees for the three months ended March 31, 2009 decreased by $33.8 thousand, or 29%, to $84.6 thousand from $118.4 thousand for the three months ended March 31, 2008.

The decrease in professional fees is primarily attributable to foreign exchange effects of approximately $21.2 thousand and a reduction of approximately $44.0 thousand incurred in the first quarter of 2008 in respect of the Company s reporting obligations, partly compensated by an increase in investor relation expenses of approximately $11.9 thousand and other professional fees of approximately $19.5 thousand.

Included within professional fees in the first quarter of 2009 is a non-cash expense of approximately $21.6 thousand for options granted to Auctus Capital for investor relation services compared to $nil in the same period last year.

Share-Based Compensation Expense, Warrants and Stock Based Payments

Share-based compensation expense, warrants and share based payments totaled $33.0 thousand for the three months ended March 31, 2009, as compared to $16.6 thousand for the three months ended March 31, 2008.

We expensed approximately $11.4 thousand in the first quarter of 2009 for options granted to Company employees in 2007 and 2008 under the 2006 Stock Option Plan, compared with $16.6 thousand expensed in the same period last year.

We also expensed $21.6 thousand in the first quarter of 2009 for options granted to Auctus Capital for investor relation services, compared to $nil in the same period last year.

There remains approximately $51.0 thousand in stock based compensation to be expensed in fiscal 2009 and 2010 of which approximately $36.6 thousand relates to the issuance of options to employees of the Company during 2007 and 2008, and approximately $14.4 thousand relates to options granted to Auctus Capital. We anticipate that we will issue additional options and warrants in the future, which will continue to result in stock-based compensation expense.

Financing Cost

We incurred interest and financing fee expense of $170.2 thousand for the three months ended March 31, 2009, compared with $127.9 thousand for the three months ended March 31, 2008.

The costs in the first quarter of 2009 relate primarily to a non-cash accretion expense of $145.1 thousand and cash interest payments of $23.6 thousand on the convertible notes issued in May 2007. These amounts compare with $97.5 thousand and $28.7 thousand respectively for the first quarter of 2008.

Based on the outstanding principal amount of the convertible notes issued in May 2007, and assuming no additional conversions of these notes into common stock, we expect to incur additional interest expense of approximately $48.0 thousand in the remainder of 2009 and approximately $370.6 thousand of accreted interest.

Foreign Exchange

A foreign exchange loss of $24.7 thousand was recorded in the three months ended March 31, 2009 compared with a foreign exchange gain of $51.5 thousand in the three months ended March 31, 2008. The foreign exchange loss in 2009 and the foreign exchange gain in 2008 relate primarily to currency fluctuations between the Canadian dollar and the U.S. dollar.

Net Loss

The net loss for the three months ended March 31, 2009 was $592.9 thousand and represents an increase of $129.5 thousand, or 28%, compared to the net loss of $463.4 thousand for the three months ended March 31, 2008. The main items resulting in the increase in net loss are summarized as follows:

a) The first royalty revenues earned by the Company of approximately $42.9 thousand
b) Additional R&D expenses of approximately $97.4 thousand. Included in R&D expenses are approximately $253.4 thousand of costs relate primarily to the preparation of the 505(b)(2) New Drug Application for CPI- 300, which was filed with the U.S. Food and Drug Administration on April 3, 2009.
c) Negative foreign exchange impact of approximately $76.2 thousand
d) Additional non cash accretion expense of approximately $47.6 thousand
e) Reduced professional fees of approximately $33.8 thousand

Non-cash related expenses included within the net loss for the first quarter of 2009 total approximately $148.6 thousand and relate primarily to the interest accretion expense of $145.1 thousand.

Key items from the Balance Sheet - March 31, 2009 compared to December 31, 2008.

In U.S.$ thousands	2008	2007	Increase/ (Decrease)	Percentage Change
Current Assets	$ 1,067.7	$ 1,464.4	$ (396.7)	27%
Property and Equipment	144.0	157.2	(13.2)	8%
Current Liabilities	581.8	525.8	56.0	11%
Loan Payable, Shareholder	79.5	82.4	(2.9)	4%
Convertible notes	859.6	714.5	145.1	20%
Deferred Income Tax Liability	88.4	127.4	(39.0)	31%
Capital Stock	0.2	0.2	0.0	0%
Additional Paid-in-Capital	5,113.8	5,080.8	33.0	1%

Current Assets

Current assets totaled $1,067.7 thousand at March 31, 2009, as compared to $1,464.4 thousand at December 31, 2008. The decrease of $396.7 thousand is primarily attributable to a decrease in cash of $250.4 thousand and a decrease of $248.5 thousand in the restricted cash balance, which is restricted in accordance with the Collaborative Agreement with Cary Pharmaceuticals to jointly develop and commercialize an oral antidepressant using IntelGenx s proprietary oral delivery technology.

Prepaid Expenses

As of March 31, 2009, prepaid expenses totaled $48.3 thousand as compared to $44.9 thousand at December 31, 2008.

