

ONCOLYTICS BIOTECH INC

Form 6-K

March 04, 2005

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**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 6-K

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For the month of March, 2005

Commission File Number 000-31062

Oncolytics Biotech Inc.

(Translation of registrant's name into English)

**Suite 210, 1167 Kensington Crescent NW
Calgary, Alberta, Canada T2N 1X7**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82 - _____

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Oncolytics Biotech Inc.
(Registrant)

Date: March 4, 2005

By: /s/ Doug Ball, CFO

Doug Ball, CFO
Chief Financial Officer

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210, 1167 Kensington Cr. N.W.
Calgary, Alberta
Canada T2N 1X7

FOR IMMEDIATE RELEASE

Oncolytics Biotech Inc. Reports Highlights and Financial Results for 2004

Calgary, AB, March 4, 2005 Oncolytics Biotech Inc. (TSX:ONC, NASDAQ:ONCY) (Oncolytics or the Company) today reported its financial results for the year ended December 31, 2004.

Selected Highlights:

- Expanded the clinical program to the United Kingdom with the approval and commencement of a Phase I systemic administration trial;
- Received approval in February 2005 to commence a Phase I study examining the use of REOLYSIN® in combination with radiation therapy in the U.K.;
- Received clearance in February 2005 to commence a Phase I/II study examining the use of REOLYSIN® in patients with recurrent malignant gliomas (brain cancers) in the U.S.;
- Reported final results from the T2 prostate cancer clinical trial;
- Successfully transferred the manufacturing process to a supplier located in the U.K.;
- Expanded the intellectual property base with the issue of three U.S. patents, including patents covering manufacturing technology and other cellular proliferative diseases; and,
- Raised net proceeds of \$23.5 million to expand and accelerate the clinical trial program.

During 2004, Oncolytics advanced the development of REOLYSIN® in a number of important areas, said Dr. Brad Thompson, President and CEO of Oncolytics Biotech Inc. We made progress in expanding our clinical trial program internationally, particularly in the United Kingdom, adding to our intellectual property portfolio and strengthening our financial resources to support our expanding clinical program.

Table of Contents**Oncolytics Biotech Inc.****BALANCE SHEETS**

As at December 31

| | 2004 | 2003 |
|--|---------------------|--------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 12,408,516 | 2,641,127 |
| Short-term investments | 21,510,707 | 18,111,608 |
| Accounts receivable | 47,767 | 64,224 |
| Prepaid expenses | 250,365 | 156,837 |
| | 34,217,355 | 20,973,796 |
| Capital assets | 5,259,286 | 4,965,379 |
| Investments | 12,000 | 111,425 |
| | 39,488,641 | 26,050,600 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | 949,258 | 884,928 |
| Alberta Heritage Foundation loan | 150,000 | 150,000 |
| Commitments and contingency | | |
| Shareholders equity | | |
| Share capital | | |
| Authorized: unlimited | | |
| Issued: 31,915,496 (2003 27,208,262) | 66,643,325 | 44,712,589 |
| Warrants | 3,347,630 | 1,598,250 |
| Contributed surplus | 6,349,139 | 3,699,425 |
| Deficit | (37,950,711) | (24,994,592) |
| | 38,389,383 | 25,015,672 |
| | 39,488,641 | 26,050,600 |

