

Helix BioMedix Reports 2006 Financial Results

Mar 27, 2007 - Bothell, Washington

Helix BioMedix, Inc. (HXBM.OB), a developer of bioactive peptides, today announced financial results for the year ended December 31, 2006.

For 2006, Helix BioMedix reported a net loss of \$3,828,326, or \$0.17 net loss per share, compared to a net loss of \$3,277,239, or \$0.18 net loss per share, for 2005. The 2006 results include approximately \$391,200 of incremental expense for stock-based compensation due to the adoption of SFAS 123R "Share Based Payment" during the first quarter of 2006. Revenue for the year ended December 31, 2006 was \$70,940 which was derived from licensing revenue, the renewal of a material transfer agreement and the sales of peptides. Revenue for 2005 was \$108,408.

On December 31, 2006, Helix BioMedix had cash, cash equivalents and marketable securities of approximately \$2.3 million. Shares outstanding at December 31, 2006 were 22,788,514. In March 2007, the Company closed a private equity financing, receiving aggregate cash of approximately \$2.1 million in exchange for 2,865,000 shares of common stock.

"2006 was a year of significant progress, both on the science front and also as it relates to refining our strategy to capitalize on the growing recognition of peptides as the next generation of cosmetics skin care technology," commented R. Stephen Beatty, President and Chief Executive Officer. "Importantly, to support our strategies, we have grown and matured our commercialization and marketing functions in the consumer products area to match our first-class scientific capabilities. In addition to a strengthened board and management team, we recently added a Dermatology Scientific Advisory Board to provide advice on scientific, clinical, and regulatory matters."

"One of the year's most important milestones was the successful development of a new generation of small molecule peptides (lipohexapeptides) designed specifically to overcome the disadvantages that have hampered the industry's previous attempts to develop therapeutic antimicrobial peptides. These 'new generation' peptides are excellent drug candidates due to their low toxicity, attractive cost of goods profile, and evidence of efficacy in both bacterial and fungal infection models. As a result, in 2007, we plan to accelerate our entry into the arena of pharmaceutical topical anti-infectives with a focus on the large anti-infective dermatology market, including indications such as acne and dermatitis. We believe our preclinical programs are attractive early stage opportunities for a range of regional pharmaceutical-dermatology companies, and we intend to license certain rights in specific global markets while focusing internal efforts on advancing clinical programs in the U.S."

"On the consumer front, we have expanded our product development and business strategies to extend our ability to bring value-added performance benefits to market in the areas of anti-acne and anti-aging skin care. This new approach includes licenses and sublicenses through our partnerships with specialty materials companies, collaborative peptide development combined with exclusive licensing, and the vertical integration of our peptides into personal care products that we develop ourselves. We currently have multiple material evaluation agreements in place and are working with a breadth of companies to evaluate

potential partnerships. We are optimistic that these developments will position us to generate a meaningful return on our technology investments.”

“Our five 2006 milestones were focused on positioning the company to see revenue in 2007. By meeting each of the milestones, we have, through our partnerships, more products in the market, additional peptides in the market, additional peptides and products under development, and a topical anti-infective pharmaceutical application ready for licensing discussions.”

“Looking out to 2007, we have identified four milestones that build on our progress of the past year:

1. In partnership with a skin care marketing organization, share in the market value created by the launch of a new peptide-enhanced personal care product in 2007.
2. Further the development of a new peptide-based cosmeceutical line for introduction in 2008 through a joint venture with an exclusive marketing partner.
3. Enter negotiations for out-licensing rights to certain pharmaceutical programs.
4. Generate significantly more revenue through strategic and specialty materials partnerships.”

Mr. Beatty concluded, “We believe 2007 will be a year during which we will be able to demonstrate industry validation for our very important and novel technologies. Our specialty materials marketing partner is expected to generate significantly more revenue as they acquire more customer companies for products that contain peptides licensed from Helix BioMedix. Finally, we believe the activities now underway position us to attract the attention of additional strategic partners and will ultimately lead to improved financial results and enhanced shareholder value.”

About Helix BioMedix

Helix BioMedix, Inc. is a biopharmaceutical company with a vast library of diverse bioactive peptides and patents covering six distinct classes and hundreds of thousands of peptide sequences. The company's mission is to enrich clinical practice and the patient and consumer experience by expanding opportunities to tap the health, beauty and safety benefits of advanced bioactive small molecule technology. Our vision is to be recognized as the world leader in the identification, qualification and commercialization of natural and synthetic peptide technology.

The company's core competencies include peptide design, synthesis and characterization together with assay development, screening, tissue culture and microbiology. These areas of expertise are leveraged through relationships with contract research organizations and peptide manufacturers for the capability to take a program from theoretical concept to a validated and qualified skin care active with respect to both efficacy *and* safety. Applications for Helix BioMedix peptides include anti-aging cosmeceutical skin care, acne treatment and other topical anti-infective pharmaceuticals and wound healing. In addition to our primary focus on peptides for dermatological applications, our peptide library also holds promise for advancements in other therapeutic and industrial areas such as oral care, biocides and animal health.

More information about the company and its proprietary peptides may be found on the company's website at 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.

Contact:

Helix BioMedix, Inc.

David Kirske, CFO, 425-402-8400

dkirske@helixbiomedix.com

or

Investor Relations:

Cameron Associates

Alison Ziegler, 212-554-5469

alison@cameronassoc.com

--financial tables follow--

Helix BioMedix, Inc. Statements of Operations

(unaudited)

	Years Ended December 31,	
	<u>2006</u>	<u>2005</u>
Revenue	\$70,940	\$108,408
Operating expenses:		
Cost of peptide sales	162,991	84,338
Research and development:	988,451	834,231
Depreciation and amortization	180,755	175,136
Accounting, legal and professional	318,113	300,895

Consulting fees	14,767	133,518
General and administrative	2,307,620	1,903,615
Total operating expenses	3,972,697	3,431,733
Loss from operations	(3,901,757)	(3,323,325)
Other (income) expense:		
Loss on sale of equipment	1,177	---
Interest Income	(74,608)	(46,086)
	(73,431)	(46,086)
Net Loss	(3,828,326)	(3,277,239)
Basic and diluted net loss per share	(0.17)	(0.18)
Weighted average shares outstanding	22,343,087	17,858,807

Balance Sheet Highlights (unaudited)

	December 31,	
	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$1,276,901	\$2,827,959
Marketable securities	980,000	---
Prepaid expenses and other current assets	86,732	168,063
Property and equipment, net	194,728	168,063
Other assets	73,840	84,343
Patents pending and approved, net	441,733	505,908
Total assets	3,053,934	3,741,940
Total current liabilities	255,857	224,359
Total stockholders' equity	2,798,077	3,517,581
Total liabilities and stockholders' equity	3,053,934	3,741,940