

IntelGenx Technologies Corp.
Form 10QSB
August 14, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For the Quarter June 30, 2007

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

(State or other jurisdiction of
incorporation or organization)

87-0638336

(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)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 ☐

The number of shares outstanding of the issuer's common equity, as of the latest practicable date. (August 14, 2007)
Class A 16,007,489

Check whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

Transitional Small Business Disclosure Format (Check one): Yes [☐] No [X]

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IntelGenx Technologies Corp.

Consolidated Interim Financial Statements

June 30, 2007

(Expressed in U.S. Funds)

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IntelGenx Technologies Corp.**Consolidated Balance Sheet**

(Expressed in U.S. Funds)

(Unaudited)

	June 30, 2007	December 31, 2006 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,350,629	\$ 227,578
Accounts receivable	161,559	135,223
Income taxes recoverable	10,261	9,380
Prepaid expenses	5,380	72,914
Investment tax credits receivable	101,969	43,880
	1,629,798	488,975
Deferred Charges (note 3)	92,908	-
Property and Equipment	173,396	161,861
	\$ 1,896,102	\$ 650,836
Liabilities		
Current		
Accounts payable and accrued liabilities	249,869	129,994
Current maturity of long-term debt	-	24,026
	249,869	154,020
Loan Payable, Shareholder	94,155	86,076
Long-Term Debt	-	82,661
Convertible Notes , less unamortized discount of \$1,063,242 (note 4)	436,758	-
Shareholders' Equity		
Capital Stock (note 5)	925,748	925,748
Additional Paid-in-Capital	1,201,491	239,815
Accumulated Deficit	(1,025,440)	(817,865)
Accumulated Other Comprehensive (Loss) Gain	13,521	(19,619)
	1,115,320	328,079
	\$ 1,896,102	\$ 650,836

See accompanying notes

Approved on Behalf of the Board:

Director

Director

IntelGenx Technologies Corp.

Consolidated Statement of Shareholders' Equity

For the Period Ended June 30, 2007

(Expressed in U.S. Funds)

(Unaudited)

	Capital Stock		Additional	Accumulated			Total
	Number	Amount	Paid-In	Other	Accumulated		Shareholders'
			Capital	Comprehensive	Deficit		Equity
				Gain			
Balance - December 31, 2006	16,007,489	\$ 925,748	\$ 239,815	\$ (19,619)	\$ (817,865)	\$	328,079
Foreign currency translation adjustment for the period	-	-	-	33,140	-		33,140
Warrants issued	-	-	633,652	-	-		633,652
Stock-based compensation	-	-	39,077	-	-		39,077
Beneficial conversion feature	-	-	540,395	-	-		540,395
Transaction costs	-	-	(251,448)	-	-		(251,448)
Net loss for the period	-	-	-	-	(207,575)		(207,575)
Balance - June 30, 2007	16,007,489	\$ 925,748	\$ 1,201,491	\$ 13,521	\$ (1,025,440)	\$	1,115,320

IntelGenx Technologies Corp.

Consolidated Statement of Shareholders' Equity

For the Period Ended June 30, 2006

(Expressed in U.S. Funds)

(Unaudited)

	Capital Stock		Additional		Accumulated	Accumulated	Total
	Number	Amount	Paid-In	Comprehensive	Other	Deficit	Shareholders'
			Capital	Gain	Gain		Equity
Balance -							
December 31, 2005	10,000	\$ 77	\$ -	\$ 4,825		\$ (36,729)	\$ (31,827)
March 9, 2006 -							
recall and							
cancellation of							
issued shares	(10,000)	(77)	-	-		-	(77)
March 9, 2006 -							
issue of common							
shares	10,991,000	77	-	-		-	77
April 28, 2006 -							
issue of common							
shares	3,191,489	898,408	-	-		-	898,408
April 28, 2006 -							
recapitalization in							
connection with							
share exchange	1,825,000	133,250	-	-		-	133,250
Foreign currency							
translation							
adjustment for the							
period	-	-	-	301		-	301
Warrants issued	-	-	19,420	-		-	19,420
Net loss for the							
period	-	-	-	-		(127,577)	(127,577)
Balance - June 30,							
2006	16,007,489	\$ 1,031,735	\$ 19,420	\$ 5,126		\$ (164,306)	\$ 891,975

IntelGenx Technologies Corp.**Consolidated Statement of Operations and Comprehensive Loss**