Table of Contents**Oncolytics Biotech Inc.****STATEMENTS OF LOSS AND DEFICIT**

For the periods ended December 31

| | 2004 | 2003 | 2002 | Cumulative from inception on April 2, 1998 to December 31, 2004 |
|---|-------------------|-------------|-------------|--|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Rights revenue | ¾ | ¾ | ¾ | 310,000 |
| Interest income | 699,757 | 313,305 | 208,867 | 2,785,740 |
| | 699,757 | 313,305 | 208,867 | 3,095,740 |
| Expenses | | | | |
| Research and development | 7,107,998 | 2,818,962 | 4,251,025 | 23,526,528 |
| Operating | 2,803,669 | 2,449,478 | 2,102,870 | 10,005,794 |
| Stock based compensation | 2,668,570 | 996,707 | 32,718 | 3,697,995 |
| Foreign exchange loss (gain) | 358,068 | 2,881 | (598) | 359,970 |
| Amortization | 751,756 | 663,524 | 574,237 | 2,661,846 |
| | 13,690,061 | 6,931,552 | 6,960,252 | 40,252,133 |
| Loss before the following: | 12,990,304 | 6,618,247 | 6,751,385 | 37,156,393 |
| Gain on sale of BCY LifeSciences Inc. | (34,185) | (264,453) | ¾ | (298,638) |
| Loss on sale of Transition Therapeutics Inc. | ¾ | 2,156,685 | ¾ | 2,156,685 |
| Loss before taxes | 12,956,119 | 8,510,479 | 6,751,385 | 39,014,440 |
| Capital tax (recovery) | ¾ | 33,552 | (12,281) | 51,271 |
| Future income tax recovery | ¾ | ¾ | (647,618) | (1,115,000) |
| Net loss for the period | 12,956,119 | 8,544,031 | 6,091,486 | 37,950,711 |
| Deficit, beginning of period | 24,994,592 | 16,450,561 | 10,359,075 | ¾ |

| | | | | |
|---|-------------------|------------|------------|------------|
| Deficit, end of period | 37,950,711 | 24,994,592 | 16,450,561 | 37,950,711 |
| Basic and diluted loss per share | (0.45) | (0.35) | (0.30) | |

Table of Contents**Oncolytics Biotech Inc.****STATEMENTS OF CASH FLOWS**

For the periods ended December 31

| | 2004 | 2003 | 2002 | Cumulative from inception on April 2, 1998 to December 31, 2004 |
|---|---------------------|---------------|---------------|--|
| | \$ | \$ | \$ | \$ |
| OPERATING ACTIVITIES | | | | |
| Net loss for the year | (12,956,119) | (8,544,031) | (6,091,486) | (37,950,711) |
| Deduct non-cash items | | | | |
| Amortization | 751,756 | 663,524 | 574,237 | 2,661,846 |
| Non-cash compensation | 2,668,570 | 996,707 | 32,718 | 3,697,995 |
| Gain on sale of BCY LifeSciences Inc. | (34,185) | (264,453) | | (298,638) |
| Cancellation of contingent payment obligation settled in common shares | 150,000 | | | 150,000 |
| Loss on sale of Transition Therapeutics Inc. | | 2,156,685 | | 2,156,685 |
| Foreign exchange loss | 264,080 | 2,881 | (598) | 265,982 |
| Future income tax recovery | | | (647,618) | (1,115,000) |
| Net changes in non-cash working capital | (69,065) | (489,051) | (1,122,953) | 508,233 |
| Cash used in operating activities | (9,224,963) | (5,477,738) | (7,255,700) | (29,923,608) |
| INVESTING ACTIVITIES | | | | |
| Intellectual property | (958,809) | (1,045,869) | (860,520) | (3,623,635) |
| Other capital assets | (15,230) | (50,729) | (191,694) | (526,202) |
| Purchase of short-term investments | (6,777,179) | (18,111,608) | | (24,888,787) |
| Redemption of short-term investments | 3,114,000 | | | 3,114,000 |
| Investment in BCY LifeSciences Inc. | 133,609 | 450,151 | (127,123) | 456,637 |
| Investment in Transition Therapeutics Inc. | | 2,552,695 | (20,352) | 2,532,343 |
| Cash used in investing activities | (4,503,609) | (16,205,360) | (1,199,689) | (22,935,644) |
| FINANCING ACTIVITIES | | | | |
| Alberta Heritage Foundation loan | $\frac{3}{4}$ | $\frac{3}{4}$ | $\frac{3}{4}$ | 150,000 |
| Proceeds from exercise of stock options and warrants | 8,121,296 | 700,882 | 34,000 | 11,582,281 |
| Proceeds from private placements | 6,223,763 | 9,844,700 | 1,769,877 | 22,741,983 |
| Proceeds from public offerings | 9,150,902 | 5,459,399 | $\frac{3}{4}$ | 30,793,504 |

