

ONCOLYTICS BIOTECH INC

Form 6-K

March 02, 2007

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 2007
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):
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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 2, 2007

By: /s/ Doug Ball
Doug Ball
Chief Financial Officer

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

FOR IMMEDIATE RELEASE

Oncolytics Biotech Inc. Reports Highlights and Financial Results for 2006

CALGARY, AB, March 2, 2007 Oncolytics Biotech Inc. (TSX:ONC, NASDAQ:ONCY) (Oncolytics or the Company) today reported its financial results for the year ended December 31, 2006.

The past year has been an exciting and productive one for Oncolytics, said Dr. Brad Thompson, President and CEO of Oncolytics Biotech Inc. In 2006, we presented positive clinical results from local and systemic administrations trials using REOLYSIN[®], commenced our Phase II combination REOLYSIN[®] and radiation clinical program and received approval to begin our combination REOLYSIN[®] program with approved chemotherapeutics.

Selected Highlights:

Expanded the clinical program with the approval and commencement of enrolment for a Phase II combination REOLYSIN[®]/radiation trial in the U.K., approval and commencement of a Phase Ib REOLYSIN[®]/radiation trial in the U.K., commencement of a Phase I/II recurrent malignant glioma trial in the U.S., and approval for three combination REOLYSIN[®] and chemotherapy trials in the U.K.;

Completed enrolment of two Phase I systemic administration trials in the U.S. and the U.K.;

Presented positive final results of a Canadian Phase I recurrent malignant glioma trial and positive interim results of a U.K. Phase I systemic administration trial at the American Society of Clinical Oncology (ASCO) annual meeting and positive interim results of a Phase Ia combination REOLYSIN[®] and radiation clinical trial at the American Association for Cancer Research (AACR) annual meeting;

Presented promising preclinical research at the EORTC-NCI-AACR Symposium on Molecular Targets and Cancer Therapeutics in the area of co-therapy with chemotherapeutic agents and at the AACR Annual Meeting on the anti-tumour activity of reovirus *in vitro* and *in vivo* in childhood sarcoma cell lines;

Presented additional preclinical research on the interaction of reovirus and the immune system in 2006 at the British Society of Gene Therapy in London, U.K. and the European National Societies of Immunology in Paris, France and in early 2007 at the Academic & Research Surgery Conference in Cambridge, U.K.;

Strengthened the Board of Directors with the appointments of Dr. Ed Levy and Mr. Ger van Amersfoort;

Expanded the Company's intellectual property portfolio with the issue of four additional U.S. patents and one more Canadian patent in 2006, and an 18th U.S. patent in early 2007;

Announced in January 2007 that Ms. Mary Ann Dillahunty had been appointed to the Company's management team as Vice President, Intellectual Property; and,

Announced in February 2007 the closing of a public offering that provided gross proceeds of \$12 million to the Company.

Oncolytics Biotech Inc.
BALANCE SHEETS

As at December 31

| | 2006 | 2005 |
|--|---------------------|--------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 3,491,511 | 3,511,357 |
| Short-term investments | 24,122,237 | 36,894,810 |
| Accounts receivable | 84,003 | 47,390 |
| Prepaid expenses | 638,540 | 540,368 |
| | 28,336,291 | 40,993,925 |
| Property and equipment | 149,596 | 189,863 |
| Intellectual property | 5,079,805 | 5,110,538 |
| | 33,565,692 | 46,294,326 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | 2,616,421 | 1,692,481 |
| Alberta Heritage Foundation loan | 150,000 | 150,000 |
| Commitments and contingency | | |
| Shareholders equity | | |
| Share capital | | |
| Authorized: unlimited | | |
| Issued: 36,520,748 (2005 36,236,748) | 83,083,271 | 82,841,871 |
| Warrants | 4,216,740 | 4,429,932 |
| Contributed surplus | 8,529,326 | 7,912,584 |
| Deficit | (65,030,066) | (50,732,542) |
| | 30,799,271 | 44,451,845 |
| | 33,565,692 | 46,294,326 |