(Expressed in U.S. Funds)

(Unaudited)

	For the three-month period ended June 30		For the six-month period ended June 30	
	2007	2006	2007	2006
Revenue	\$ 335,923	\$ 93,168	\$ 423,378	\$ 188,686
Expenses				
Research and development	152,776	156,683	256,641	239,701
Research and development tax credits	(28,547)	(23,916)	(49,887)	(46,099)
Management salaries	42,390	15,585	66,991	30,154
General and administrative	30,391	23,378	62,869	39,579
Professional fees	153,943	697	217,803	6,644
Depreciation	8,474	9,113	17,752	17,565
Foreign exchange	(1,680)	837	(892)	842
Interest and financing fees	45,909	24,136	59,676	27,877
	403,656	206,513	630,953	316,263
Net Loss	(67,733)	(113,345)	(207,575)	(127,577)
Other Comprehensive Loss				
Foreign currency translation adjustment	31,850	35	33,140	301
Comprehensive Loss	\$ (35,883)	\$(113,310)	\$ (174,435)	\$(127,276)
Basic Weighted Average Number of Shares Outstanding	16,007,489	14,463,954	16,007,489	12,737,071
Basic and Diluted Loss Per Common Share	-	(0.01)	(0.01)	(0.01)

(note 9)

See accompanying notes

IntelGenx Technologies Corp.

Consolidated Statement of Cash Flows

(Expressed in U.S. Funds)

(Unaudited)

	For the Three-month period ended June 30th		For the Six-month period ended June 30th	
	2007	2006	2007	2006
Funds Provided (Used) - Operating Activities				
Net loss	\$ (67,733)	\$ (113,345)	\$ (207,575)	\$ (127,577)
Depreciation	8,474	9,113	17,752	17,565
Financing fee paid in warrants	-	19,420	-	19,420
Investor relations services	32,782	-	64,521	-
Stock-based compensation	14,682	-	39,077	-
Interest accretion	17,548	-	17,548	-
	5,753	(84,812)	(68,677)	(90,592)
Changes in non-cash operating elements of working capital	109,156	(115,001)	41,528	(151,798)
	114,909	(199,813)	(27,149)	(242,390)
Financing Activities				
Bank indebtedness	-	(12,119)	-	-
Long-term debt	-	-	-	29,294
Repayment of long term debt	(101,896)	(1,520)	(107,871)	(5,848)
Loan payable, shareholder	-	3,986	-	3,617
Issue of capital stock	-	1,341,750	-	1,341,750
Transaction costs	(229,323)	(443,342)	(229,323)	(443,342)
Promissory note	-	(25,685)	-	-
Convertible notes	1,500,000	-	1,500,000	-
	1,168,781	863,070	1,162,806	925,471
Investing Activities				
Additions to property and equipment	(10,765)	(55,771)	(14,371)	(86,799)
Increase in Cash and Cash Equivalent	1,272,925	607,486	1,121,286	596,282
Effect of Foreign Exchange on Cash and Cash Equivalent	1,857	35	1,765	301
Cash and Cash Equivalents Beginning of Period	75,847	-	227,578	10,938
End of Period	\$ 1,350,629	\$ 607,521	\$ 1,350,629	\$ 607,521
See accompanying notes				

1.

Basis of Presentation and Reorganization of the Corporation

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and item 310(b) of Regulation S-B and are prepared using the same accounting policies as outlined in note 4 of IntelGenx Technologies Corp. financial statements for the year ended December 31, 2006 and 2005 except for those discussed in note 3 below. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2007. The unaudited financial statements should be read in conjunction with the financial statements and notes thereto included in the IntelGenx Technologies Corp. audited financial statements for the years ended December 31, 2006 and 2005.

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 \$1,025,440 (2006 - \$817,865). 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 attaining profitable operations.

Management has continued to develop a strategic plan to build a management team, maintain reporting compliance and establish contracts with pharmaceutical companies. Management anticipates generating revenue through development contracts during the year. The Company has raised capital in the six month period ended June 30, 2007 and has commenced the process of raising additional capital. 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.

Deferred Charges

Costs related to the issuance of debt have been deferred and are being amortized on a straight-line basis over the term of the related debt.

IntelGenx Technologies Corp.

Notes to Consolidated Interim Financial Statements

June 30, 2007

(Expressed in U.S. Funds)

4.