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| | | | | |
|---|-----------------------------|-------------|-------------|------------|
| Cash provided by financing activities | 23,495,961 | 16,004,981 | 1,803,877 | 65,267,768 |
| Increase (decrease) in cash and cash equivalents during the period | 9,767,389 | (5,678,117) | (6,651,512) | 12,408,516 |
| Cash and cash equivalents, beginning of the period | 2,641,127 | 8,319,244 | 14,970,756 | |
| Cash and cash equivalents, end of the period | 12,408,516 | 2,641,127 | 8,319,244 | 12,408,516 |
| Cash interest received | 459,757 | 187,843 | 218,129 | |
| Cash taxes paid (net) | ³ / ₄ | 1,552 | 18,114 | |

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To view the Notes to the Company's Financial Statements and Management's Discussion and Analysis, please see the Company's 2004 Annual Filings which will be [onwww.sedar.com](http://www.sedar.com).

About Oncolytics Biotech Inc.

Oncolytics is a Calgary-based biotechnology company focused on the development of REOLYSIN®, its proprietary formulation of the human reovirus, as a potential cancer therapeutic. Oncolytics' researchers have demonstrated that the reovirus is able to selectively kill cancer cells and, *in vitro*, kill human cancer cells that are derived from many types of cancer including breast, prostate, pancreatic and brain tumours, and have also demonstrated successful cancer treatment results in a number of animal models. Phase I clinical trial results have indicated that REOLYSIN® was well tolerated and that the reovirus demonstrated activity in tumours injected with REOLYSIN®.

This press release contains forward looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements, including the Company's belief as to the potential of REOLYSIN® as a cancer therapeutic; the Company's expectations as to the success of its research and development programs in 2005 and beyond, the Company's planned expansion, the value of the additional patents and intellectual property; the Company's expectations related to the applications of the patented technology; the ability of the technology to strengthen the core technology; the Company's expectations as to adequacy of its existing capital resources; the design, timing, success of planned clinical trial programs and the Company's planned expansion of such programs; and other statements related to anticipated developments in the Company's business and technologies involve known and unknown risks and uncertainties, which could cause the Company's actual results to differ materially from those in the forward looking statements. Such risks and uncertainties include, among others, the availability of funds and resources to pursue research and development projects, the efficacy of REOLYSIN® as a cancer treatment, the success and timely completion of clinical studies and trials, the Company's ability to successfully commercialize REOLYSIN®, uncertainties related to the research and development of pharmaceuticals, uncertainties related to the regulatory process and general changes to the economic environment. Investors should consult the Company's quarterly and annual filings with the Canadian and U.S. securities commissions for additional information on risks and uncertainties relating to the forward looking statements. Investors are cautioned against placing undue reliance on forward looking statements. The Company does not undertake to update these forward looking statements.

FOR FURTHER INFORMATION PLEASE CONTACT:

For Canada:

Oncolytics Biotech Inc.
Doug Ball, CFO
210, 1167 Kensington Cr NW
Calgary, Alberta T2N 1X7
Tel: 403.670.7377
Fax: 403.283.0858
info@oncolyticsbiotech.com

For Canada:

The Equicom Group Inc.
Joanna Longo
20 Toronto Street
Toronto, Ontario M5C 2B8
Tel: 416.815.0700 ext. 233
Fax: 416.815.0080
jlongo@equicomgroup.com

For United States:

The Investor Relations Group
Gino De Jesus or Dian Griesel, Ph.D.
11 Stone St, 3rd Floor
New York, NY 10004
T: 212.825.3210
F: 212.825.3229
mail@investorrelationsgroup.com