

## Helix BioMedix Reports Second Quarter 2009 Financial Results

Bothell, Washington — August 7, 2009 — Helix BioMedix, Inc. (OTCBB: HXBM), a developer of bioactive peptides, today announced financial results for the second quarter ended June 30, 2009.

For the second quarter of 2009, the company reported revenue of approximately \$138,000, compared to revenue of approximately \$87,000 in the first quarter of 2009 and \$87,000 in the second quarter of 2008. Net loss for the second quarter of 2009 was approximately \$1.0 million, or \$0.04 per share, compared to a net loss of approximately \$920,000, or \$0.04 per share in the first quarter 2009, and \$1.4 million, or \$0.06 per share, in the same period one year ago. Improvement in net loss for the second quarter of 2009 compared to the same period a year ago was primarily attributable to reduced operating and financing-related expenses.

“Our second quarter results were moderated by the weak global economy, resulting in customers delaying certain projects,” stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. “However, we are beginning to see some improvement as our second quarter product sales represented eight percent of our revenue as compared to three percent of our revenue in the first quarter and none of our revenue in the second quarter of 2008. The number of products containing Helix BioMedix peptides continues to expand even though consumer purchases of skin care products have slowed due to the economy. We remain on schedule to launch a second Helix BioMedix-branded product line by year end, positioning our business to benefit as macroeconomic conditions improve for both our partners and the broader consumer markets.”

As of June 30, 2009, cash and cash equivalents were approximately \$2.8 million compared to approximately \$985,000 as of December 31, 2008. The increase in cash and cash equivalents primarily resulted from proceeds of approximately \$3.5 million from the company’s issuance of convertible notes payable and warrants in the first quarter of 2009 less cash used in operating activities during the first six months of 2009.

Beatty continued, “The company continues to invest in research and development for application of our SmartPeptide™ Technology to a broad array of consumer and over-the-counter products and potential prescription applications of key peptides utilized for wound care and infection control. The ongoing partnership with industry leader Evonik has expanded our opportunities in key end markets, including potential product integration with global cosmetic companies. Additionally, we plan to launch direct sales through our own webstore in late August for our branded Striking™ Skin Care line launched late last year.”

Beatty concluded, “We have significant growth opportunities for key Helix BioMedix peptides in both the dermatology and pharmaceutical markets. We are also positioned to advance development of our lead Rx candidates for broad markets such as acne, wound care and MRSA infection once we have identified the right partners to help facilitate these efforts. During this time, we continue to closely manage costs and pursue our opportunities in the broader cosmetic and skin care markets, while maintaining focus on increasing our consumer products revenue.”

### **About Helix BioMedix, Inc.**

Helix BioMedix, Inc. is a biopharmaceutical company with an extensive library of diverse bioactive peptides and patents covering six distinct classes and hundreds of thousands of peptide sequences. Core competencies include peptide design, synthesis and characterization together with assay development, screening, tissue culture and microbiology, leveraged through relationships with contract research organizations and peptide manufacturers. The company takes product development programs from theoretical concept to a validated and qualified skin care active ingredient fully validated as to efficacy and safety. Applications for Helix BioMedix peptides include anti-aging cosmeceutical skin care and acne treatment as well as other topical anti-infective pharmaceuticals and wound healing applications. Striking

and SmartPeptide are trademarks of Helix BioMedix, Inc. More information about the company and its proprietary peptides may be found on the company's website at [www.helixbiomedix.com](http://www.helixbiomedix.com).

### **Forward Looking Statements**

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 its 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 continue developing marketable peptide-based products, and general economic conditions. Additional assumptions, risks and uncertainties are described in detail in the company's reports and other filings with the Securities and Exchange Commission. Such filings are available on the company's 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 to Follow*

