



## **Helix BioMedix Reports Another Revenue Record in the Second Quarter 2011**

*Revenue Increases 110% Year-Over-Year*

Bothell, Washington — August 5, 2011 — Helix BioMedix, Inc. (OTCQB: HXBM), a developer of bioactive peptides, today announced financial results for the company's second quarter ended June 30, 2011.

### **Second Quarter 2011 Highlights**

- Total revenue increased 110% to approximately \$693,000 compared to approximately \$330,000 in the same period in 2010 and grew 94% over the approximately \$358,000 in the first quarter of 2011.
- Revenue in the first half of 2011 increased 163% to approximately \$1.05 million compared to approximately \$400,000 in the first six months of 2010.
- Consumer product sales to NuGlow Cosmeceuticals, LLC (NuGlow), a related party, increased to approximately \$188,000 from \$51,000 last quarter. Deferred product sales to NuGlow were approximately \$178,000.
- Net loss decreased to approximately \$625,000, compared to approximately \$710,000 in the first quarter of 2011 and \$942,000 in the same period in 2010.

### **Second Quarter 2011 Results**

Revenue for the second quarter of 2011 was approximately \$693,000, compared to approximately \$358,000 in the first quarter of 2011 and \$330,000 in the second quarter of 2010. Revenue increased to approximately \$1.05 million through the first six months of 2011 compared to approximately \$400,000 in the first six months of 2010. The year-over-year revenue growth reflected a significant increase in peptide and consumer product sales, including consumer product sales to NuGlow under the company's July 2010 supply agreement.

For the second quarter of 2011, deferred gross profit derived from sales to NuGlow was approximately \$87,000, generated from approximately \$178,000 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, "I am very pleased that we have achieved yet another record quarter for Helix BioMedix. Our revenue in the first half of 2011 is over 20 percent higher than our revenue for all of 2010. This significant growth demonstrates the strength of our consumer product focused strategy, in particular with our partners such as NuGlow. We look forward to continued strong results throughout the rest of the year."

Gross margin for the second quarter of 2011 was 49%, compared to 66% in the first quarter of 2011 and 62% in the second quarter of 2010. The decrease in gross margin reflected the larger revenue contribution from peptide and consumer products sales as compared to license revenue, which typically has a higher gross margin.

Licensing fees declined slightly to approximately \$165,000 in the second quarter of 2011 as compared to approximately \$169,000 in the same period in 2010. For the first six months of 2011, licensing fees were approximately \$336,000 compared to \$205,500 in the same period in 2010, representing an increase of 64%. Peptide and consumer product sales increased significantly to approximately \$340,000 in the second quarter of 2011 compared to \$161,000 in the second quarter of 2010. The company also recorded approximately \$188,000 in consumer product sales to NuGlow during the second quarter of 2011 compared to approximately \$51,000 in the first quarter of 2011.

Net loss for the second quarter of 2011 was approximately \$625,000, or \$(0.01) per share, compared to a net loss of approximately \$710,000, or \$(0.01) per share, in the first quarter of 2011 and a net loss of approximately \$942,000, or \$(0.04) per share, in the second quarter of 2010. The decrease in net loss for the second quarter of 2011 compared to the

same period in 2010 was due to improved revenue, lower operating expenses and a reduction in interest expenses resulting from the amendment and conversion of previously outstanding convertible notes payable in the fourth quarter of 2010.

As of June 30, 2011, cash and cash equivalents were approximately \$2.7 million, a decrease from approximately \$4.0 million at December 31, 2010, due primarily to cash used in operations during the first six months of 2011.

Beatty concluded, "Based on the success of our consumer product focused strategies in the first half of 2011, we believe our momentum will deliver further year-over-year revenue growth in the second half of 2011. We continue to focus on the sales and marketing of our peptides and consumer products as well as expanding the relationships with our long-term customers and partners."

