

## **Helix BioMedix Reports 2010 Financial Results**

*Record Annual Revenue Increased 118% over 2009*

Bothell, Washington — March 28, 2011 — Helix BioMedix, Inc. (OTCQB: HXBM), a developer of bioactive peptides, today announced financial results for the year ended December 31, 2010.

### **2010 Financial and Business Highlights**

- Total revenue increased 118% to approximately \$852,000 in 2010, compared to approximately \$391,000 in 2009.
- License fee revenue increased 221%, reflecting increased use of Helix BioMedix peptides by customers.
- Gross margin increased to 69% from 50% last year due primarily to the increase in higher margin license fee revenue.
- Net loss was approximately \$7.7 million for 2010, compared to a net loss of approximately \$3.8 million for 2009. Net loss in 2010 included approximately \$4.7 million in non-cash charges for the company's debt conversion and interest expense. Net loss in 2009 included approximately \$567,000 of interest expense. Excluding these items, net loss would have been approximately \$3.0 million in 2010 and approximately \$3.2 million in 2009.
- In July 2010, the company acquired a 30% membership interest in and signed a three-year supply agreement with NuGlow Cosmeceuticals, LLC (NuGlow). Initial orders were significantly above contractual minimums; delivery began in the fourth quarter of 2010.
- In December 2010, the company retired all of its 8% convertible notes payable and also received approximately \$2.9 million through warrant exercises and sales of additional equity, which were collectively executed at a weighted average price of \$0.57 per share.

### **Full Year 2010 Results**

Helix BioMedix reported record revenue in 2010 of approximately \$852,000 compared to approximately \$391,000 in 2009. The 118% increase in revenue reflects the significant growth in licensing revenue and product sales. Not included in the 2010 revenue was approximately \$115,000 of deferred product sales to NuGlow. This deferred revenue reflects product shipped to NuGlow for which payment has been received, but the revenue will be recognized by Helix BioMedix when NuGlow delivers the product to its third-party customers. Deferred gross profit related to NuGlow, which consisted of deferred revenue net of deferred cost, was approximately \$50,000 at December 31, 2010.

Licensing and development fees in 2010 were approximately \$479,000 compared to approximately \$149,000 in 2009. Peptide and consumer product sales increased to approximately \$372,000, which included approximately \$63,000 of sales to NuGlow, compared to \$222,000 last year. Helix BioMedix also stated that a key licensing customer that had been on a bi-annual license fee payment schedule in 2010 will begin to pay royalties quarterly as of the first quarter of 2011.

Gross margin for 2010 was 69%, compared to 50% a year ago. The increase in gross margin was attributable to a larger contribution to total revenue from license fees, which generated higher margin compared to peptide and consumer product sales revenue.

“Revenue for 2010 more than doubled from a year ago, driven by a 221% increase in license and development fees and a 68% increase in product sales, including the NuGlow orders,” stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. “These results reflect the increasing use of Helix BioMedix peptides in an expanding range of consumer products, many of

which are marketed by leading global brands. We also continue to see solid growth in our Helix BioMedix-branded products, including our Striking™ product line in North America as well as the Cerakine™ products being sold in Asia.”

Net loss for 2010 was approximately \$7.7 million, or \$0.28 per share, compared to a net loss of approximately \$3.8 million, or \$0.15 per share, in 2009. Net loss in 2010 included approximately \$888,000 of interest expense and accretion of debt discount associated with the company’s convertible notes payable and \$3.8 million of inducement expense related to the conversion of these notes payable into shares of common stock. As a result of the debt conversion, the company is now debt free. In addition, the company received an aggregate of approximately \$2.3 million from warrant exercises and raised approximately \$600,000 from the sale and issuance of additional shares of common stock. The company’s 2010 net loss per share also reflects an increase of approximately 1.5 million in shares outstanding compared to 2009. The increase, based on average daily shares outstanding throughout 2010, is due to the shares issued for the conversion of the convertible notes payable and warrant exercises in December 2010.

As of December 31, 2010, cash and cash equivalents were approximately \$4.0 million compared to approximately \$1.3 million at December 31, 2009.

