

Helix BioMedix Reports Second Quarter 2010 Financial Results *Reports Record Revenue on Increasing Product Demand*

Bothell, Washington — August 6, 2010 — Helix BioMedix, Inc. (OTCBB: HXBM), a developer of bioactive peptides, today announced financial results for the company's second quarter 2010 ended June 30, 2010.

Second Quarter 2010 and Recent Highlights:

- Recorded record revenue of approximately \$330,000 in the second quarter of 2010, compared to approximately \$138,000 in the same period a year ago, an increase of 139%
- Net loss was approximately \$942,000, compared to a net loss of approximately \$1.0 million in the second quarter of 2009
- Net operating loss of approximately \$725,000, compared to a net operating loss of approximately \$874,000 in the second quarter of 2009
- Expanded sales of Helix BioMedix-branded products in North America and Asia
- Acquired a 30% membership interest in and signed a three-year supply agreement with NuGlow Cosmeceuticals, LLC on July 1, 2010

Second Quarter 2010 Results

Revenue for the second quarter of 2010 was approximately \$330,000, compared to approximately \$70,000 in the first quarter of 2010 and approximately \$138,000 in the second quarter of the prior year. The increase in revenue is due to the continued growth in license fees from key customers and partners as well as further growth in peptide and consumer product sales.

Gross margin for the second quarter of 2010 was 62.2%, compared to 64.9% in the first quarter of 2010 and 32.8% in the second quarter a year ago. The year-over-year improvement in gross margin reflects the greater percentage of total revenue from license fees, which generate higher margin compared to peptide and consumer product sales.

"I am pleased to report the achievement of our record quarterly revenue as a result of strong growth across our licensing and peptide sales and continued strength in sales of Helix BioMedix-branded products," stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. "Growth in revenue from our licensed peptides reflects increased product marketing and improved consumer purchasing in the broader economy. In addition, we benefitted from ongoing efforts to advance sales of Helix BioMedix-branded Striking® products in the U.S. as well as in certain Asian markets through our recently announced Cerakine™ distribution agreement with RubyDerm Bio, Inc. This reflects continued progress in our international strategy with South Korea, China and Japan being key markets for future growth. We also continued to make progress on our Rx candidate molecules during the quarter, positioning these technologies for further clinical studies. As a result of our progress, Helix BioMedix is well positioned for continued success across all of our primary businesses, including licensing, branded sales and Rx products."

Net loss for the second quarter of 2010 was approximately \$942,000, or \$0.04 per share, compared to a net loss of approximately \$927,000, or \$0.04 per share, for the first quarter of 2010 and approximately \$1.0 million, or \$0.04 per share, for the second quarter of 2009. The sequential increase in net loss in the second quarter of 2010 was primarily due to higher operating expenses related to product testing and marketing activities, as well as interest expense related to our outstanding notes payable, partially offset by a higher gross profit.

As of June 30, 2010, the Company's cash and cash equivalents balance was approximately \$3.0 million as compared to approximately \$3.6 million at March 31, 2010.

Beatty continued, "Subsequent to the end of the second quarter, we announced the purchase of a 30% membership interest in and a three-year supply agreement with NuGlow Cosmeceuticals that we believe will increase the value proposition for the commercialization of Helix BioMedix technologies. The NuGlow[®] products complement our Striking[®] Skin Care line by targeting a younger demographic, expanding our total market opportunity and product spectrum. We intend to leverage NuGlow Cosmeceuticals' proven direct sales model for continued product growth and expect the initial campaign to begin in the Fall. We look forward to these and other initiatives expanding our opportunities for Helix BioMedix products."

"In conclusion, we are very pleased with our progress through the first half of the year and expect to achieve record annual revenue in 2010," said Beatty. "Although we anticipate that third quarter revenue will be lower than the second quarter due to the bi-annual royalty payment schedule of a key customer, we expect our fourth quarter will once again reflect the continued growth of our business. We look forward to reporting our future achievements as we reach additional financial and product milestones in the coming quarters and year."

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[®], Cerakine[™], 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.

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>June 30, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,035,842	\$ 1,344,719
Accounts receivable, net	190,867	55,685
Inventory	261,829	202,815
Prepaid expenses and other current assets	76,041	34,461
Total current assets	<u>3,564,579</u>	<u>1,637,680</u>
Deposits	8,522	8,522
Property and equipment, net	61,605	84,880
Intangible assets, net	247,953	281,838
Total assets	<u>\$ 3,882,659</u>	<u>\$ 2,012,920</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 94,856	\$ 66,455
Accrued compensation and benefits	56,228	29,697
Accrued expenses	44,017	46,502
Total current liabilities	<u>195,101</u>	<u>142,654</u>
Deferred rent, non-current	42,058	6,008
Convertible notes payable	1,869,718	1,319,532
Convertible notes payable, related party	7,641,737	5,016,860
Accrued interest on convertible notes payable	161,170	96,897
Accrued interest on convertible notes payable, related party	869,973	599,694
Total liabilities	<u>10,779,757</u>	<u>7,181,645</u>
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 June 30, 2010, and December 31, 2009	25,654	25,654
Additional paid-in capital	30,804,244	30,663,081
Accumulated deficit	<u>(37,726,996)</u>	<u>(35,857,460)</u>
Total stockholders' deficit	<u>(6,897,098)</u>	<u>(5,168,725)</u>
Total liabilities and stockholders' deficit	<u>\$ 3,882,659</u>	<u>\$ 2,012,920</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Revenue:				
Licensing and development fees	\$ 168,960	\$ 29,795	\$ 205,518	\$ 64,572
Peptide and consumer product sales.....	161,438	98,441	194,598	140,970
Administrative services revenue, related party.....	—	10,251	—	20,196
Total revenue	330,398	138,487	400,116	225,738
Cost of revenue:				
Cost of peptide and consumer product sales	124,745	82,999	149,234	121,581
Cost of administrative service revenue, related party...	—	10,050	—	19,800
Total cost of revenue	124,745	93,049	149,234	141,381
Gross profit.....	205,653	45,438	250,882	84,357
Operating expenses:				
Research and development.....	208,193	239,278	375,865	399,692
Marketing and business development	160,751	120,061	286,989	236,034
General and administrative.....	347,115	411,921	706,860	773,789
Accounting, legal and professional fees.....	185,168	116,086	306,775	300,811
Depreciation and amortization	29,291	32,530	58,373	66,002
Total operating expenses	930,518	919,876	1,734,862	1,776,328
Loss from operations	(724,865)	(874,438)	(1,483,980)	(1,691,971)
Other income (expense):				
Interest income.....	1,014	3,102	1,359	8,145
Interest expense on convertible notes payable	(35,745)	(27,404)	(64,273)	(41,485)
Interest expense on convertible notes payable, related party.....	(154,575)	(101,721)	(270,279)	(182,948)
Accretion of discount on convertible notes payable.....	(10,089)	(9,079)	(19,186)	(13,736)
Accretion of discount on convertible notes payable, related party	(18,227)	(13,856)	(33,177)	(21,144)
Other income (expense), net	(217,622)	(148,958)	(385,556)	(251,168)
Net loss and comprehensive loss	\$ (942,487)	\$ (1,023,396)	\$ (1,869,536)	\$ (1,943,139)
Basic and diluted net loss per share	\$ (0.04)	\$ (0.04)	\$ (0.07)	\$ (0.08)
Weighted average shares outstanding.....	25,653,512	25,653,512	25,653,512	25,653,512