

## Helix BioMedix Reports Third Quarter 2005 Financial Results

*Nov 14, 2005 - Bothell, Washington*

Helix BioMedix, Inc. (HXBM.OB), a developer of synthetic bioactive peptides, today announced financial results for the third quarter ended September 30, 2005.

For the third quarter of 2005, the company reported a net loss of \$798,000, or \$0.04 per diluted share, compared to a net loss of \$837,000, or \$0.06 per diluted share, in the prior year period. The company reported revenue of \$40,000 in the third quarter related to providing peptides at cost to certain companies that are researching the potential development of new products that would incorporate the company's peptides. This compares to revenue of \$26,000 for the comparable period in 2004, all of which was licensing revenue. Revenue for the remainder of 2005 will be dependent on Helix BioMedix's ability to enter into collaborative or licensing agreements with third parties.

For the nine month period ended September 30, 2005, Helix BioMedix reported a net loss of \$2,402,020, or \$0.14 per diluted share, compared to a net loss of \$2,310,000, or \$0.18 per diluted share, in the prior year period. Revenue for the first nine months of 2005 was \$95,000 compared to \$92,000 for the first nine months of 2004.

On September 30, 2005, Helix BioMedix had cash and cash equivalents of approximately \$3.5 million compared to approximately \$1.9 million at December 31, 2004. The company received proceeds from a private placement of common stock in the first quarter of 2005 and a warrant exchange in the second quarter of 2005, raising an aggregate of approximately \$3.8 million in cash. Shares outstanding at September 30, 2005 were 20,190,514.

"In line with our projections last quarter, we saw the first two commercial launches of our proprietary peptides during the third quarter," commented R. Stephen Beatty, President and CEO. "In September, we entered into a definitive license agreement with Levlad Inc., a leading manufacturer and marketer of branded natural and organic personal care products. Levlad is marketing our proprietary HB64 peptide as Oligopeptide-10, a key ingredient in Levlad's Nature's Gate® Organics Natural Results™ Acne Treatment System. Introduced at Natural Products Expo East, the product is expected to be available for sale later this year. In addition, American Global Health Group, LLC (AGHG) has accepted delivery of one of our peptides for their new skin care product and are in the process of rolling it out. While revenues are not expected to be material in the fourth quarter, we look forward to these products' potential success in 2006."

The initial commercialization of the company's technology has been accompanied by the advancement of Helix peptide-based skin care products to the formulation and consumer testing stage with six additional cosmetic companies. This has the potential to lead to accelerated product launches in 2006 and 2007. To build on this initial success, the company's scientists have begun an intensive screening program to identify and develop new active ingredients in areas of skin care specifically identified by its customers. This initiative is anticipated to yield new peptide-based products for launches in 2007 and beyond.

Mr. Beatty added, "On the pharmaceutical side, our work on wound structure with HB50 has identified anti-inflammatory and proliferate properties in a number of our other lead candidates entering preclinical

evaluation. Preclinical testing of a gel formulation of HB50 has shown that it significantly reduces Staphylococcus aureus bacteria in topical anti-infective model, and, in the majority of cases, HB50 eradicated this organism."

"We are also pursuing a wide variety of peptide-based therapeutics which includes extremely small lipopeptides specifically designed for dermatological applications. These peptides are highly potent against bacterial and fungal pathogens active in serum and in the lipid environment associated with skin conditions such as acne. Patent applications have been filed in 2005 on this new class of antimicrobial peptide, and preclinical studies were initiated in the area of skin infection with academic collaborators at the University of Virginia and Case Western. This new generation of antimicrobial agent has a broad spectrum of activity, a novel mechanism of action and the potential for an array of topical and systemic applications."

Recent scientific advances by Helix BioMedix will be discussed later this year in presentations at ICAAC in Washington, DC and The Strategic Research Institute's Peptides & Therapeutic Proteins Conference in Philadelphia.

#### **About Helix BioMedix**

Helix BioMedix, Inc. is an early-stage biotechnology company that has a portfolio of issued patents that covers six distinct classes of peptides, including over 1 million unique peptide sequences. The company's mission is to become the industry leader in developing and commercializing small proteins known as bioactive peptides. The antimicrobial and wound healing properties of these peptides qualify them for inclusion in a wide range of both pharmaceutical and consumer products. The company is currently focused on the development of selected peptides as topical anti-infectives and in wound healing. Non-pharmaceutical applications being pursued by Helix BioMedix include adjuvants for cosmetics/cosmeceuticals, personal care, plant health, animal health and wide-spectrum biocides. More information about the company and its proprietary peptides can be found on the company's website at [www.helixbiomedix.com](http://www.helixbiomedix.com).