#### **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.

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

	<u>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 2,660,333	\$ 4,044,309
Accounts receivable, net .....	366,348	235,149
Accounts receivable, related party, net.....	157,353	52,795
Inventory .....	305,839	278,392
Prepaid expenses and other current assets.....	115,812	63,471
Total current assets .....	<u>3,605,685</u>	<u>4,674,116</u>
Property and equipment, net .....	46,623	44,178
Intangible assets, net .....	180,183	214,068
Other long term assets .....	11,743	29,179
Investment in affiliated company.....	215,868	266,941
Total assets .....	<u>\$ 4,060,102</u>	<u>\$ 5,228,482</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 191,748	\$ 130,489
Accrued compensation and benefits.....	36,404	30,285
Accrued expenses .....	48,321	102,123
Deferred gross profit, related party .....	86,510	50,479
Deferred rent, current .....	5,419	4,847
Total current liabilities.....	<u>368,402</u>	<u>318,223</u>
Deferred rent, non-current .....	32,916	35,815
Total liabilities.....	<u>401,318</u>	<u>354,038</u>
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 June 30, 2011, and December 31, 2010 .....	49,721	49,721
Additional paid-in capital .....	48,511,934	48,392,985
Accumulated deficit.....	(44,902,871)	(43,568,262)
Total stockholders' equity .....	<u>3,658,784</u>	<u>4,874,444</u>
Total liabilities and stockholders' equity .....	<u>\$ 4,060,102</u>	<u>\$ 5,228,482</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenue:				
Licensing fees .....	\$ 164,975	\$ 168,960	\$ 336,400	\$ 205,518
Peptide and consumer product sales .....	340,349	161,438	475,281	194,598
Consumer product sales, related party .....	187,779	—	239,050	—
Total revenue.....	<u>693,103</u>	<u>330,398</u>	<u>1,050,731</u>	<u>400,116</u>
Cost of revenue:				
Cost of peptide and consumer product sales .....	247,698	124,745	338,995	149,234
Cost of consumer product sales, related party .....	104,995	—	134,525	—
Total cost of revenue .....	<u>352,693</u>	<u>124,745</u>	<u>473,520</u>	<u>149,234</u>
Gross profit.....	340,410	205,653	577,211	250,882
Operating expenses:				
Research and development .....	90,747	208,193	315,910	375,865
Marketing and business development .....	244,018	160,751	448,455	286,989
General and administrative .....	374,889	347,115	716,681	706,860
Accounting, legal and professional fees .....	144,196	185,168	309,633	306,775
Depreciation and amortization .....	28,147	29,291	54,764	58,373
Total operating expenses .....	<u>881,997</u>	<u>930,518</u>	<u>1,845,443</u>	<u>1,734,862</u>
Loss from operations .....	<u>(541,587)</u>	<u>(724,865)</u>	<u>(1,268,232)</u>	<u>(1,483,980)</u>
Other income (expense):				
Interest income.....	928	1,014	2,132	1,359
Interest expense on convertible notes payable .....	—	(35,745)	—	(64,273)
Interest expense on convertible notes payable, related party .....	—	(154,575)	—	(270,279)
Accretion of discount on convertible notes payable .....	—	(10,089)	—	(19,186)
Accretion of discount on convertible notes payable, related party ...	—	(18,227)	—	(33,177)
Equity in loss of affiliated company .....	(59,065)	—	(51,073)	—
Change in fair value of option to purchase interest in affiliated company .....	(25,151)	—	(17,436)	—
Total other income (expense), net .....	<u>(83,288)</u>	<u>(217,622)</u>	<u>(66,377)</u>	<u>(385,556)</u>
Net loss and comprehensive loss .....	<u>\$ (624,875)</u>	<u>\$ (942,487)</u>	<u>\$ (1,334,609)</u>	<u>\$ (1,869,536)</u>
Basic and diluted net loss per share.....	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>
Weighted average shares outstanding.....	<u>49,720,255</u>	<u>25,653,512</u>	<u>49,720,255</u>	<u>25,653,512</u>