

Helix BioMedix Reports Third Quarter 2009 Financial Results

Bothell, Washington — November 6, 2009 — Helix BioMedix, Inc. (OTCBB: HXBM), a developer of bioactive peptides, today announced financial results for the third quarter ended September 30, 2009.

Third quarter 2009 revenue was approximately \$98,000 compared to revenue of approximately \$138,000 in the second quarter of 2009 and approximately \$157,000 in the third quarter of 2008. Gross margins improved to 46.1% in the third quarter 2009, compared to 37.0% in the same period a year ago, primarily due to an increase in higher margin licensing and development fee revenue and a reduction in administrative services revenue.

Net loss for the third quarter of 2009 was approximately \$933,000, or (\$0.04) per share, compared to a net loss of approximately \$1.02 million, or (\$0.04) per share, for the second quarter of 2009, and a net loss of approximately \$768,000, or (\$0.03) per share, for the same period one year ago. The year-over-year increase in net loss for the third quarter of 2009 was primarily attributable to an increase of approximately \$134,000 in non-operating expenses including those associated with the company's outstanding convertible notes payable, a decrease in revenue, and an increase in marketing-related expenses.

“As a result of the weak global economy, several of our customers delayed their product development activities during the quarter,” stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. “However, customer inquiries regarding the incorporation of the Helix BioMedix SmartPeptides™ Technology into new formulations continued to increase. We anticipate that several of these offerings will be launched in the coming months. We are also on schedule to introduce a second Helix BioMedix-branded product line by year end.”

Revenue for the third quarter of 2009 does not include royalties from any sales of Rodan + Fields, LLC products or of Evonik's TEGO® Pep 4-17, which are reported when estimable. Evonik has advised the company that they have initiated aggressive sampling in the market and begun recording initial product sales. In addition, during the first week of October, Rodan + Fields, LLC launched several new products using Helix BioMedix technology in the *Soothe* and *Enhancements Mineral Peptides* lines. Another partner, Grant Industries, has notified the company of production of a mass market product by a leading specialty brand ahead of a planned first quarter 2010 launch. This product incorporates Helix BioMedix's recently released peptide skin lightening complex, HB-Aminobright™.

During the third quarter of 2009, the company began offering Helix BioMedix-branded Striking™ products directly to consumers through its new Striking™ Skin Care website, www.StrikingSkinCare.com. The company expects strong sales growth from this product line during 2010. In addition, three clinical studies detailing the efficacy and benefits of

the individual products within the Striking Skin Care line were recently completed and demonstrated positive outcomes. These results have been submitted for peer review and we anticipate they will be published in early 2010.

During the third quarter of 2009, Helix BioMedix completed initial proof-of-concept studies exploring the efficacy of company peptides in treating Methicillin-resistant *Staphylococcus aureus* (MRSA) and other challenging pathogens. The first product derived from this research is expected to be a medical wound-care therapy. The company expects to seek approval of this product using the 510(k) regulatory pathway and anticipates entering commercialization in 2010.

Beatty continued, “We expect resumed revenue growth beginning in the first quarter of 2010 based on:

- Anticipated royalties from sales of Evonik’s TEGO® Pep 4-17;
- Anticipated royalties from sales of Rodan + Fields’ *Soothe* and *Enhancements Mineral Peptides* lines;
- Sales from the fourth quarter 2009 launch of our second proprietary product line; and
- Increased web-based sales of our Striking Skin Care product line.”

As of September 30, 2009, cash and cash equivalents were approximately \$2.1 million compared to approximately \$985,000 as of December 31, 2008. The increase in cash and cash equivalents was due to approximately \$3.5 million of gross proceeds 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 nine months of 2009.

Beatty concluded, “This is an exciting time for Helix BioMedix. In spite of a difficult economic environment, three of our partners are involved in new product launches that include Helix BioMedix technology. In addition, we launched the website for our SmartPeptide based Striking Skin Care product line and are on schedule to launch our second product line during the fourth quarter of 2009. Finally, we have successfully completed the initial studies required to introduce our technology into the Rx market. Together, these efforts reflect the potential of our multi-phased market strategy and for our proprietary peptides.”