#### **Important Notice**

This press release contains forward-looking statements (statements which are not historical facts) within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties, including activities, events or developments that the company expects, believes or anticipates will or may occur in the future. A number of factors could cause actual results to differ from those indicated in the forward-looking statements, including the company's ability to successfully raise additional capital, enter into revenue generating license agreements, continue its research and development efforts, including pre-clinical and clinical studies, and general economic conditions. Additional assumptions, risks and uncertainties are described in detail in our reports and other filings with the Securities and Exchange Commission. Such filings are available on our website or at [www.sec.gov](http://www.sec.gov). Readers are cautioned that such forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those set forth in the forward-looking statements. The company undertakes no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances.

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--financial tables follow--

**Helix BioMedix, Inc.**  
**Statement of Operations**  
**(Unaudited)**

|                                      | Three Months Ended<br>September 30, |                    | Nine Months Ended<br>September 30, |                      |
|--------------------------------------|-------------------------------------|--------------------|------------------------------------|----------------------|
|                                      | <u>2005</u>                         | <u>2004</u>        | <u>2005</u>                        | <u>2004</u>          |
| Revenue                              |                                     |                    |                                    |                      |
| Licensing                            | \$ --                               | \$ 26,000          | \$ 15,000                          | \$ 92,061            |
| Peptide sales                        | <u>40,000</u>                       | --                 | <u>80,414</u>                      | --                   |
| Total sales                          | 40,000                              | 26,000             | 95,414                             | 92,061               |
| Operating expenses:                  |                                     |                    |                                    |                      |
| Cost of peptide sales                | 40,000                              | --                 | 80,414                             | --                   |
| Research and development             | 216,119                             | 212,854            | 637,250                            | 695,968              |
| Depreciation and amortization        | 46,197                              | 41,613             | 130,966                            | 118,857              |
| Accounting, legal and professional   | 34,321                              | 59,011             | 236,488                            | 226,513              |
| Consulting fees                      | 70,209                              | 7,256              | 119,328                            | 104,627              |
| General and administrative           | <u>445,564</u>                      | <u>555,331</u>     | <u>1,325,819</u>                   | <u>1,279,381</u>     |
| Total operating expenses             | <u>852,410</u>                      | <u>876,065</u>     | <u>2,530,265</u>                   | <u>2,425,346</u>     |
| Loss from operations                 | <u>(812,410)</u>                    | <u>(850,065)</u>   | <u>(2,434,851)</u>                 | <u>(2,333,285)</u>   |
| Other (income) expense:              |                                     |                    |                                    |                      |
| Gain on sale of equipment            | --                                  | (6,453)            | --                                 | (6,453)              |
| Interest income                      | <u>(14,459)</u>                     | <u>(6,382)</u>     | <u>(32,831)</u>                    | <u>(17,132)</u>      |
|                                      | <u>(14,459)</u>                     | <u>(12,835)</u>    | <u>(32,831)</u>                    | <u>(23,585)</u>      |
| Net loss                             | <u>\$(797,951)</u>                  | <u>\$(837,230)</u> | <u>\$(2,402,020)</u>               | <u>\$(2,309,700)</u> |
| Basic and diluted net loss per share | <u>\$(0.04)</u>                     | <u>\$(0.06)</u>    | <u>\$(0.14)</u>                    | <u>\$(0.18)</u>      |
| Weighted average shares outstanding  | <u>20,187,724</u>                   | <u>13,533,370</u>  | <u>17,073,030</u>                  | <u>13,104,859</u>    |

**Balance Sheet Highlights**

|  | <u>September 30, 2005</u> | <u>December 31, 2004</u> |
|--|---------------------------|--------------------------|
| Cash and cash equivalents                  | \$ 3,522,609              | \$ 1,908,028             |
| Property and equipment, net                | 189,670                   | 211,716                  |
| Patents pending and approved               | 521,952                   | 527,018                  |
| Total assets                               | 4,453,111                 | 2,867,080                |
| <br>                                       |                           |                          |
| Total current liabilities                  | 148,320                   | 188,046                  |
| Total stockholders' equity                 | 4,304,791                 | 2,679,034                |
| Total liabilities and stockholders' equity | 4,453,111                 | 2,867,080                |