

## Helix BioMedix Reports Third Quarter 2006 Financial Results

*Nov 10, 2006 - Bothell, Washington*

Helix BioMedix, Inc. (HXBM.OB), a developer of bioactive peptides, today announced financial results for the three and nine month periods ended September 30, 2006.

For the three month period ended September 30, 2006, Helix BioMedix reported a net loss of \$870,507, or \$0.04 net loss per share, compared to a net loss of \$797,951, or \$0.04 net loss per share, for the comparable period in 2005. Revenue for the three month period ended September 30, 2006 was \$18,841, derived from licensing revenue and the sale of peptides. Revenue for the comparable period in 2005 was \$40,000 derived from the sale of peptides at cost.

For the nine month period ended September 30, 2006, Helix BioMedix reported a net loss of \$2,877,295, or \$0.13 net loss per share, compared to a net loss of \$2,402,020, or \$0.14 net loss per share, for the comparable period in 2005. The 2006 results include approximately \$369,600 of incremental expense for stock-based compensation due to the adoption of SFAS 123R "Share Based Payment" during the first quarter of 2006. Revenue for the nine months ended September 30, 2006 was \$66,940 which was derived from licensing revenue, the renewal of a material transfer agreement and the sale of peptides. Revenue for the comparable period in 2005 was \$95,414 which consisted of \$80,414 from the sale of peptides at cost and \$15,000 of licensing revenue.

On September 30, 2006, Helix BioMedix had cash and cash equivalents of approximately \$3.1 million, which included \$2,598,000 of proceeds from a private placement of common stock that was completed in the first quarter of 2006. Shares outstanding at September 30, 2006 were 22,788,863.

R. Stephen Beatty, President and Chief Executive Officer, commented, "In January of this year, Helix BioMedix identified five aggressive milestones that we would seek to accomplish during 2006. We have already achieved three of those objectives: First, we have delivered several newly developed, peptide-based ingredients to our marketing and formulation partners; second, we have successfully developed a new generation of peptides described more fully in this press release; and third, we have successfully advanced the pre-clinical testing of these peptides, for certain pharmaceutical applications, to proof of concept in animal models. We continue to make good progress toward achieving our two remaining milestones, and we remain optimistic that we can achieve our goal of completing five additional license agreements for peptide-based personal care products over the next several months. While we did not sign any additional license agreements during the third quarter, negotiations with several companies are advancing towards completion."

Mr. Beatty added, "From the perspective of our organizational development, the year to date has seen enormous progress as we have grown and matured our commercialization and marketing functions to match our first-class scientific capabilities. The addition of David O'Connor and Weston Anson as directors in April of this year brought important experience in consumer markets and licensing expertise to our boardroom. Our efforts to bolster our marketing capabilities in the consumer product area culminated with the appointment of Lori Bush as Chief Operating Officer. Lori's wealth of industry experience at companies including Johnson & Johnson and, most recently, Nu Skin Enterprises is already proving beneficial for our

company as she has accelerated our discussions with a number of prospective licensees and marketing partners.”

Mr. Beatty concluded, “This increased emphasis on commercializing our technology has permeated the entire Helix BioMedix organization. We were particularly proud that our Chief Scientific Officer, Dr. Tim Falla, recently received a rare perfect score from attendees at The Personal Care Ingredients & Technology Expo (PCITX) in response to his presentation describing how the innate immune system is largely mediated by peptides, the bioactivities of which can be isolated and tailored for use in a wide range of consumer healthcare products.”

Commenting on Helix BioMedix’s new generation of peptides, Dr. Falla said, “During the third quarter, we made considerable advances in our pharmaceutical technology platform, and we plan to place our initial emphasis on the large anti-infective dermatology market, including indications such as acne and dermatitis. This program will feature a new generation of small molecule peptides (lipohexapeptides) which we have designed specifically to overcome the disadvantages that have hampered previous attempts to develop therapies based on antimicrobial peptides. These ‘new generation’ peptides are active in an oil and serum environment, kill micro-organisms deep in a pore, and exhibit a broad spectrum of activity. They are also excellent therapeutic drug candidates due to their low toxicity, attractive cost of goods profile, and efficacy in both bacterial and fungal infection models. The innovative technology underlying this new class of peptide was recently validated in dermatological animal infection models conducted at the University of Virginia and Case Western Reserve University in which our lead molecules outperformed molecules currently on the market and in development.”

