



## **Helix BioMedix Reports Third Quarter 2011 Results**

*Revenue Increases 321% Year Over Year for Record First Nine Months*

Bothell, Washington — November 4, 2011 — Helix BioMedix, Inc. (OTCQB: HXBM), a developer of bioactive peptides, today announced financial results for the company's third quarter ended September 30, 2011.

### **Third Quarter 2011 Highlights**

- Revenue for the third quarter of 2011 increased by 321% to \$395,000, compared to \$94,000 for the same period in 2010.
- Revenue for the first nine months of 2011 increased by 193% to \$1.45 million, compared to \$494,000 for the same period in 2010.
- Recognized consumer product sales to NuGlow Cosmeceuticals, LLC (NuGlow), an affiliated company, was \$117,000, compared to no sales in the prior year period. The balance of deferred product sales to NuGlow was \$318,000 at September 30, 2011.
- Net loss for the third quarter of 2011 decreased to \$606,000, compared to \$1.1 million in the same period in 2010.

### **Third Quarter 2011 Results**

Revenue for the third quarter of 2011 was \$395,000, compared to \$94,000 for the third quarter of 2010 and \$693,000 for the second quarter of 2011. Revenue for the first nine months of 2011 increased to \$1.45 million compared to \$494,000 for the first nine months of 2010.

At September 30, 2011, the balance of deferred gross profit derived from sales to NuGlow was \$172,000, generated from \$318,000 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, "We continued to generate strong year-over-year results based on increased peptide utilization by our license partners and continued strong sales of our consumer products, including sales to NuGlow. For the first nine months of 2011, revenue from license fees and peptide and consumer products sales to unrelated parties have more than doubled compared to the same period in the prior year. With the addition of \$356,000 in consumer product sales to NuGlow to date this year, we are enjoying a strong improvement in our operating results as we continue to successfully execute our consumer-focused strategy."

Gross margin for the third quarter of 2011 was 68%, compared to 69% for the third quarter of 2010 and 49% for the second quarter of 2011. The sequential increase in gross margin reflected the larger revenue contribution from licensing fees, which typically have a higher gross margin as compared to peptide and consumer product sales.

License fees in the third quarter of 2011 increased by 269% year-over-year to \$177,000. The increase was due to higher sales and the conversion of a licensee from semi-annual to quarterly reporting. Peptide and consumer product sales increased by 121% for the same period to \$101,000 due to increased sales to existing customers. The company recorded \$117,000 in sales to NuGlow in the third quarter of 2011, compared to \$188,000 in the second quarter of 2011 and no sales in the prior year third quarter.

Net loss for the third quarter of 2011 was \$606,000, or \$(0.01) per share, compared to a net loss of \$1.1 million, or \$(0.04) per share, in the third quarter of 2010 and a net loss of \$625,000, or \$(0.01) per share, in the second quarter of 2011. The reduction in net loss from 2010 to 2011 reflected higher revenue and gross profit, lower operating expenses and a reduction in interest expense due to the elimination of the company's debt in the fourth quarter of 2010.

As of September 30, 2011, cash and cash equivalents were \$2.1 million, representing a decrease of \$1.9 million from \$4.0 million at December 31, 2010, due primarily to cash used in operations during the first nine months of 2011.

Beatty concluded, “We are very pleased with the financial results to date. We have recorded more than \$1.4 million in revenue through the first nine months of the year compared to \$852,000 for the full year of 2010, which positions us to potentially more than double our business in 2011. Helix BioMedix peptides are increasingly being used in consumer products for the U.S., U.K. and other international markets, which has been a meaningful growth driver of our license business. We also continue to aggressively expand our consumer product sales and work closely with all of our partners to maximize these opportunities. We look forward to reporting a strong fourth quarter to conclude our record year.”

#### **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)

	September 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 2,067,262	\$ 4,044,309
Accounts receivable, net .....	254,246	235,149
Accounts receivable, affiliated company, net.....	256,805	52,795
Inventory .....	356,087	278,392
Prepaid expenses and other current assets.....	44,725	63,471
Total current assets .....	2,979,125	4,674,116
Property and equipment, net .....	35,721	44,178
Intangible assets, net .....	163,240	214,068
Other long term assets .....	19,886	29,179
Investment in affiliated company.....	234,495	266,941
Total assets .....	\$ 3,432,467	\$ 5,228,482
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 75,942	\$ 130,489
Accrued compensation and benefits.....	36,099	30,285
Accrued expenses.....	44,496	102,123
Deferred gross profit, affiliated company .....	171,577	50,479
Deferred rent, current .....	6,574	4,847
Total current liabilities.....	334,688	318,223
Deferred rent, non-current .....	30,597	35,815
Total liabilities.....	365,285	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 September 30, 2011, and December 31, 2010.....	49,721	49,721
Additional paid-in capital .....	48,525,949	48,392,985
Accumulated deficit.....	(45,508,488)	(43,568,262)
Total stockholders' equity .....	3,067,182	4,874,444
Total liabilities and stockholders' equity .....	\$ 3,432,467	\$ 5,228,482

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Revenue:				
Licensing fees .....	\$ 176,922	\$ 48,007	\$ 513,322	\$ 253,525
Peptide and consumer product sales.....	100,884	45,673	576,165	240,271
Consumer product sales to affiliated company.....	116,901	—	355,951	—
Total revenue .....	<u>394,707</u>	<u>93,680</u>	<u>1,445,438</u>	<u>493,796</u>
Cost of revenue:				
Cost of peptide and consumer product sales .....	70,834	29,037	409,829	178,271
Cost of consumer product sales to affiliated company .....	56,961	—	191,486	—
Total cost of revenue .....	<u>127,795</u>	<u>29,037</u>	<u>601,315</u>	<u>178,271</u>
Gross profit .....	266,912	64,643	844,123	315,525
Operating expenses:				
Research and development.....	109,221	196,752	425,131	572,617
Marketing and business development .....	225,732	193,027	674,187	480,016
General and administrative.....	327,162	431,202	1,043,843	1,138,062
Accounting, legal and professional fees.....	168,043	107,263	477,676	414,038
Depreciation and amortization .....	27,845	28,430	82,609	86,803
Total operating expenses .....	<u>858,003</u>	<u>956,674</u>	<u>2,703,446</u>	<u>2,691,536</u>
Loss from operations .....	<u>(591,091)</u>	<u>(892,031)</u>	<u>(1,859,323)</u>	<u>(2,376,011)</u>
Other income (expense):				
Interest income .....	704	1,027	2,836	2,386
Interest expense on convertible notes payable .....	—	(38,796)	—	(103,069)
Interest expense on convertible notes payable, related party.....	—	(156,274)	—	(426,553)
Accretion of discount on convertible notes payable.....	—	(10,675)	—	(29,861)
Accretion of discount on convertible notes payable, related party .....	—	(18,427)	—	(51,604)
Equity in loss of affiliated company.....	(23,373)	(4,013)	(74,446)	(4,013)
Change in fair value of option to purchase interest in affiliated company.....	8,143	—	(9,293)	—
Other income (expense), net .....	<u>(14,526)</u>	<u>(227,158)</u>	<u>(80,903)</u>	<u>(612,714)</u>
Net loss and comprehensive loss .....	<u>\$ (605,617)</u>	<u>\$ (1,119,189)</u>	<u>\$ (1,940,226)</u>	<u>\$ (2,988,725)</u>
Basic and diluted net loss per share .....	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.12)</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>