Liquidity and Capital Resources

Our cash and cash equivalents totaled $334.3 thousand as of March 31, 2009, a decrease of $498.9 thousand as compared to $833.2 thousand as of December 31, 2008. Our cash and cash equivalents balance includes a restricted cash amount of $28.7 thousand. This amount represents the remaining balance of the $2.0 million in cash that was set aside under the terms of the Collaborative Agreement ratified on April 7, 2008 with Cary Pharmaceuticals to jointly develop and commercialize an oral antidepressant using IntelGenx s proprietary oral delivery technology.

As at March 31, 2009, we had an accumulated deficit of $5,317.9 thousand, as compared to an accumulated deficit of $4,725.0 thousand as of December 31, 2008. Total assets amounted to $1,211.7 thousand and shareholders equity amounted to a negative $397.6 thousand as of March 31, 2009, as compared with total assets and shareholders equity of $1,621.5 thousand and $171.6 thousand, respectively, as of December 31, 2008.

As of March 31, 2009, accounts receivable totaled $389.5 thousand, as compared to $317.1 thousand as of December 31, 2008. Included within accounts receivable as of March 31, 2008 is a sales tax refund of approximately $117.9 thousand which we expect to receive during the second quarter of 2009. In addition, we had R&D investment tax credits receivable of $295.6 thousand as of March 31, 2009 as compared to $269.2 thousand as at December 31, 2008. We expect to receive approximately $260.0 thousand of the R&D investment tax credits during the second half of 2009.

Accounts payable and accrued liabilities as of March 31, 2009 amounted to $581.8 thousand (December 31, 2008 -$525.8 thousand), of which approximately $407.1 thousand relates to research and development activities, approximately $62.7 thousand relates to professional fees, and $17.2 thousand relates to a retainer to a non-employee director of the Company. Included within other accruals is approximately $18.4 thousand due to a shareholder.

Our consolidated financial statements as of December 31, 2008 have been prepared under the assumption that we will continue as a going concern for the twelve months ending December 31, 2009. The report of our independent registered public accounting firm which accompanies our financial statements includes an explanatory paragraph raising substantial doubt about our ability to continue as a going concern due to our operating losses our need to obtain significant additional capital in order to finance our operations and repay our indebtedness. Accordingly, our ability to continue as a going concern is dependent upon our ability to obtain additional capital from equity and/or debt financing, or by generating increased revenues or other sources of income.

We presently do not have any available credit, bank financing or other external sources of liquidity. Due to our brief operating history, our operations have not been a consistent source of liquidity. We have financed our operating and capital expenditures principally through the sale of debt and equity securities to accredited and institutional investors. In May 2007, we issued convertible notes in an aggregate principal amount of $1.5 million, of which $1,230,241 remained outstanding as of March 31, 2009. In March 2008, we completed a private placement of common stock and warrants for net proceeds of $2,349,119. Management believes that the Company s existing cash resources will be sufficient to meet our operating requirements until the end of August, 2009. We are seeking additional funding through additional equity and/or debt financings. However, there can be no assurance that that any additional financing will become available to us, and if available, on terms acceptable to us. Any financing, if available, may involve restrictive covenants that impact our ability to conduct our business and raise additional funds. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue the development and/or commercialization of one or more of our product candidates.

Property and Equipment

As at March 31, 2009, the net book value of our property and equipment amounted to $144.0 thousand, as compared to $157.2 thousand at December 31, 2008. In the three months ended March 31, 2009 additions to assets totaled $1.8 thousand, depreciation amounted to $9.5 thousand and a foreign exchange loss of $5.5 thousand was recorded.

Loan Payable, Shareholder

As of March 31, 2009, we had a loan payable to a shareholder with an outstanding principal amount of $79.5 thousand, as compared to an outstanding principal amount of $82.4 thousand at December 31, 2008. The decrease in the outstanding principal amount is attributable to currency exchange rate fluctuation.

Capital Stock

There were no changes to capital stock during the three months ended March 31, 2009. Capital stock is disclosed at its par value with the excess of proceeds shown in Additional Paid-in-Capital.

Additional Paid-in-Capital

Additional paid-in capital totaled $5,113.8 thousand at March 31, 2009, as compared to $5,080.8 thousand at December 31, 2008. Included within the increase of $33.0 thousand is approximately $21.6 thousand attributable to the amortization of stock options granted to our investor relations consultant, Auctus Capital, and approximately $11.4 thousand attributable to the amortization of stock options granted to employees.

Key items from the Statement of Cash Flows - three months ended March 31, 2009 compared to the three month period ended March 31, 2008

	2009	2008	Increase/ (Decrease)	Percentage Change
Operating Activities	$ (488.6)	$ 280.7	$ (769.3)	273%
Financing Activities	0.0	2,349.1	(2,349.1)	N/A
Investing Activities	246.7	(4.4)	251.1	5,707%
Cash and cash equivalents - end of period	305.6	2,879.2	(2,573.6)	89%

Statement of cash flows

Net cash used by operating activities was $488.6 thousand in the three months ended March 31, 2009, as compared to net cash provided by operating activities of $280.7 thousand for the same period in 2008. In the first three months of 2009, net cash used by operating activities consisted of an operating loss of $592.9 thousand and a decrease in non-cash operating elements of working capital of $44.3 thousand.