Convertible Notes

On May 22, 2007 the Company entered into convertible note agreements with certain institutional and accredited investors for amounts totalling \$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 will commence 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.

The Company may, at its option, elect to pay the interest by the issuance of shares of common stock. 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 split, recapitalizations and the like that occur after the date of the Securities Purchase Agreements.

In accordance with EITF 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 \$540,395 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 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 \$540,395 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	75%
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. As at June 30, 2007, accrued interest amounting to \$13,076 has been recorded and \$17,548 of interest has been accreted.

IntelGenx Technologies Corp.

Notes to Consolidated Interim Financial Statements

June 30, 2007

(Expressed in U.S. Funds)

5.

Capital Stock

	June 30, 2007	December 31, 2006
Authorized -		
100,000,000 common shares of \$0.00001 par value		
20,000,000 preferred shares		
Issued -		
16,007,489 common shares	\$ 925,748	\$ 925,748

On April 10, 2007, the Board of Directors of the Corporation approved an amendment, subject to shareholder approval, to the Corporation's Certificate of Incorporation, as amended, to increase the number of authorized common shares from 20,000,000 to 100,000,000 and to authorize the creation of 20,000,000 shares of "blank check" preferred shares. On April 10, 2007, the majority stockholder of the Corporation approved the same resolution as the Board of Directors.

6.

Additional Paid-In Capital

On May 22, 2007, IntelGenx Technologies Corp. issued 214,286 stock purchase warrants exercisable into common shares at \$0.70 per share which expire on May 22, 2011. As at June 30, 2006, no stock purchase warrants were exercised. The stock purchase warrants were issued as part of the transaction costs in connection with the convertible notes described in note 4. The stock purchase warrants were accounted for at their fair value, as determined by the Black-Scholes valuation model, of \$93,257, using the following assumptions:

Expected volatility	75%
Contractual life	4 years
Risk-free interest rate	4.39%
Dividend yield	Nil

Along with the above warrants, the Company paid cash consideration of \$229,323 for transaction costs. These costs were allocated between deferred charges and Additional Paid-in Capital based on the relative fair value of the convertible notes, the beneficial conversion feature and the warrants.

7.

Income Taxes

On January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that the Company recognize in its financial statements, the impact of a tax position, if that position is more likely than not for being sustained on audit, based on the technical merits of the position. The adoption of FIN 48 did not have a material impact on our consolidated financial statements.

As of June 30, 2007, the federal and provincial income tax returns filed for the years 2003 to 2006 remain subject to examination by the taxation authorities.

8.

Related Party Transactions

During the six month period ending June 30, 2006, the Company incurred expenses of approximately \$8,800 (2006 - \$9,109) for laboratory equipment leased from a shareholder and \$2,700 (2006 - \$2,693) for interest on the loan payable shareholder.

Included in professional fees are approximately \$17,400 (2006 - \$Nil) paid to a non-employee director of the Company.

Included in interest and financing fees are approximately \$19,000 (2006 - nil) for share-based compensation to a former officer and director of the Company.

Included in accounts payable and accrued liabilities is approximately \$7,300 (2006 - \$25,000) payable to shareholders.

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.

9.

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.

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

The following information should be read in conjunction with the unaudited consolidated financial statements for the six months period ended June 30, 2007 and 2006 and notes thereto. Unless otherwise indicated or the context otherwise requires, the "Company" we, "us," and "our" refer to IntelGenx Technologies Corp. and its subsidiaries including IntelGenx Corp. ("IntelGenx")

Overview

Company Background

We are a drug delivery company established in 2003 and headquartered in Montreal, Quebec, Canada, which focuses on the development of novel oral immediate-release and controlled-release products for the generic pharmaceutical market. Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and then license commercial rights for such products to pharmaceutical partners once the viability of a product has been demonstrated. We expect a partner company will, in some cases, fund development of the licensed products, complete the regulatory approval process with the U.S. Food and Drug Administration (FDA) or other regulatory agencies relating to the licensed products, and assume responsibility for marketing and distributing such products.

In addition, the Company anticipates that it may undertake full development of certain products without seeking a partner 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 in addition to already existing ones for pharmaceutical products for which patent protection is about to expire. Under §(505)(b)(2) of the Food, Drug, and Cosmetics Act, the FDA will grant a market exclusivity of up to three years for such a new dosage form. The Company anticipates significant returns from successfully obtaining market exclusivity in this manner.