Beatty concluded, “In 2010, we made notable progress establishing sustainable revenue streams, which we believe sets the stage for continued growth momentum in 2011. Our peptides are being increasingly used by our partners around the world, and we continue to foster new relationships to further expand the use of our molecules. Growth in international sales was driven by direct product sales and through the increase in license fees from international partners. We also continue to develop sales in North America, including broadening our product lines through our equity stake and supply agreement with NuGlow. We were pleased to deliver record results in 2010 and expect to achieve continued improvement in 2011.”

#### **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®, Cerakine™, Apothederm™ 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](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.**  
**BALANCE SHEETS**  
(Unaudited)

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 4,044,309	\$ 1,344,719
Accounts receivable, net .....	235,149	55,685
Accounts receivable, related party, net .....	52,795	—
Inventory .....	278,392	202,815
Prepaid expenses and other current assets .....	63,471	34,461
Total current assets.....	<u>4,674,116</u>	<u>1,637,680</u>
Property and equipment, net .....	44,178	84,880
Intangible assets, net.....	214,068	281,838
Other long term assets .....	29,179	8,522
Investment in affiliated company .....	266,941	—
Total assets.....	<u>\$ 5,228,482</u>	<u>\$ 2,012,920</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable.....	\$ 130,489	\$ 66,455
Accrued compensation and benefits.....	30,285	29,697
Accrued expenses.....	102,123	46,502
Deferred gross profit, related party .....	50,479	—
Deferred rent, current.....	4,847	—
Total current liabilities .....	<u>318,223</u>	<u>142,654</u>
Deferred rent, non-current .....	35,815	6,008
Convertible notes payable.....	—	1,319,532
Convertible notes payable, related party.....	—	5,016,860
Accrued interest on convertible notes payable .....	—	96,897
Accrued interest on convertible notes payable, related party.....	—	599,694
Total liabilities .....	<u>354,038</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; 49,720,255 and 25,653,512 shares issued and outstanding at December 31, 2010 and 2009, respectively .....	49,721	25,654
Additional paid-in capital .....	48,392,985	30,663,081
Accumulated deficit.....	(43,568,262)	(35,857,460)
Total stockholders' equity (deficit) .....	<u>4,874,444</u>	<u>(5,168,725)</u>
Total liabilities and stockholders' equity (deficit) .....	<u>\$ 5,228,482</u>	<u>\$ 2,012,920</u>

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

	<b>Year ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Revenue:		
Licensing and development fees.....	\$ 479,317	\$ 149,196
Peptide and consumer product sales.....	309,379	221,876
Consumer product sales, related party.....	62,987	—
Administrative services revenue, related party.....	—	20,196
Total revenue .....	851,683	391,268
Cost of revenue:		
Cost of peptide and consumer product sales.....	219,504	176,720
Cost of consumer product sales, related party.....	40,990	—
Cost of administrative services revenue, related party.....	—	19,800
Total cost of revenue .....	260,494	196,520
Gross profit .....	591,189	194,748
Operating expenses:		
Research and development.....	748,663	722,523
Marketing and business development.....	622,846	506,742
General and administrative.....	1,530,333	1,473,352
Accounting, legal and professional fees.....	531,726	579,443
Depreciation and amortization .....	113,777	130,596
Total operating expenses .....	3,547,345	3,412,656
Loss from operations .....	(2,956,156)	(3,217,908)
Other income (expense):		
Interest income .....	3,074	9,649
Interest expense on convertible notes payable.....	(138,979)	(96,897)
Interest expense on convertible note payable, related party.....	(534,465)	(388,625)
Accretion of discount on convertible notes payable.....	(73,468)	(32,094)
Accretion of discount on convertible notes payable, related party.....	(141,440)	(49,160)
Debt conversion inducement expense .....	(3,806,966)	—
Equity in loss of affiliated company.....	(65,601)	—
Change in value of derivative instruments, including related party.....	3,199	—
Other income (expense), net.....	(4,754,646)	(557,127)
Net loss and comprehensive loss.....	\$ (7,710,802)	\$ (3,775,035)
Basic and diluted net loss per share.....	\$ (0.28)	\$ (0.15)
Weighted average shares outstanding.....	27,124,159	25,653,512