**HELIX BIOMEDIX, INC.**  
**CONDENSED BALANCE SHEETS**  
(Unaudited)

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 2,807,024	\$ 984,844
Restricted cash – subscription deposits for convertible debt offering.....	—	970,000
Accounts receivable, net .....	108,539	50,467
Inventory .....	163,046	111,411
Prepaid expenses and other current assets .....	54,069	104,706
	<u>3,132,678</u>	<u>2,221,428</u>
Total current assets .....		
Deposits .....	8,522	8,522
Property and equipment, net .....	93,100	120,154
Intangible assets, net .....	315,723	353,603
	<u>3,550,023</u>	<u>2,703,707</u>
Total assets .....	\$	\$
	<u>3,550,023</u>	<u>2,703,707</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable .....	\$ 67,608	\$ 71,824
Accrued compensation and benefits .....	43,023	101,734
Accrued expenses .....	90,516	61,563
Deferred rent .....	927	2,039
Other current liabilities – subscription deposits for convertible debt offering.....	—	970,000
	<u>202,074</u>	<u>1,207,160</u>
Total current liabilities .....		
Convertible notes payable .....	1,301,174	—
Convertible notes payable, related party .....	4,988,844	3,000,000
Accrued interest on convertible notes payable .....	41,485	—
Accrued interest on convertible notes payable, related party .....	394,017	211,069
	<u>6,927,594</u>	<u>4,418,229</u>
Total liabilities .....		
Commitments and contingencies .....		
Stockholders' equity (deficit):.....		
Preferred stock, \$0.001 par value, 25,000,000 shares authorized; no shares issued or outstanding .....	—	—
Common stock, \$0.001 par value, 100,000,000 shares authorized; 25,653,512 shares outstanding at June 30, 2009, and December 31, 2008 .....	25,654	25,654
Additional paid-in capital.....	30,622,339	30,342,249
Accumulated deficit .....	(34,025,564)	(32,082,425)
	<u>(3,377,571)</u>	<u>(1,714,522)</u>
Total stockholders' equity (deficit) .....		
Total liabilities and stockholders' equity (deficit) .....	\$ 3,550,023	\$ 2,703,707

**HELIX BIOMEDIX, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Revenue:				
Licensing and development fees .....	\$ 29,795	\$ 59,330	\$ 64,572	\$ 206,392
Peptide and consumer product sales.....	98,441	6,143	140,970	99,451
Administrative services revenue, related party ..	10,251	21,772	20,196	21,772
Total revenue .....	<u>138,487</u>	<u>87,245</u>	<u>225,738</u>	<u>327,615</u>
Cost of revenue:				
Cost of peptide and consumer product sales .....	82,999	6,085	121,581	75,469
Cost of administrative service revenue, related party .....	10,050	21,772	19,800	21,772
Other cost of revenue .....	—	—	—	38,781
Total cost of revenue.....	<u>93,049</u>	<u>27,857</u>	<u>141,381</u>	<u>136,022</u>
Gross profit .....	<u>45,438</u>	<u>59,388</u>	<u>84,357</u>	<u>191,593</u>
Operating expenses:				
Research and development .....	239,278	198,238	399,692	393,415
Marketing and business development .....	120,061	89,041	236,034	203,728
General and administrative.....	411,921	586,650	773,789	1,020,019
Accounting, legal and professional fees .....	116,086	159,502	300,811	320,317
Depreciation and amortization .....	32,530	34,901	66,002	69,950
Total operating expenses.....	<u>919,876</u>	<u>1,068,332</u>	<u>1,776,328</u>	<u>2,007,429</u>
Loss from operations .....	<u>(874,438)</u>	<u>(1,008,944)</u>	<u>(1,691,971)</u>	<u>(1,815,836)</u>
Other income (expense):				
Interest income .....	3,102	17,074	8,145	35,864
Interest expense on convertible notes payable ...	(27,404)	—	(41,485)	—
Interest expense on convertible notes payable, related party .....	(101,721)	(63,120)	(182,948)	(93,698)
Accretion of discount on convertible notes payable .....	(9,079)	—	(13,736)	—
Accretion of discount on convertible notes payable, related party .....	(13,856)	(546,011)	(21,144)	(831,426)
Change in value of derivative instruments, including related party .....	—	152,706	—	11,803
Unrealized loss on marketable securities .....	—	—	—	(30,000)
Other income (expense), net .....	<u>(148,958)</u>	<u>(439,351)</u>	<u>(251,168)</u>	<u>(907,457)</u>
Net loss .....	<u><u>\$(1,023,396)</u></u>	<u><u>\$(1,448,295)</u></u>	<u><u>\$(1,943,139)</u></u>	<u><u>\$(2,723,293)</u></u>
Basic and diluted net loss per share .....	<u>\$ (0.04)</u>	<u>\$ (0.06)</u>	<u>\$ (0.08)</u>	<u>\$ (0.11)</u>
Weighted average shares outstanding .....	<u>25,653,512</u>	<u>25,653,512</u>	<u>25,653,512</u>	<u>25,653,512</u>