



## **Helix BioMedix Reports Consecutive Record Revenue in the First Quarter 2011**

*Revenue Increases 413% Year-Over-Year*

Bothell, Washington — May 6, 2011 — Helix BioMedix, Inc. (OTCQB: HXBM), a developer of bioactive peptides, today announced financial results for the company's first quarter ended March 31, 2011.

### **First Quarter 2011 Highlights**

- Total revenue increased 413% to approximately \$358,000, compared to approximately \$70,000 in the same period in 2010 and approximately \$358,000 in the fourth quarter of 2010.
- License fee revenue grew 369% and peptide and consumer product sales grew 307% compared to the prior year first quarter, reflecting the continued increasing use of Helix BioMedix peptides by customers.
- Consumer product sales to NuGlow Cosmeceuticals, LLC (NuGlow) were \$51,000; deferred product sales to NuGlow increased to approximately \$192,000 on the growth of NuGlow product sales.
- Net loss decreased to approximately \$710,000, compared to a net loss of approximately \$927,000 in the same period in 2010.

### **First Quarter 2011 Results**

Revenue for the first quarter of 2011 was approximately \$358,000, comparable to the level achieved in the fourth quarter of 2010 and representing a 413% increase over the approximately \$70,000 reported revenue in the first quarter of 2010. The year-over-year revenue growth reflects a significant increase in licensing fees and improved peptide and consumer product sales.

At March 31, 2011, deferred gross profit derived from NuGlow, a related party, was approximately \$87,000, generated from approximately \$192,000 in deferred revenue, which will be recognized by Helix BioMedix when NuGlow delivers the associated products to its third-party customers.

Commenting on the results, R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix, stated, "The first quarter results reflect the successful implementation of our strategic plan to focus on commercialization of our portfolio. This sets the stage for continued success in 2011 as we further the implementation of our product plans."

Gross margin for the first quarter of 2011 was 66%, compared to 65% in the first quarter of 2010, reflecting primarily a larger contribution of higher margin license revenue combined with improved margin from peptide sales.

Licensing fees in the first quarter of 2011 were approximately \$171,000, compared to approximately \$37,000 for the same period in 2010. First quarter 2011 license revenue reflected the conversion of a key customer from bi-annual to quarterly royalty reporting, which will contribute to more consistent revenue recognition. Peptide and consumer product sales in the first quarter of 2011, including sales to NuGlow of approximately \$51,000, increased to approximately \$186,000, compared to approximately \$33,000 for the same period last year when there were no related-party sales.

Net loss for the first quarter of 2011 was approximately \$710,000, or \$(0.01) per share, compared to a net loss of approximately \$927,000, or \$(0.04) per share, in the first quarter of 2010. The decrease in net loss per share for the first quarter of 2011 was, in part, attributable to an increase in the weighted average number of shares of common stock outstanding resulting from the amendment, conversion, and exercise of previously outstanding convertible notes payable and warrants and the consummation of an equity financing in the fourth quarter of 2010.

As of March 31, 2011, cash and cash equivalents were approximately \$3.3 million, a decrease from approximately \$4.0 million at December 31, 2010, due primarily to cash used in operations during the first quarter of 2011.

Beatty concluded, "We are enthusiastic about our outlook for 2011. Based on the strong first quarter results and increasing demand for our products, we anticipate continued growth in the year ahead from our skin care line, existing customer relationships and partnership with NuGlow. In response, we are furthering the development of new applications and increasing our sales and marketing efforts ahead of new product introductions. We look forward to reporting our progress with respect to the success of these initiatives."

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

Helix BioMedix, Inc. is a biopharmaceutical company with an extensive library of structurally diverse bioactive peptides and patents covering 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>, Apothederm<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.

#### **Investor Contact:**

Matt Kreps  
Shelton Group Investor Relations  
(972) 239-5119 X 125  
[mkreps@sheltongroup.com](mailto:mkreps@sheltongroup.com)

#### **Company Contact:**

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

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

	March 31, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 3,270,776	\$ 4,044,309
Accounts receivable, net.....	276,121	235,149
Accounts receivable, related party, net.....	124,603	52,795
Inventory .....	298,706	278,392
Prepaid expenses and other current assets .....	128,133	63,471
Total current assets .....	4,098,339	4,674,116
Property and equipment, net .....	55,159	44,178
Intangible assets, net .....	197,125	214,068
Other long term assets.....	36,894	29,179
Investment in affiliated company.....	274,933	266,941
Total assets.....	\$ 4,662,450	\$ 5,228,482
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 178,764	\$ 130,489
Accrued compensation and benefits .....	40,888	30,285
Accrued expenses .....	46,812	102,123
Deferred revenue .....	53,270	—
Deferred gross profit, related party.....	87,379	50,479
Deferred rent, current .....	5,423	4,847
Total current liabilities .....	412,536	318,223
Deferred rent, non-current .....	34,076	35,815
Total liabilities .....	446,612	354,038
Commitments and contingencies		
Stockholders' equity:		
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; 49,720,255 shares outstanding at March 31, 2011, and December 31, 2010 .....	49,721	49,721
Additional paid-in capital .....	48,444,113	48,392,985
Accumulated deficit .....	(44,277,996)	(43,568,262)
Total stockholders' equity .....	4,215,838	4,874,444
Total liabilities and stockholders' equity.....	\$ 4,662,450	\$ 5,228,482

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

	Three months ended March 31,	
	2011	2010
Revenue:		
Licensing fees .....	\$ 171,425	\$ 36,558
Peptide and consumer product sales .....	134,932	33,160
Consumer product sales , related party .....	51,271	—
Total revenue .....	<u>357,628</u>	<u>69,718</u>
Cost of revenue:		
Cost of peptide and consumer product sales .....	91,297	24,489
Cost of consumer product sales, related party .....	29,530	—
Total cost of revenue .....	<u>120,827</u>	<u>24,489</u>
Gross profit .....	236,801	45,229
Operating expenses:		
Research and development .....	225,163	167,672
Marketing and business development .....	204,437	126,238
General and administrative .....	341,792	359,745
Accounting, legal and professional fees .....	165,437	121,607
Depreciation and amortization .....	26,617	29,082
Total operating expenses .....	<u>963,446</u>	<u>804,344</u>
Loss from operations .....	<u>(726,645)</u>	<u>(759,115)</u>
Other income (expense):		
Interest income .....	1,204	345
Interest expense on convertible notes payable .....	—	(28,528)
Interest expense on convertible notes payable, related party .....	—	(115,704)
Accretion of discount on convertible notes payable .....	—	(9,097)
Accretion of discount on convertible notes payable, related party .....	—	(14,950)
Equity in earnings of affiliated company .....	7,992	—
Change in value of derivative instruments, related party .....	7,715	—
Other income (expense), net .....	<u>16,911</u>	<u>(167,934)</u>
Net loss and comprehensive loss .....	<u>\$ (709,734)</u>	<u>\$ (927,049)</u>
Basic and diluted net loss per share .....	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>
Weighted average shares outstanding .....	<u>49,720,255</u>	<u>25,653,512</u>