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 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™, SmartPeptide™ and HB-AminoBright™ 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.

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

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,090,190	\$ 984,844
Restricted cash – subscription deposits for convertible debt offering	—	970,000
Accounts receivable, net	60,958	50,467
Inventory	196,927	111,411
Prepaid expenses and other current assets	47,057	104,706
Total current assets	<u>2,395,132</u>	<u>2,221,428</u>
Deposits	8,522	8,522
Property and equipment, net	97,586	120,154
Intangible assets, net	298,781	353,603
Total assets	<u>\$ 2,800,021</u>	<u>\$ 2,703,707</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable.....	\$ 126,287	\$ 71,824
Accrued compensation and benefits	43,163	101,734
Accrued expenses	42,537	61,563
Deferred rent.....	370	2,039
Other current liabilities – subscription deposits for convertible debt offering	—	970,000
Total current liabilities	<u>212,357</u>	<u>1,207,160</u>
Convertible notes payable	1,310,353	—
Convertible notes payable, related party	5,002,852	3,000,000
Accrued interest on convertible notes payable.....	69,191	—
Accrued interest on convertible notes payable, related party	496,856	211,069
Total liabilities	<u>7,091,609</u>	<u>4,418,229</u>
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 September 30, 2009, and December 31, 2008.....	25,654	25,654
Additional paid-in capital.....	30,641,167	30,342,249
Accumulated deficit	(34,958,409)	(32,082,425)
Total stockholders' equity (deficit)	<u>(4,291,588)</u>	<u>(1,714,522)</u>
Total liabilities and stockholders' equity (deficit).....	<u>\$ 2,800,021</u>	<u>\$ 2,703,707</u>

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Revenue:				
Licensing and development fees	\$ 28,979	\$ 56,859	\$ 93,551	\$ 263,251
Peptide and consumer product sales	68,867	89,131	209,837	188,582
Administrative services revenue, related party	—	10,549	20,196	32,321
Total revenue	<u>97,846</u>	<u>156,539</u>	<u>323,584</u>	<u>484,154</u>
Cost of revenue:				
Cost of licensing and development fees	—	30	—	38,811
Cost of peptide and consumer product sales	52,751	88,062	174,332	163,531
Cost of administrative service revenue, related party	—	10,549	19,800	32,321
Total cost of revenue	<u>52,751</u>	<u>98,641</u>	<u>194,132</u>	<u>234,663</u>
Gross profit	<u>45,095</u>	<u>57,898</u>	<u>129,452</u>	<u>249,491</u>
Operating expenses:				
Research and development	159,752	173,638	559,444	567,053
Marketing and business development	132,234	91,625	368,268	295,353
General and administrative	366,941	390,068	1,140,730	1,410,087
Accounting, legal and professional fees	134,390	119,560	435,201	439,877
Depreciation and amortization	31,820	32,218	97,822	102,168
Total operating expenses	<u>825,137</u>	<u>807,109</u>	<u>2,601,465</u>	<u>2,814,538</u>
Loss from operations	<u>(780,042)</u>	<u>(749,211)</u>	<u>(2,472,013)</u>	<u>(2,565,047)</u>
Other income (expense):				
Interest income	929	14,360	9,074	50,224
Interest expense on convertible notes payable	(27,706)	—	(69,191)	—
Interest expense on convertible notes payable, related party	(102,839)	(57,863)	(285,787)	(151,561)
Accretion of discount on convertible notes payable	(9,179)	—	(22,915)	—
Accretion of discount on convertible notes payable, related party	(14,008)	—	(35,152)	(831,426)
Change in value of derivative instruments, including related party	—	—	—	11,803
Unrealized loss on marketable securities	—	—	—	(30,000)
Realized gain on redemption of marketable securities	—	25,000	—	25,000
Other income (expense), net	<u>(152,803)</u>	<u>(18,503)</u>	<u>(403,971)</u>	<u>(925,960)</u>
Net loss	<u>\$ (932,845)</u>	<u>\$ (767,714)</u>	<u>\$ (2,875,984)</u>	<u>\$ (3,491,007)</u>
Basic and diluted net loss per share	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.11)</u>	<u>\$ (0.14)</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>