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 the opportunities present themselves. 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 will 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.

The IntelGenx Acquisition

On April 28, 2006, the Company entered into a Share Exchange Agreement, whereby the Company, (through its wholly-owned subsidiary 6544361 Canada, Inc., a Canadian company) acquired 100% of the issued and outstanding common stock and warrants of IntelGenx, (the "IntelGenx Acquisition"). Pursuant to the Share Exchange Agreement, and several separate related agreements, we issued, as consideration for the IntelGenx common stock, 14,507,489 shares of our common stock to various shareholders of IntelGenx along with 100,000 common stock purchase warrants to an IntelGenx shareholder. The warrants granted are exercisable at \$0.41 per share of common stock, and expire on April 28, 2008. The total shares of common stock issued by the Company pertaining to the IntelGenx Acquisition constituted 90.6 % of the 16,007,489 shares of our common stock then outstanding. Following the completion of the IntelGenx Acquisition, IntelGenx continued its operations as subsidiary of the Company.

As part of the IntelGenx Acquisition, we issued a controlling amount of shares to the former IntelGenx shareholders who effectively gained controlling interest in the Company. According to US GAAP regulations, IntelGenx is deemed to be the accounting acquirer of the Company and the discussion of operations below relates to the operations of IntelGenx.

Results of Operations six months ended June 30, 2007 compared to the six month period ended June 30, 2006.

	2007	2006	Increase/ (Decrease)	Percentage Change
Revenue	\$ 423,378	\$ 188,686	\$ 223,773	124.4%
Research and Development Expenses	256,641	239,701	16,942	7.1%
Research and Development Tax Credit	(49,887)	(46,099)	3,788	8.2%
General and Administrative Expenses	129,860	69,733	47,118	58.8%
Professional Fees	217,803	6,644	211,029	3178%
Interest and financing fees	59,676	27,877	32,471	114.0%
Net income (loss)	(207,575)	(127,577)	(79,998)	62.7%
Revenue				

Our revenues from R&D services provided were \$412,459 and \$10,919 for interest for a total of \$423,378 for the six months period ended June 30, 2007. This compares to \$188,686 for the same period in 2006 with no additional interest revenue. We anticipate our revenue from development contracts in place at the time of filing of this report to be approximately \$750,000 for the year 2007. We also expect revenue from additional research and development service contracts for which we are presently in discussions with potential clients. If we are successful in signing on potential clients, we would receive some additional upfront fees and research and development fees during the current year.

Research and development

Costs related to research and development increased to \$256,641 from \$239,701 in the first half of 2007 compared to 2006, which reflects the increased expenses due to the commencement of new development projects and the continuation of projects started in 2005 and 2006. Included in these costs are R&D Salaries of \$166,873, \$9,522 of which are non-cash compensation. Since research and development expenses are directly related to the amount of R&D work performed, management expects a further increase of R&D expenses during the current year due to a further increase of development projects. To the extent that those projects are covered by development agreements, a portion of those expenses will be offset by development fees received from development partners for development services provided. For the six months ended June 30, 2007, we have recorded estimated Research and Development Tax Credits and refunds of \$49,887 (\$46,099 in 2006).

General and Administrative

General administrative expenses increased to \$129,860 for the six months period ended June 30, 2007 (\$69,733 in 2006). Included in those expenses are management salaries of \$66,991 (\$30,154 in 2006). The increase in general and administrative expenses is attributed to the increase in corporate operations. Management expects general and administrative expenses from operations to increase according to an increase in operating activities in 2007.

Professional Fees

Professional Fees increased to \$217,803 from \$6,644 for the same period in 2006, \$64,521 of which are non-cash compensation for Investor Relations contracts (\$0 in 2006). The increase reflects amounts paid to our legal counsel and auditors as well as additional fees relating to our filing requirements in the U.S. and Canada.

Share-Based Compensation Expense, Warrants and Stock Based Payments

Share-based compensation expenses, warrants and share based payments totaled \$103,598 for the six months period ended June 30, 2007 as compared to \$0 for the six months ended June 30, 2006.

We expensed \$64,521 stock based payments in consideration of investor relation services rendered during the six months ended June 30, 2007. We also expensed \$39,077 options that were granted to company employees in 2006 under the 2006 Stock Option Plan and vested during the first half of 2007. No options were issued in prior years. There remains approximately \$81,000 in stock based compensation to be expensed in fiscal 2007 and 2008 related to the issuance of options during 2006. We anticipate issuance of additional options and warrants in the future, which will continue to result in stock, based compensation expense and may result in warrant amortization expense.

