

ONCOLYTICS BIOTECH INC

Form 6-K

March 14, 2003

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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 14, 2003

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 x

Form 40-F o

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): o

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): o

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 o

No x

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 14, 2003

By: /s/ Douglas A. Ball

Douglas A. Ball
Chief Financial Officer

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

For Immediate Release

Oncolytics Biotech Inc. Reports Highlights and Financial Results for 2002

CALGARY, Alberta, March 14, 2003 Oncolytics Biotech Inc. (TSX: ONC, NASDAQ: ONCY) (Oncolytics) today reported its financial results for the year ended December 31, 2002.

Highlights of 2002:

Positive final results from a Phase I human clinical trial for REOLYSIN®

Commencement of human clinical trials for T2 prostate cancer and brain cancer (malignant gliomas) for REOLYSIN®

Development of a commercial manufacturing process for REOLYSIN®

Two additional U.S. patents and the first European patent covering the reovirus technology were issued

Strengthening of management and the board with the addition of George Gill, M.D., George Masters and William Cochrane, O.C., M.D.

During 2002, we made significant progress in advancing the development of REOLYSIN®, said Dr. Brad Thompson, President and CEO of Oncolytics Biotech Inc. We are steadily assembling and strengthening the building blocks necessary to develop a novel and commercially successful cancer therapeutic.

Total loss for the year ended December 31, 2002 was \$6,091,486 or \$0.30 per share, compared to a loss of \$6,171,461 or \$0.34 per share for the previous year, with a loss of \$1,542,184 or \$0.07 per share for the three months ended December 31, 2002 as compared to a loss of \$1,355,736 or \$0.08 per share for the three months ended December 31, 2001.

Total expenses for the year ended December 31, 2002 were \$6,960,252 as compared to \$7,137,243 for 2001. The decrease is primarily attributable to the absence of a \$1.0 million milestone payment to founding shareholders in 2002 (a \$1.0 million milestone payment was paid to founding shareholders in 2001) offset by increased product development and clinical trial activities in 2002, and increased operating activities supporting corporate activities. In addition, increased recovery of future income taxes, further reduced the total loss for 2002 relative to 2001.

The Company recorded reduced interest income of \$208,867 in 2002 (\$655,212 in 2001) resulting from lower average cash and investment balances during the year and lower interest rates.

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The Company follows the liability method of accounting for income taxes, which resulted in a future income tax recovery of \$647,618 in 2002, increased from a recovery of \$340,570 recorded in 2001. The increased recovery in 2002 reflects the effect of changes in tax rates in 2002 and recognition of loss carry forwards.

The Company had cash and cash equivalents of \$8,319,244 at December 31, 2002, which compares to cash and cash equivalents of \$14,970,756 at December 31, 2001. During the year the Company raised net proceeds of \$1,769,877 from a private placement and \$34,000 from the exercise of stock options. These proceeds will be used to further the development and testing of the Company's products as well as for general corporate purposes.

About Oncolytics Biotech Inc.

Oncolytics is a 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 derived from many types of cancer including breast, prostate, pancreatic and brain tumours. Research has also yielded successful cancer treatment results in a number of animal models. Phase I clinical trial results have indicated that there were no toxicology-related issues with the administration of the reovirus, and that the reovirus demonstrated activity in injected tumours.

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 and the Company's expectations as to the success of its research and development programs in 2003 and beyond, 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:

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As at December 31

	2002 \$	2001 \$
ASSETS		
Current		
Cash and cash equivalents	8,319,244	14,970,756
Accounts receivable	48,536	95,321
Prepaid expenses	77,158	24,189
	<u>8,444,938</u>	<u>15,090,266</u>
Capital assets	4,516,813	3,982,293
Investments	5,006,503	
	<u>17,968,254</u>	<u>19,072,559</u>
LIABILITIES AND SHAREHOLDERS EQUITY		
Current		
Accounts payable and accrued liabilities	1,260,239	2,321,063
Alberta Heritage Foundation loan	150,000	150,000
Future income tax liability		647,618
Commitments and contingency		
Shareholders equity		
Share capital		
Authorized: unlimited		
Issued: 22,145,284 (2001 19,191,395)	30,305,858	23,812,953
Contributed surplus	2,702,718	2,500,000
Deficit	(16,450,561)	(10,359,075)
	<u>16,558,015</u>	<u>15,953,878</u>
	<u>17,968,254</u>	<u>19,072,559</u>

