

Investors take new look at Oculus

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Petaluma biotech company Oculus Innovative Sciences is getting a boost from U.S. approval of its infection-fighting products, driving its stock up 400 percent in the last two weeks.

Oculus quarterly sales have jumped nearly 60 percent, compared to a year ago, the company said Thursday.

Still, Oculus lost \$2.2 million in the period ending March 31 as it prepared to launch new products based on its Microcyn technology.

"We've made some extraordinary accomplishments that have taken the market by surprise," Oculus CEO Hoji Alimi told investment analysts in a conference call Thursday.

In late May, Oculus received FDA approval of its Microcyn gel product, allowing users to get cost reimbursement from Medicare and Medicaid.

Oculus' share price soared from \$1.20 to \$4.10 on May 27, the day the approval was announced. Daily trading volume jumped from 16,500 shares to more than 16.5 million, another sign of investor interest.

Oculus shares closed Thursday at \$4.79 on the Nasdaq and hit \$4.90 in after-hours trading.

The 10-year-old Petaluma company went public in 2007 with a share price of \$8. In November and December, its stock fell below a dollar after Oculus reported heavy losses from the cost of its U.S. clinical trials and other expenses.

But Oculus has changed its strategy, Alimi said Thursday. The company has suspended costly trials aimed at getting Microcyn approved as a drug in the United States, he said.



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Robert Northey, director of Research and Development for Oculus Innovative Sciences, tests the company's Microcyn liquid in the company's Petaluma labs.

Instead, it's focused on growing sales based on lower-level clearances, he said. Oculus also is finding new applications for Microcyn and new ways of delivering the product, Alimi said.

Clinical studies show Microcyn, a super-oxidized, water-based solution, fights skin infections and speeds healing, he said. Microcyn products are sold in the U.S., Europe, India, China and Mexico.

Last week, federal regulators approved expanded uses for its Microcyn liquid.

Oculus reported \$1.5 million in sales during the fourth quarter. The strongest growth was in Mexico, the company said.

Demand for Microcyn products in Mexico soared because of the swine flu outbreak, but those sales aren't included in the results released Thursday, the company said.

Oculus forecast \$1.8 million in revenue for the current quarter ending June 30, based in part on the flu pandemic. The company expects quarterly sales of \$2.8 to \$3 million next year, reaching cash break-even by March 2010, Alimi said.

"We expect annual revenues to grow at a 50 percent to 100 percent annual rate," he said.

Oculus has 26 employees at its headquarters in Petaluma.