“As we advance our technology, we have also expanded our research and development facilities,” continued Dr. Falla. “With additional laboratory space we have added a tissue culture facility which provides our scientists with the capability to develop a wider range of functionally diverse molecules.”

Lori Bush, Chief Operating Officer, concluded, “This has been a period of considerable strategic progress for our company -- progress that should benefit our stockholders over the course of time. As we invest in our pharmaceutical platform for the long-term growth of Helix BioMedix, we continue to identify and advance the short- to mid-term commercialization opportunities in the cosmeceutical and personal care arena. We are finding that an increasing number of industry leaders and skin care clinicians are identifying peptides as the next generation of cosmetic skin care technology. The progress that we have made both on the pharmaceutical and consumer sides of our business has begun to attract the attention of strategic partners, and we will be actively pursuing several opportunities to expand applications for our peptides and our technology platform during the months to come.”

#### **About Helix BioMedix**

Helix BioMedix, Inc. is a biopharmaceutical company that has a portfolio of issued patents that covers six distinct classes of peptides, including over 100,000 unique peptide sequences. The company’s mission is to become the industry leader in developing and commercializing small proteins known as bioactive peptides. The antimicrobial and wound healing properties of these peptides qualify them for inclusion in a wide range of both pharmaceutical and consumer products. The company is currently focused on the development of selected peptides as topical anti-infectives and in wound healing applications. Non-pharmaceutical applications being pursued by Helix BioMedix include adjuvants for cosmetics/cosmeceuticals, personal

care, plant health, animal health and wide-spectrum biocides. More information about the company and its proprietary peptides can be found on the company's website at [www.helixbiomedix.com](http://www.helixbiomedix.com).

**Important Notice**

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 our 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 general economic conditions. Additional assumptions, risks and uncertainties are described in detail in our reports and other filings with the Securities and Exchange Commission. Such filings are available on our 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.

Contact:

Helix BioMedix, Inc.

David Kirske, 425-402-8400

[dkirske@helixbiomedix.com](mailto:dkirske@helixbiomedix.com)

or:

Investor Relations:

Cameron Associates

Alison Ziegler, 212-554-5469

[Alison@cameronassoc.com](mailto:Alison@cameronassoc.com)

--financial tables follow--

**Helix BioMedix, Inc.  
Statement of Operations  
(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue				
Licensing	\$ 3,841	\$ --	\$ 38,940	\$ 15,000
Peptide sales	<u>15,000</u>	<u>40,000</u>	<u>28,000</u>	<u>80,414</u>
Total sales	18,841	40,000	66,940	95,414
Operating expenses:				
Cost of peptide sales	6,620	40,000	162,991	80,414
Research and development	278,256	216,119	772,341	637,250
Depreciation and amortization	46,141	46,197	136,477	130,966

Accounting, legal and professional	73,602	34,321	210,023	236,488
Consulting fees	4,163	70,209	9,092	119,328
General and administrative	<u>500,620</u>	<u>445,564</u>	<u>1,709,009</u>	<u>1,325,819</u>
Total operating expenses	<u>909,402</u>	<u>852,410</u>	<u>2,999,933</u>	<u>2,530,2656</u>
Loss from operations	<u>(890,561)</u>	<u>(812,410)</u>	<u>(2,932,993)</u>	<u>(2,434,851)</u>
Interest income	<u>(20,054)</u>	<u>(14,459)</u>	<u>(55,698)</u>	<u>(32,831)</u>
Net loss	<u>\$(870,507)</u>	<u>\$(797,951)</u>	<u>\$(2,877,295)</u>	<u>\$(2,402,020)</u>
Basic and diluted net loss per share	<u>\$(0.04)</u>	<u>\$(0.04)</u>	<u>\$(0.13)</u>	<u>\$(0.14)</u>
Weighted average shares outstanding	<u>22,788,514</u>	<u>20,187,724</u>	<u>22,192,979</u>	<u>17,073,030</u>

**Balance Sheet Highlights (unaudited)**

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
Cash and cash equivalents	\$ 3,130,172	\$ 2,827,959
Property and equipment, net	125,195	168,063
Patents pending and approved	457,777	505,908
Total assets	3,890,397	3,741,940
Total current liabilities	159,038	224,359
Total stockholders' equity	3,731,359	3,517,581
Total liabilities and stockholders' equity	3,890,397	3,741,940