Oncolytics Biotech Inc.
STATEMENTS OF LOSS AND DEFICIT

For the periods ended December 31

| | 2006 | 2005 | 2004 | Cumulative from inception on April 2, 1998 to December 31, 2006 |
|---|--------------------|-------------|-------------|--|
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Rights revenue | ¾ | ¾ | ¾ | 310,000 |
| | ¾ | ¾ | ¾ | 310,000 |
| Expenses | | | | |
| Research and development | 10,535,689 | 9,308,977 | 7,107,998 | 43,371,194 |
| Operating | 3,630,144 | 3,083,372 | 2,803,669 | 16,770,581 |
| Stock based compensation | 403,550 | 64,104 | 2,668,570 | 4,165,649 |
| Foreign exchange loss | 35,270 | 253,608 | 358,068 | 648,848 |
| Amortization intellectual property | 874,043 | 786,459 | 686,717 | 4,036,834 |
| Amortization capital assets | 52,637 | 69,532 | 65,039 | 407,683 |
| | 15,531,333 | 13,566,052 | 13,690,061 | 69,400,789 |
| | 15,531,333 | 13,566,052 | 13,690,061 | 69,090,789 |
| Interest income | (1,233,809) | (783,456) | (699,757) | (4,803,005) |
| Gain on sale of BCY LifeSciences Inc. | ¾ | (765) | (34,185) | (299,403) |
| Loss on sale of Transition Therapeutics Inc. | ¾ | ¾ | ¾ | 2,156,685 |
| Loss before taxes | 14,297,524 | 12,781,831 | 12,956,119 | 66,145,066 |
| Future income tax recovery | ¾ | ¾ | ¾ | (1,115,000) |
| Net loss for the year | 14,297,524 | 12,781,831 | 12,956,119 | 65,030,066 |
| Deficit, beginning of year | 50,732,542 | 37,950,711 | 24,994,592 | ¾ |

| | | | | |
|---|-------------------|------------|------------|------------|
| Deficit, end of year | 65,030,066 | 50,732,542 | 37,950,711 | 65,030,066 |
| Basic and diluted loss per share | (0.39) | (0.39) | (0.45) | |

Oncolytics Biotech Inc.
STATEMENTS OF CASH FLOWS

For the periods ended December 31

| | 2006 | 2005 | 2004 | Cumulative from inception on April 2, 1998 to December 31, 2006 |
|--|---------------------|--------------|--------------|--|
| | \$ | \$ | \$ | \$ |
| OPERATING ACTIVITIES | | | | |
| Net loss for the year | (14,297,524) | (12,781,831) | (12,956,119) | (65,030,066) |
| Deduct non-cash items | | | | |
| Amortization intellectual property | 874,043 | 786,459 | 686,717 | 4,036,834 |
| Amortization capital assets | 52,637 | 69,532 | 65,039 | 407,683 |
| Stock based compensation | 403,550 | 64,104 | 2,668,570 | 4,165,649 |
| Other non-cash items | | 224,508 | 379,895 | 1,383,537 |
| Net changes in non-cash working capital | 811,922 | 584,766 | (69,065) | 1,904,921 |
| Cash used in operating activities | (12,155,372) | (11,052,462) | (9,224,963) | (53,131,442) |
| INVESTING ACTIVITIES | | | | |
| Intellectual property | (842,610) | (1,033,035) | (958,809) | (5,499,280) |
| Capital assets | (35,837) | (61,309) | (15,230) | (623,348) |
| Purchase of short-term investments | (1,035,427) | (22,195,253) | (6,777,179) | (48,119,467) |
| Redemption of short-term investments | 13,808,000 | 6,656,746 | 3,114,000 | 23,578,746 |
| Investment in BCY LifeSciences Inc. | | 7,965 | 133,609 | 464,602 |
| Investment in Transition Therapeutics Inc. | | | | 2,532,343 |
| Cash used in investing activities | 11,894,126 | (16,624,886) | (4,503,609) | (27,666,404) |
| FINANCING ACTIVITIES | | | | |
| Alberta Heritage Foundation loan | | | ¾ | 150,000 |
| Proceeds from exercise of stock options and warrants | 241,400 | 3,384,787 | 8,121,296 | 15,208,468 |
| Proceeds from private placements | | 15,395,402 | 6,223,763 | 38,137,385 |
| Proceeds from public offerings | | | 9,150,902 | 30,793,504 |
| Cash provided by financing activities | 241,400 | 18,780,189 | 23,495,961 | 84,289,357 |
| | (19,846) | (8,897,159) | 9,767,389 | 3,491,511 |

**Increase (decrease) in cash and cash
equivalents during the period**

| | | | | |
|---|------------------|------------|------------|-----------|
| Cash and cash equivalents, beginning of the period | 3,511,357 | 12,408,516 | 2,641,127 | |
| Cash and cash equivalents, end of the period | 3,491,511 | 3,511,357 | 12,408,516 | 3,491,511 |
| Cash interest received | 940,100 | 993,097 | 459,757 | |

To view the Notes to the Company's Financial Statements and Management's Discussion and Analysis, please see the Company's 2006 Annual Filings which will be available on www.sedar.com.

About Oncolytics Biotech Inc.

Oncolytics is a Calgary-based biotechnology company focused on the development of oncolytic viruses as potential cancer therapeutics. Oncolytics' clinical program includes a variety of Phase I and Phase II human trials using REOLYSIN[®], its proprietary formulation of the human reovirus, alone and in combination with radiation or chemotherapy. For further information about Oncolytics please visit www.oncolyticsbiotech.com

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 2007 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:

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