

April 14, 2011



IntellipharmaCeutics Announces First Quarter 2011 Results

TORONTO, April 14, 2011 (GLOBE NEWSWIRE) -- IntellipharmaCeutics International Inc. (Nasdaq:IPCI) (TSX:I), a pharmaceutical company specializing in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs, today reported the results of operations for the three month period ended February 28, 2011. All dollar amounts referenced herein are in United States dollars unless otherwise noted.

The loss for the three month period ended February 28, 2011 was \$2.7 million, or \$0.22 per common share, compared with a loss of \$1.4 million, or \$0.13 per common share for the three month period ended February 28, 2010. The increased period-over-period loss is mainly due to financing expense of \$2.2 million partially offset by the fair value adjustment of derivative liability of \$1.0 million. The financing expense is comprised of the issuance of broker warrants valued at \$0.2 million, the excess of the fair value of the warrant derivative liability over the financing proceeds of \$0.7 million, and \$1.3 million of other direct costs related to the financing. Under US GAAP, the warrants from the private placement financing discussed below are considered to be a derivative liability.

Loss from operations for the three month period ended February 28, 2011 was \$1.8 million compared with \$1.5 million for the three month period ended February 28, 2010. Research and development expenditures for the three month period ended February 28, 2011 increased to \$1.2 million as a result of a stronger financial position compared to \$0.7 million in the three month period ended February 28, 2010. This stronger financial position is allowing IntellipharmaCeutics to pursue its strategy of advancing its products from the formulation stage through product development, regulatory approval and manufacturing before out-licensing marketing and sales rights to established organizations. Selling, general and administrative expenses for the three month period ended February 28, 2011 decreased to \$0.5 million versus \$0.7 million in the comparative period, due to certain public company related obligations and filing requirements related to the completed plan of arrangement and merger between IntelliPharmaCeutics Ltd. and Vasogen Inc. in the three month period ended February 28, 2010.

At February 28, 2011, IntellipharmaCeutics' cash totaled \$10.5 million, compared with \$0.8 million at November 30, 2010. The increase in cash and cash equivalents during the three month period ended February 28, 2011 is mainly a result of the private placement financing discussed below.

During the three month period ended February 28, 2011 net cash flows used in operating activities of \$2.0 million includes financing expense of \$1.1 million. Before the financing expense, cash flow was \$0.9 million which was partially offset by C\$640,081 that was received from the Canada Revenue Agency and the Ontario Ministry of Finance being payments of claims for scientific research & experimental development tax credit and an

Ontario Innovation tax credit in respect of research and development activities carried out by IPC Ltd. during fiscal 2009.

For the three month period ended February 28, 2011 net cash flows from financing activities of \$11.7 million related mainly to the gross proceeds of \$12.0 million from the issuance of shares and warrants from the private placement completed on February 1, 2011. These were partially offset, prior to the private placement, by the repayment of C\$350,000 for a related party loan payable to Dr. Isa Odidi and Dr. Amina Odidi, the Company's principal stockholders, directors and executive officers for cash advances made by them to the Company. This is a shareholder loan to support ongoing operations. For the three month period ended February 28, 2010 net cash flows from financing activities related mainly to the repayment of C\$800,000 of an amount due to related parties.

Intellipharmaeueutics anticipates that its burn rate, namely its cash flows used in operating activities excluding financing expense, will be approximately \$3.9 million during the remainder of fiscal 2011. Depending on the progress of ongoing partnering initiatives, the Company may elect to increase or reduce expenses associated with its current development plan.

Corporate Update

On December 7, 2010 the Company announced the filing of an ANDA with the FDA for a

On December 22, 2010 Intellipharmaeueutics informed the FDA that it had not received

On January 26, 2011 the Company was informed by NASDAQ that it had regained complia

On February 1, 2011 Intellipharmaeueutics completed a sale of 4,800,000 units for gr

On February 7, 2011, the Company announced it has retained the services of Doll Con

On March 29, 2011, Intellipharmaeueutics announced that it had become aware that Ela

On April 4, 2011 the Company announced the filing of an ANDA with the FDA for a gen

Due to the fact that the Company recently provided an update on corporate activities during its year end conference call, we will not host a conference call at this time.

About Intellipharmaeueutics

Intellipharmaeueutics International Inc. is a pharmaceutical company specializing in the research, development and manufacture of novel or generic controlled-release and targeted-release oral solid dosage drugs. The Company's patented Hypermatrix™ technology is a unique and validated multidimensional controlled-release drug delivery platform that can be applied to the efficient development of a wide range of existing and new pharmaceuticals. Based on this technology, Intellipharmaeueutics has a pipeline of products in various stages of development in therapeutic areas that include neurology, cardiovascular, GIT, pain and infection.

