

## Helix BioMedix Reports Third Quarter 2010 Financial Results

Bothell, Washington — November 4, 2010 — Helix BioMedix, Inc. (OTCBB: HXBM), a developer of bioactive peptides, today announced financial results for the company's third quarter 2010 ended September 30, 2010.

### Third Quarter 2010 Highlights

- Revenue of approximately \$94,000 for the third quarter of 2010, compared to approximately \$98,000 for the same period a year ago
- Record revenue of approximately \$494,000 for the first nine months of 2010, an increase of 53% compared to approximately \$324,000 in the first nine months of 2009
- Net loss was approximately \$1.1 million for the third quarter of 2010, compared to a net loss of approximately \$933,000 for the third quarter of 2009
- License fee revenue increased 66% compared to the third quarter of 2009
- On July 1, 2010 the company acquired a 30% membership interest in NuGlow Cosmeceuticals, LLC (NuGlow) and signed a three-year supply agreement with NuGlow
- Received the first order from NuGlow for delivery in the fourth quarter of 2010 at levels significantly above contractual minimums

### Third Quarter 2010 Results

Revenue for the third quarter of 2010 was approximately \$94,000, compared to approximately \$98,000 for the third quarter of 2009 and approximately \$330,000 for the second quarter of 2010. For the first nine months of 2010, revenue was approximately \$494,000, compared to approximately \$324,000 for the first nine months of 2009. The 53% increase in revenue through the first nine months of 2010 reflects a significant increase in licensing revenue and growth in international consumer product sales through the company's new distribution partner in Asia.

Gross margin for the third quarter of 2010 was 69%, compared to 46% in the third quarter a year ago and 62% in the second quarter of 2010. The year-over-year improvement in gross margin reflects a greater percentage of total revenue from license fees, which generate higher margin compared to peptide and consumer product sales revenue.

“The third quarter began with a unique opportunity to acquire an interest in NuGlow, whose orders under a new three-year supply agreement further contribute to our anticipated record revenues for 2010,” stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. “As expected, this quarter's revenue was lower than the second quarter due, in part, to the bi-annual royalty payment schedule of a key customer, which is received in the second and fourth quarters of each year. However, during the third quarter, our higher margin license revenue continued to grow, increasing almost three-fold year-to-date. This reflects the growing adoption of our peptides in a broad range of consumer products marketed by some of the leading global brands. In addition to our success in licensing, peptide product sales also continued to increase year-to-date as a result of the solid customer base we established in 2009. In particular, product sales benefitted from the successful introduction of Helix-branded Cerakine™ products in the growing Asian markets. Also during the quarter, we received our first order under the NuGlow supply agreement, which should be reflected in our fourth quarter results. The order is well above the contractual minimums and includes seven different products. We believe this serves as a strong indication of the future opportunities under this agreement.”

Net loss for the third quarter of 2010 was approximately \$1.1 million, or \$0.04 per share, compared to a net loss of approximately \$933,000, or \$0.04 per share, for the third quarter of 2009 and approximately \$942,000, or \$0.04 per share, for the second quarter of 2010. The year-over-year increase in net loss in the third quarter of 2010 was primarily due to the increases in operating expenses and interest expense related to the company's outstanding convertible notes payable.

As of September 30, 2010, cash and cash equivalents was approximately \$2.0 million as compared to approximately \$3.0 million as of June 30, 2010.

Beatty concluded, "We are excited by the further advancement of Helix BioMedix as our licensed partners continue to aggressively market our technologies and our efforts to increase peptide and consumer product sales are progressing. Our international product sales are beginning to make a meaningful contribution to revenues, and we continue to evaluate additional partner opportunities in other global markets. We also continue to make progress on our clinical trials, of which we completed initial studies on several molecules targeting large market opportunities. We remain on track for a strong fourth quarter, record revenue for 2010 and additional growth in 2011 based on the anticipated continued success in all of our product lines and continued increases in license revenue generated by our peptide portfolio."

