

Helix BioMedix Reports 2008 Financial Results

Bothell, Washington—March 27, 2008 -- Helix BioMedix, Inc. (OTCBB: HXBM), a developer of bioactive peptides, today announced financial results for the year ended December 31, 2008.

Financial and Business Highlights:

- Reported record revenue of approximately \$563,000 in 2008
- Introduced four cosmeceutical peptides into the active ingredient market
- Launched the first Helix BioMedix branded products – the Striking Skin Care Line with SmartPeptide™ technology
- Signed a license agreement with Rodan + Fields, LLC, which is owned by the original creators of the Proactiv® acne treatment line
- Received patents for a novel class of antimicrobial, which included the company's lead pre-clinical lipohexapeptide candidates, and for peptides used in skin care applications and products including those currently found in more than twenty commercially available products
- Entered into a peptide supply agreement that will assure adequate peptide supplies at fixed prices for a two-year term
- Closed approximately \$3.5 million convertible debt financing in the first quarter of 2009

Revenue for the twelve months ended December 31, 2008 was approximately \$563,000, compared to revenue of approximately \$464,000 for 2007. Net loss for 2008 was approximately \$4.5 million, or \$(0.18) per share, compared to net loss of approximately \$3.4 million, or \$(0.14) per share, for 2007.

As of December 31, 2008, the company's cash and cash equivalents totaled approximately \$985,000. During the first quarter of 2009, the company consummated a convertible debt financing where the company issued convertible notes payable in an aggregate amount of \$3.47 million and warrants to purchase 868,500 shares of the company's common stock at \$1.00 per share.

“During 2008, we further built upon the momentum achieved during 2007 through the commercialization of our innovative bioactive peptides, which resulted in increased revenue for the year,” stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. “This revenue achievement signified the accomplishment of one of our 2008 strategic milestones of generating material revenue from our ingredient supplier licensing partners. The number of products in the market containing Helix BioMedix peptides continued to grow and the number of peptides that we have available for licensing has expanded dramatically.”

Beatty continued, “Also during the year, and most notably, we achieved another significant milestone and launched our Striking™ Skin Care line, which represents our first Helix BioMedix branded products and the introduction of

our proprietary SmartPeptide™ technology. Striking is targeted at the health and beauty consumer market and is currently distributed via catalog and the Internet by Gold Violin and Norm Thompson, both of which are subsidiaries of Orchard Brands Corporation. We are very pleased with this accomplishment, and we expect this line to be highly successful as we move to expand our distribution channels in 2009.”

Beatty concluded, “Looking forward to 2009, we have again established three key strategic milestones that will serve as our focus areas throughout the year as follows:

- Launch additional Helix BioMedix branded products and expand our distribution channels;
- Significantly increase revenue from our consumer products; and
- Initiate clinical development of our lead drug candidate.

“In summary, we continue to believe that the long-term success of our company will be significantly enhanced by the implementation of our pharmaceutical program, which was delayed in 2008 due to the rapid deterioration of the fundraising environment during the second half of the year. However, we are actively engaged in discussions with a number of vendors and service providers regarding various aspects of the clinical process and are prepared to move rapidly forward when a partner is identified or as our funding will permit.”

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. Our mission is to enrich clinical practice and the patient/consumer experience by developing topically-applied products which offer the health, beauty and safety benefits of our 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 peptides.

Our 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. We have the capability to take our 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. In addition, we are developing finished, peptide-based products to market with our partners.

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, 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.

Investor Contact:

Ryan Bright
Shelton Group Investor Relations
(972) 239-5119 X 159
rbright@sheltongroup.com

Company Contact:

R. Stephen Beatty
President and CEO
(425) 402-8400
sbeatty@helixbiomedix.com

Financial Tables to Follow

Helix BioMedix, Inc.
Balance Sheets
(Unaudited)

	December 31,	
	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 984,844	\$ 461,290
Restricted cash – subscription deposits for the 2009 Note and Warrant Offering	970,000	—
Marketable securities, current	—	700,000
Accounts receivable, net.....	50,467	83,915
Inventory	111,411	65,279
Prepaid expenses and other current assets	104,706	144,074
Total current assets	2,221,428	1,454,558
Deposits.....	8,522	8,522
Property and equipment, net.....	120,154	126,509
Intangible assets, net	353,603	432,482
Total assets	\$ 2,703,707	\$ 2,022,071
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 71,824	\$ 95,071
Accrued compensation and benefits	101,734	63,813
Accrued expenses	61,563	60,269
Deferred revenue	—	130,000
Deferred rent, current	2,039	—
Other current liabilities – subscription deposits for the 2009 Note and Warrant Offering	970,000	—
Total current liabilities	1,207,160	349,153
Deferred rent, non-current	—	2,205
Convertible note payable, related party	3,000,000	—
Accrued interest on convertible note payable, related party	211,069	—
Total liabilities	4,418,229	351,358
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 issued and outstanding at December 31, 2008 and 2007.....	25,654	25,654
Additional paid-in capital	30,342,249	29,211,972
Accumulated deficit	(32,082,425)	(27,566,913)
Total stockholders' equity (deficit)	(1,714,522)	1,670,713
Total liabilities and stockholders' equity (deficit)	\$ 2,703,707	\$ 2,022,071

Helix BioMedix, Inc.
Statement of Operations
(Unaudited)

	Year Ended December 31,		
	2008	2007	2006
Revenue:			
Licensing and development fees	\$ 319,152	\$ 193,381	\$ 38,940
Peptide sales.....	189,450	206,160	32,000
Peptide sales, related party.....	—	64,400	—
Consumer product sales.....	12,000	—	—
Administrative services revenue, related party.....	42,275	—	—
Total revenue	<u>562,877</u>	<u>463,941</u>	<u>70,940</u>
Cost of revenue:			
Cost of peptide sales.....	164,034	118,096	162,991
Cost of administrative services revenue, related party.....	42,105	—	—
Other cost of revenue.....	49,237	20,396	—
Total cost of revenue	<u>255,376</u>	<u>138,492</u>	<u>162,991</u>
Gross profit (loss)	307,501	325,449	(92,051)
Operating expenses:			
Research and development.....	827,361	782,075	988,451
Marketing and business development.....	401,019	443,732	490,706
General and administrative	1,918,826	1,906,820	1,832,858
Accounting, legal and professional fees.....	570,719	537,176	318,113
Depreciation and amortization	133,754	174,225	180,755
Total operating expenses	<u>3,851,679</u>	<u>3,844,028</u>	<u>3,810,883</u>
Loss from operations	<u>(3,544,178)</u>	<u>(3,518,579)</u>	<u>(3,902,934)</u>
Other income (expense):			
Interest income.....	60,836	84,575	74,608
Interest expense on convertible note payable, related party.....	(212,547)	—	—
Accretion of discount on convertible note payable, related party.....	(831,426)	—	—
Change in value of derivative instruments, including related party.....	11,803	—	—
Unrealized loss on marketable securities	(30,000)	—	—
Realized gain on sales and redemptions of marketable securities	30,000	—	—
Other income (expense), net.....	<u>(971,334)</u>	<u>84,575</u>	<u>74,608</u>
Net loss	<u>\$ (4,515,512)</u>	<u>\$ (3,434,004)</u>	<u>\$ (3,828,326)</u>
Basic and diluted net loss per share.....	<u>\$ (0.18)</u>	<u>\$ (0.14)</u>	<u>\$ (0.17)</u>
Weighted average shares outstanding.....	<u>25,653,512</u>	<u>25,139,745</u>	<u>22,343,087</u>