The Intellipharma International Inc. logo is available at
<http://www.globenewswire.com/newsroom/prs/?pkgid=6957>

Certain statements in this document constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and/or "forward-looking information" under the Securities Act (Ontario). These statements include, without limitation, statements regarding the proposed financing, including the amount and timing thereof and effect on control, and possible future warrant exercises, and regarding the Company's plans, milestones and proposed use of proceeds, status of development or expenditures relating to our business, plans to fund our current activities, statements concerning our partnering activities, health regulatory submissions, strategy, future operations, future financial position, future revenues and projected costs. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expects", "plans", "anticipates", "believes", "estimated", "predicts", "potential", "continue", "intends", "could", or the negative of such terms or other comparable terminology. We made a number of assumptions in the preparation of these forward-looking statements. You should not place undue reliance on our forward-looking statements, which are subject to a multitude of risks and uncertainties that could cause actual results, future circumstances or events to differ materially from those projected in the forward-looking statements. These risks include, but are not limited to, the closing of this transaction, securing and maintaining corporate alliances, the need for additional capital and the effect of capital market conditions and other factors, including the current status of our programs, on capital availability, the potential dilutive effects of any financing, the timing of our programs to research, develop and commercialize our products, the timing and costs of obtaining regulatory approvals, our estimates regarding our capital requirements and future revenues, the timing and amount of investment tax credits, and other risks detailed from time to time in our public disclosure documents or other filings with the securities commissions or other securities regulatory bodies in Canada and the U.S. Additional risks and uncertainties relating to IPC and our business can be found in the "Risk Factors" section of our annual information form dated February 28, 2011 and Form 20-F for the year ended November 30, 2009, as well as in our other public filings. The forward-looking statements are made as of the date hereof, and we disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The unaudited interim consolidated financial statements, accompanying notes to the unaudited interim consolidated financial statements, and Management's Discussion and Analysis for the quarter ended February 28, 2011, will be accessible on Intellipharma Website at www.intellipharma.com and will be available on SEDAR and EDGAR. Summary financial tables are provided below.

Intellipharma International		
Unaudited consolidated balance sheet		
As at		
(Stated in U.S. dollars)		
	February 28, 2011	November 2
	\$	\$
Assets		
Current		

Cash and cash equivalents	10,538,205	789,1
Accounts receivable	1,679	1,6
Investment tax credits	675,317	1,184,3
Prepaid expenses, sundry and other assets	196,772	142,3
	11,411,973	2,117,47
Deferred offering cost	--	224,6
Property and equipment, net	929,290	925,5
	12,341,263	3,267,70
Liabilities		
Current		
Accounts payable	527,368	612,95
Accrued liabilities	260,596	321,0
Employee cost payable	580,310	575,62
Current portion of capital lease obligations	8,181	13,23
Due to related parties	1,392,091	1,635,8
	2,768,546	3,158,68
Warrant derivative liability	11,856,678	7,1
Deferred revenue	8,905	8,90
	14,634,129	3,174,75
Shareholders' (deficiency) equity		
Capital stock		
Authorized		
Unlimited common shares without par value		
Unlimited preference shares		
Issued and outstanding		
15,732,051 common shares	147,152	16,96
(2010 - 10,907,054)		
Additional paid-in capital	19,801,416	19,369,0
Accumulated other comprehensive loss	(450,399)	(225,47
Deficit	(21,791,035)	(19,067,54
	(2,292,866)	92,95
Contingencies		
	12,341,263	3,267,70

Intellipharma International Inc.
Unaudited interim consolidated statements of operations
and comprehensive loss
for the three month periods ended February 28, 2011 and 2010
(Stated in U.S. dollars)

Revenue
Research and development

Expenses
Research and development
Selling, general and administrative
Depreciation

Loss from operations ()
Fair value adjustment of derivative liability

Financing expense	(.
Net foreign exchange gain	
Interest income	
Interest expense	
Loss	(.
Other comprehensive income	
Foreign exchange translation adjustment	
Comprehensive loss	(.
Loss per common share, basic and diluted	
Weighted average number of common shares outstanding, basic and diluted	1.

Intellipharmaeueuties International Inc.
Unaudited interim consolidated statements of cash flows
for the three month periods ended February 28, 2011 and 2010
(Stated in U.S. dollars)

	201
	\$
Loss	(2,723,493)
Items not affecting cash	
Depreciation	50,51
Stock-based compensation	462,73
Interest accrual	23,30
Fair value adjustment of derivative liability	(1,035,070
Financing expense	1,085,35
Unrealized foreign exchange loss	21,131
Change in non-cash operating assets and liabilities	
Accounts receivable	(60
Investment tax credits	561,81
Prepaid expenses and sundry assets	(50,546
Accounts payable and accrued liabilities	(399,051
Deferred revenue	-
Cash flows used in operating activities	(2,003,367
Financing activities	
Payments due to related parties	(351,229
Repayment of capital lease obligations	(5,657
Issuance of common shares on exercise of stock options	90,81
Proceeds from issuance of shares and warrants	12,000,00
Cash flows provided by (used in) financing activities	11,733,932
Investing activities	
Purchase of property and equipment	(3,396
Cash flows used in investing activities	(3,396
Effect of foreign exchange gain on cash held in foreign currency	21,90
Increase (decrease) in cash and cash equivalents	9,749,06
Cash, beginning of period	789,13
Cash and cash equivalents, end of period	10,538,20
Supplemental cash flow information	
Interest paid	113,94
Taxes paid	-

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Image: Intellipharma International Inc. Logo

Source: Intellipharma International Inc.