#### **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<sup>®</sup>, Cerakine<sup>™</sup>, and SmartPeptide<sup>™</sup> 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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**HELIX BIOMEDIX, INC.**  
**CONDENSED BALANCE SHEETS**  
(Unaudited)

	<u>September 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 2,027,312	\$ 1,344,719
Accounts receivable, net .....	47,017	55,685
Inventory .....	288,098	202,815
Prepaid expenses and other current assets .....	115,145	34,461
Total current assets .....	2,477,572	1,637,680
Property and equipment, net .....	51,451	84,880
Intangible assets, net .....	231,010	281,838
Investment in affiliated company .....	328,529	—
Other assets .....	25,980	8,522
Total assets .....	\$ 3,114,542	\$ 2,012,920
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable .....	\$ 68,380	\$ 66,455
Accrued compensation and benefits .....	48,208	29,697
Accrued expenses .....	30,950	46,502
Deferred revenue .....	70,798	—
Deferred rent, current .....	4,283	—
Current portion of convertible notes payable .....	1,346,769	—
Current portion of convertible notes payable, related party .....	5,058,427	—
Accrued interest on current portion of convertible notes payable .....	179,111	—
Accrued interest on current portion of convertible notes payable, related party .....	904,855	—
Total current liabilities .....	7,711,781	142,654
Deferred rent, non-current .....	37,171	6,008
Convertible notes payable, non-current .....	533,624	1,319,532
Convertible notes payable, related party, non-current .....	2,601,737	5,016,860
Accrued interest on convertible notes payable, non-current .....	20,855	96,897
Accrued interest on convertible notes payable, related party, non-current .....	121,392	599,694
Total liabilities .....	11,026,560	7,181,645
Commitments and contingencies		
Stockholders' 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, 2010, and December 31, 2009 .....	25,654	25,654
Additional paid-in capital .....	30,908,513	30,663,081
Accumulated deficit .....	(38,846,185)	(35,857,460)
Total stockholders' deficit .....	(7,912,018)	(5,168,725)
Total liabilities and stockholders' deficit .....	\$ 3,114,542	\$ 2,012,920

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

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Revenue:				
Licensing fees .....	\$ 48,007	\$ 28,979	\$ 253,525	\$ 93,551
Peptide and consumer product sales.....	45,673	68,867	240,271	209,837
Administrative services revenue, related party .....	—	—	—	20,196
Total revenue .....	<u>93,680</u>	<u>97,846</u>	<u>493,796</u>	<u>323,584</u>
Cost of revenue:				
Cost of peptide and consumer product sales	29,037	52,751	178,271	174,332
Cost of administrative service revenue, related party	—	—	—	19,800
Total cost of revenue.....	<u>29,037</u>	<u>52,751</u>	<u>178,271</u>	<u>194,132</u>
Gross profit.....	<u>64,643</u>	<u>45,095</u>	<u>315,525</u>	<u>129,452</u>
Operating expenses:				
Research and development.....	196,752	159,752	572,617	559,444
Marketing and business development .....	193,027	132,234	480,016	368,268
General and administrative.....	431,202	366,941	1,138,062	1,140,730
Accounting, legal and professional fees .....	107,263	134,390	414,038	435,201
Depreciation and amortization .....	28,430	31,820	86,803	97,822
Total operating expenses.....	<u>956,674</u>	<u>825,137</u>	<u>2,691,536</u>	<u>2,601,465</u>
Loss from operations .....	<u>(892,031)</u>	<u>(780,042)</u>	<u>(2,376,011)</u>	<u>(2,472,013)</u>
Other income (expense):				
Interest income .....	1,027	929	2,386	9,074
Interest expense on convertible notes payable .....	(38,796)	(27,706)	(103,069)	(69,191)
Interest expense on convertible notes payable, related party .....	(156,274)	(102,839)	(426,553)	(285,787)
Accretion of discount on convertible notes payable.....	(10,675)	(9,179)	(29,861)	(22,915)
Accretion of discount on convertible notes payable, related party .....	(18,427)	(14,008)	(51,604)	(35,152)
Equity in loss of affiliated company.....	(4,013)	—	(4,013)	—
Other income (expense), net .....	<u>(227,158)</u>	<u>(152,803)</u>	<u>(612,714)</u>	<u>(403,971)</u>
Net loss and comprehensive loss .....	<u>\$ (1,119,189)</u>	<u>\$ (932,845)</u>	<u>\$ (2,988,725)</u>	<u>\$ (2,875,984)</u>
Basic and diluted net loss per share.....	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.12)</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>