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For the years ended December 31

	2002 \$	2001 \$	2000 \$	Cumulative from inception on April 2, 1998 \$
Revenue				
Rights revenue			310,000	310,000
Interest income	208,867	655,212	905,690	1,772,678
	<u>208,867</u>	<u>655,212</u>	<u>1,215,690</u>	<u>2,082,678</u>
Expenses				
Research and development	4,283,743	5,116,661	3,689,815	13,576,881
Operating	2,102,272	1,555,128	1,060,643	4,807,073
Amortization	574,237	465,454	205,196	1,246,566
	<u>6,960,252</u>	<u>7,137,243</u>	<u>4,955,654</u>	<u>19,630,520</u>
Loss before income tax	6,751,385	6,482,031	3,739,964	17,547,842
Income tax recovery	(659,899)	(310,570)	(126,812)	(1,097,281)
	<u>6,091,486</u>	<u>6,171,461</u>	<u>3,613,152</u>	<u>16,450,561</u>
Net loss for the year	6,091,486	6,171,461	3,613,152	16,450,561
Deficit, beginning of year	10,359,075	4,187,614	574,462	<u> </u>
	<u>16,450,561</u>	<u>10,359,075</u>	<u>4,187,614</u>	<u>16,450,561</u>
Deficit, end of year	16,450,561	10,359,075	4,187,614	16,450,561
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Basic and diluted loss per share	(0.30)	(0.34)	(0.22)	<u> </u>

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For the years ended December 31

	2002 \$	2001 \$	2000 \$	Cumulative from inception on April 2, 1998 \$
OPERATING ACTIVITIES				
Net loss for the year	(6,091,486)	(6,171,461)	(3,613,152)	(16,450,561)
Deduct non-cash items				
Amortization	574,237	465,454	205,196	1,246,566
Income tax recovery	(647,618)	(340,570)	(126,812)	(1,115,000)
Non-cash compensation	32,718			32,718
Net changes in non-cash working capital	(1,123,551)	1,773,720	376,769	1,065,370
	<u>(7,255,700)</u>	<u>(4,272,857)</u>	<u>(3,157,999)</u>	<u>(15,220,907)</u>
INVESTING ACTIVITIES				
Capital asset expenditures	(1,052,214)	(585,513)	(372,823)	(2,079,200)
Investment in Transition Therapeutics Inc.	(20,352)			(20,352)
Investment in BCY LifeSciences Inc.	(127,123)			(127,123)
	<u>(1,199,689)</u>	<u>(585,513)</u>	<u>(372,823)</u>	<u>(2,226,675)</u>
FINANCING ACTIVITIES				
Alberta Heritage Foundation loan				150,000
Proceeds from exercise of stock options and warrants	34,000	2,210,016	501,010	2,760,103
Proceeds from private placement	1,769,877		2,998,645	6,673,520
Proceeds from issue of common shares			13,101,100	16,183,203
	<u>1,803,877</u>	<u>2,210,016</u>	<u>16,600,755</u>	<u>25,766,826</u>
Increase (decrease) in cash and cash equivalents during the year	(6,651,512)	(2,648,354)	13,069,933	8,319,244
Cash and cash equivalents, beginning of the year	14,970,756	17,619,110	4,549,177	
Cash and cash equivalents, end of the year	<u>8,319,244</u>	<u>14,970,756</u>	<u>17,619,110</u>	<u>8,319,244</u>
Cash interest received	<u>218,129</u>	<u>655,212</u>	<u>905,690</u>	
Cash taxes paid	<u>18,114</u>	<u>39,870</u>		