

Helix BioMedix Reports Second Quarter 2006 Financial Results

Aug 11, 2006 - Bothell, Washington

Helix BioMedix, Inc. (HXBM.OB), a developer of bioactive peptides, today announced financial results for the second quarter ended June 30, 2006.

For the second quarter of 2006, Helix BioMedix reported a net loss of \$1,184,519, or \$0.05 per diluted share, compared to a net loss of \$838,284, or \$0.05 per diluted share, in the comparable prior year period. Revenue for the second quarter of 2006 was \$30,073 compared to \$55,414 in the second quarter of 2005. Revenue in the quarter was primarily from non-refundable consideration received upon the renewal of a material transfer and research agreement. The Company also had a \$151,368 write-down of peptide inventory to its net realizable value.

For the six months ended June 30, 2006, Helix BioMedix reported a net loss of \$2,006,788, or \$0.09 per diluted share. This included \$291,300 of incremental expense for stock-based compensation due to the adoption of SFAS 123R "Share Based Payment" in the first quarter. This compares to a net loss of \$1,604,069, or \$0.10 per diluted share, in the first six months of 2005. Revenue for the first six months of 2006 was \$48,099 compared to \$55,414 for the comparable period in 2005.

On June 30, 2006, Helix BioMedix had cash and cash equivalents of approximately \$3.9 million, which included \$2,598,000 of proceeds from a private placement of common stock that was completed in the first quarter. Shares outstanding at June 30, 2006 were 22,788,514.

"We are excited that the Nature's Gate® Organics Natural Results™ Acne Treatment System, one of the first products to contain our HB64 peptide, was recently rolled out throughout the Whole Foods Market and Wild Oats Markets chains and has moved into 300 select CVS/pharmacy stores," commented R. Stephen Beatty, President and Chief Executive Officer. "The product has been well received to date and we should begin to see related sales reflected in our revenue later this year."

"We have successfully achieved two of the five milestones we set for ourselves at the beginning of 2006. From a product marketing standpoint, our focus in 2006 has been primarily cosmetics. Our goal has been to see five additional peptide-based products reach the market. To date we have not signed any additional licenses or supply agreements, however we are working hard with several companies to meet their product rollout schedules."

"On the research and development front, we are well on our way to meeting our stated objective of delivering two newly developed peptide-based ingredients to our personal care marketing and formulation partners. In addition to a new peptide capable of reducing skin redness with application to a wide range of skin care products, we are on track to deliver our second peptide-based ingredient for anti-aging later this year. This novel technology platform targets the stimulation skin components such as collagen, elastin and laminin. We also continue to work on our next generation of skin care actives that are designed to reduce collagen breakdown and target the improvement in appearance of age spots and skin discoloration."

“Finally, we remain particularly optimistic about the potential for our “small molecule peptides” (lipohexapeptides), which we have designed specifically to overcome the disadvantages that have beset previous antimicrobial peptide therapeutic candidates. This new generation of peptide is active in an oil and serum environment, kills micro-organisms deep in a pore and exhibits a broad spectrum of activity. These peptides are excellent therapeutic drug candidates due to their low toxicity, an attractive cost of goods profile, and efficacy in both bacterial and fungal infection models. While the company is focused initially on developing this novel class of anti-infective for dermatological indications, such as acne and dermatitis, the ongoing generation of compelling preclinical data will enable these molecules to have the potential to support an extensive pipeline of indications. We are optimistic that the progress we are making in the field of peptides will continue to attract the attention of strategic partners, and we look forward to updating you on our progress in the months to come,” concluded Mr. Beatty.

About Helix BioMedix

Helix BioMedix, Inc. is a biopharmaceutical company that has a portfolio of issued patents that covers six distinct classes of peptides, including over 100,000 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 applications. 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 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 include statements regarding activities, events or developments that the company expects, believes or anticipates may occur in the future, including statements related to our potential growth, product development and commercialization and revenue. 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. 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 June 30,		Six Months Ended June 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue				
Licensing	\$ 30,073	\$ 15,000	\$ 35,099	\$ 15,000
Peptide sales	--	<u>40,414</u>	<u>13,000</u>	<u>40,414</u>
Total sales	30,073	55,414	48,099	55,414
Operating expenses:				
Cost of peptide sales	151,368	40,414	156,371	40,414
Research and development	267,879	231,090	494,085	421,131
Depreciation and amortization	45,413	42,743	90,336	84,769
Accounting, legal and professional	70,763	92,202	136,421	202,167
Consulting fees	1,881	27,110	4,929	49,119
General and administrative	<u>698,471</u>	<u>471,394</u>	<u>1,208,389</u>	<u>880,255</u>
Total operating expenses	<u>1,235,775</u>	<u>904,953</u>	<u>2,090,531</u>	<u>1,677,855</u>
Loss from operations	<u>(1,205,702)</u>	<u>(849,539)</u>	<u>(2,042,432)</u>	<u>(1,622,441)</u>
Interest income	<u>(21,183)</u>	<u>(11,255)</u>	<u>(35,644)</u>	<u>(18,372)</u>
Net loss	<u>\$(1,184,519)</u>	<u>\$(838,284)</u>	<u>\$(2,006,788)</u>	<u>\$(1,604,069)</u>
Basic and diluted net loss per share	<u>\$(0.05)</u>	<u>\$(0.05)</u>	<u>\$(0.09)</u>	<u>\$(0.10)</u>
Weighted average shares outstanding	<u>22,788,514</u>	<u>16,851,669</u>	<u>21,890,276</u>	<u>15,489,871</u>

Balance Sheet Highlights (unaudited)

	<u>June 30, 2006</u>	<u>December 31, 2005</u>
Cash and cash equivalents	\$ 3,851,778	\$ 2,827,959
Property and equipment, net	151,616	168,063
Patents pending and approved	473,820	505,908
Total assets	4,453,111	2,867,080
Total current liabilities	128,568	224,359

Total stockholders' equity	4,519,994	3,517,581
Total liabilities and stockholders' equity	4,648,562	3,741,940