Financing Cost

We incurred interest and financing fee expenses of \$59,676 during the period ended June 30, 2007 compared to \$27,877 for the same period in 2006. Included in those expenses are non cash financing fees of \$19,044 (included in \$29,877 above) which we recorded for the amortization of 62,500 options issued to an officer of the company in connection with the IntelGenx Acquisition in April 2006. The options were granted under the 2006 Stock Option Plan.

We accrued \$13,000 of interest payable on convertible debentures which we issued on May 22, 2007. We expect to pay additional \$60,000 in interest for those debentures until the end of 2007. The remainder of \$10,085 interest expense relates to a long term debt which was paid off in May 2007 and interest paid on the shareholder loan.

Net Income

We recorded a loss of \$207,575 in the period ended June 30, 2007 compared to a net loss of \$127,577 for the same period in 2006. Management believes that we will continue to operate at a net loss until such time as we can complete our business development efforts and begin to realize increased sales revenues later in 2007.

Prepaid Expenses

At June 30, 2007 we had prepaid expenses of \$5,380 compared to \$136,569 at June 30, 2006. During the period we amortized 162,500 shares in consideration of investor relation services. This investor relation contract was acquired as a prepaid asset of \$133,250 at the time of the IntelGenx Acquisition in April 2006. The investor relations contract is now fully amortized.

Liquidity and Capital Resources

The net cash used in operating activities was \$27,149 for the six months ended June 30, 2007 compared to a use of funds of \$242,390 for the same period in 2006. The net cash provided by financing activities was \$863,070 for the six months ended June 30, 2007 compared to a source of funds of \$925,471 for the same period in 2006. The net cash used in investing activities was \$55,771 for the six months ended June 30, 2007 compared to a use of funds of \$86,799 for the same period in 2006.

At June 30, 2007, we had cash and cash equivalents of \$1,350,629 (\$607,251 for 2006). We also had accounts receivable of \$161,559, and \$101,969 of investment tax credits receivable (\$136,306 and \$95,748 respectively for 2006).

At June 30, 2007, we had accounts payable and accrued liabilities of \$236,795. Professional fees represent \$133,642 of this amount with \$77,153 relating to fees in connection with the Debenture Financing of May 22, 2007. Other accruals include the \$13,000 of interest on the convertible debentures due July 1 and \$7,300 due to a shareholder.

With the funds received as a result of the financing in May 2007, we are confident that we have sufficient cash available to satisfy our requirements for the current year. At June 30, 2007, we had total assets of \$1,896,102 and shareholders' equity of \$1,115,320.

Convertible Debenture Financing

The Company completed on May 22, 2007, the sale of 8% Secured Convertible Debentures in an aggregate principal amount of \$1,500,000 to certain institutional and accredited investors pursuant to a Securities Purchase Agreement. The debentures are convertible at any time into shares of the Company's common stock at a fixed conversion price of \$0.70. The investors shall have five years from May 22, 2007 to exercise 2,142,857 warrants. The warrants are exercisable on a one to one basis and the exercise price is \$1.02 per share. The Debentures mature twenty-eight months from the date of issuance and they are secured by a lien on substantially all of the assets of the Company. The Company received net proceeds of approximately \$1.36 million.

In connection with the placement, the Company granted 214,857 warrants to the placement agent. The warrants are exercisable at \$0.70 per share and expire May 22, 2011.

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 10QSB, 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," "we intend," and 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

On April 10, 2007, the Board of Directors of the Corporation approved an amendment, subject to shareholder approval, to the Corporation's Certificate of Incorporation, as amended, to increase the number of authorized common shares from 20,000,000 to 100,000,000 and to authorize the creation of 20,000,000 shares of "blank check" preferred shares. On April 10, 2007, the majority stockholder of the Corporation approved the same resolution as the Board of Directors.

Item 5.

Other Information

This Item is not applicable.

Item 6.

Exhibits

(a) 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.

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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: August 14, 2007

By: /S/ Horst Zerbe
Horst Zerbe
President, C.E.O. and
Director

Date: August 14, 2007

By: /S/ Gino Di Iorio
Gino Di Iorio
Chief Financial Officer