Non-cash items included in operating activities totaled approximately $148.6 thousand, as follows:

a) An expense of $145.1 thousand in respect of accretion expense on the convertible notes issued in May 2007.
b) An expense of $21.6 thousand in respect of the amortization of options granted to Auctus Capital as per the investor relation agreement.
c) An expense of $11.4 thousand in respect of the amortization of options granted to Company employees.
d) An expense of $9.5 thousand in respect of the amortization of fixed assets.
e) A credit of $39.0 thousand in respect of deferred income tax related to the convertible debt.

Our operating activities will continue to consume our available funds until we can generate increased revenues.

No cash was provided by financing activities during the three months ended March 31, 2009, as compared to $2,349.1 thousand provided in the three month period ended March 31, 2008. Of the net cash provided by financing activities in the first quarter of 2008, $2,800,700 came from a private placement financing completed on March 27, 2008, less $451,581 used to pay related transaction costs.

Net cash provided in investing activities amounted to $246.7 for the three months ended March 31, 2009 compared to a use of funds of $4.4 thousand in the same period of 2008.

Net cash provided in investing activities in the first quarter of 2009 includes approximately $248.5 thousand of cash restricted for the CPI-300 project under the collaborative agreement with Cary Pharmaceuticals. In accordance with the collaborative agreement dated April 7, 2008 the Company agreed to restrict $2.0 million of its cash reserves in development support activities for an oral antidepressant using the Company s proprietary oral delivery technology. As at March 31, 2009 the Company had expensed approximately $2,085.9 thousand on the project of which approximately $1,971.3 thousand had been disbursed, resulting in a restricted cash balance of $28.7 thousand and amounts payable of $114.6 thousand. Included within these disbursements is approximately $222,236 paid to Cary Pharmaceuticals in respect of management fees.

Cash of $1.8 thousand was used to purchase capital assets in the first quarter of 2009, as compared to $4.4 thousand in the same period of 2008.

The balance of cash and cash equivalents as of March 31, 2009 amounted to $334.3 thousand, as compared to $2,879.2 thousand at March 31, 2008. Included within these amounts is cash restricted for the CPI-300 project under the collaborative agreement with Cary Pharmaceuticals in the amounts of $28.7 thousand and $2,000.0 thousand respectively. In accordance with the collaborative agreement dated April 7, 2008 the Company agreed to restrict $2.0 million of its cash reserves in development support activities for an oral antidepressant using the Company s proprietary oral delivery technology.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Forward-Looking and Cautionary Statements

This report contains certain forward-looking statements that involve risks and uncertainties relating to, among other things, our future financial performance or future events. Forward-looking statements give management s current expectations, plans, objectives, assumptions or forecasts of future events. All statements other than statements of current or historical fact contained in this Form 10Q, including statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as anticipate, estimate, plans, potential, projects, ongoing, expects, management believes, we believe similar expressions. These statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause actual results to differ materially from the results set forth in this Annual Report. You should not place undue reliance on these forward-looking statements. You should be aware that our actual results could differ materially from those contained in the forward-looking statements due to a number of factors such as:

- continued development of our technology;
- lack of product revenues successful completion of clinical trials and obtaining regulatory approval to market
- ability to protect our intellectual property
- dependence on collaborative partners
- ability to generate positive cash flow
- ability to raise additional capital if and when necessary
- dependence on key personnel;
- competitive factors;
- the operation of our business; and
- general economic conditions.

These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward looking statements. These forward-looking statements speak only as of the date on which they are made, and except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Item 3. Controls and Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based upon that evaluation, our chief executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to cause the material information required to be disclosed by us in the reports that we file or submit under the Exchange Act to be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no significant changes in our internal controls or in other factors which could significantly affect internal controls subsequent to the date we carried out our evaluation.

PART II

Item 1. Legal Proceedings

There are no material pending legal proceedings to which we are a party or to which any of our property is subject and to the best of our knowledge, no such actions against us are contemplated or threatened.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

This Item is not applicable.

Item 3. Defaults Upon Senior Securities

This Item is not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

This Item is not applicable.

Item 5. Other Information

This Item is not applicable.

Item 6. Exhibits

Exhibit 31.1	Certification of C.E.O. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification of C.E.O. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.
Exhibit 32.2	Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTELGENX TECHNOLOGIES CORPORATION

Date: May 12, 2009	By:	/S/	*Horst Zerbe* --- Horst G. Zerbe President, C.E.O. and Director
Date: May 12, 2009	By:	/S/	*Paul Simmons* --- Paul A. Simmons Principal Accounting Officer