

## Helix BioMedix Reports Third Quarter 2008 Financial Results

*Nov 06, 2008 - Bothell, Washington*

Helix BioMedix, Inc. (HXBM.OB), a developer of bioactive peptides, today announced financial results for the third quarter ended September 30, 2008.

For the third quarter of 2008, the company reported revenue of approximately \$157,000, compared to revenue of approximately \$87,000 in the second quarter of 2008 and \$159,000 in the third quarter of 2007. Net loss for the third quarter of 2008 was approximately \$768,000, or (\$0.03) per share, compared to net losses of approximately \$1.4 million, or (\$0.06), per share in the prior quarter and \$900,000, or (\$0.04) per share, in the same period one year ago. The improvement in the net loss for the third quarter of 2008 compared to the same period in 2007 was primarily attributable to a reduction in operating expenses of approximately \$178,000 and \$25,000 realized gain on redemption of marketable securities, which were partially offset by approximately \$58,000 in interest expense associated with the \$3.0 million convertible debt issued on February 14, 2008 and amended on June 27, 2008.

As of September 30, 2008, cash and cash equivalents totaled approximately \$1.7 million, compared to approximately \$2.4 million at June 30, 2008 and \$461,000 at December 31, 2007. Marketable securities were \$50,000 at September 30, 2008, compared to \$187,550 at June 30, 2008 and \$700,000 at December 31, 2007. During the third quarter of 2008, the company also received an aggregate of \$735,000 of subscription deposits associated with the company's pending unsecured convertible debt offering, which was reflected as restricted cash and other current liabilities on the company's balance sheet at September 30, 2008.

"Our third quarter revenue increased compared to the second quarter, primarily due to an increase in the sale of peptides as we continue our efforts to commercialize our innovative bioactive peptides through a number of sales channels and distribution opportunities," stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. "Looking at the first nine months of 2008, we are on pace to achieve record annual revenue and have generated more revenue in the first nine months of 2008 than we did for all of 2007. However, the current difficult macro-economic environment will be a contributing factor to missing the revenue potentials we had seen earlier in the year and as recently as last quarter for both the remainder of 2008 and into 2009."

Beatty continued, "In terms of our business achievements, we have continued to make significant progress related to our three strategic objectives for 2008. Most notably, we remain on track to launch our first proprietary branded products prior to the end of the year.

Our Striking™ line will include the exclusive Helix BioMedix SmartPeptide™ Heptapeptide-7 that helps promote keratinocyte proliferation and migration to lessen the appearance of fine lines and wrinkles. The Striking™ line will initially include four products with distribution through several national catalog companies, and we expect to introduce additional products next year. Our second objective was to generate more revenue through our license agreements this year than last and we have accomplished that goal. Further, our licensee Goldschmidt GmbH (Evonik) launched their first Helix BioMedix peptide under the trade name Tego®Pep 4-17 at the International Federation of Societies of Cosmetic Chemists (IFSCC) Congress in October. Evonik is developing additional Helix BioMedix peptides through their own research and in collaboration with leading universities. There are now over 35 products containing Helix BioMedix peptides available in the market through a large number of national and regional retail outlets including Walgreens, Rite Aid, Whole Foods, GNC, Nordstrom, ShopNBC, Sephora, Target and the Home Shopping Network, among others. We also continue to pursue additional licensing agreements such as the agreement we reached in September of this year with Rodan & Fields, LLC for our new patent pending PIP3™ technology for proprietary formulations to be included in their regimen-based skincare line with initial products expected in early 2009. In addition, our partnership with DermaVentures, LLC continues to progress, and the P.A.C. Perfect™ line is being presented in a new test offer in the Spanish language television market, which will focus on customer long-term continuity measurements.”

Beatty concluded, “Finally, we continue to aggressively pursue the funding required to move our LipoHexapeptide program into clinical trials in the most effective manner possible, while protecting the best interest of our stockholders and achieving our overall corporate goals. We are speaking with a number of interested parties and continue to believe that this program represents the long-term future of the company and are intently focused on achieving our goals to return significant value to our stockholders.”

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

Helix BioMedix, Inc. is a biopharmaceutical company with an extensive library of diverse bioactive peptides and patents covering six distinct classes and hundreds of thousands of peptide sequences. Our mission is to enrich clinical practice and the patient/consumer experience by developing topically-applied products which offer the health, beauty and safety benefits of our advanced bioactive small molecule technology. Our vision is to be recognized as the world leader in the identification, qualification and commercialization of natural and synthetic peptides.

Our 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. We have the capability to take our product development programs from theoretical concept to a validated and 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. In addition, we are developing finished, peptide-based products to market with our partners. Striking is a trademark of Helix BioMedix, Inc.; P.A.C Perfect is a trademark of DermaVentures, LLC; and Tego is a registered trademark of Goldschmidt GmbH.

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, 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, 2008	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,728,225	\$ 461,290
Restricted cash – subscription deposits for convertible debt offering	735,000	-
Marketable securities, current	50,000	700,000
Accounts receivable, net	108,829	83,915
Inventory	81,589	65,279
Prepaid expenses and other current assets	99,925	144,074
Total current assets	2,803,568	1,454,558
Deposits	8,522	8,522
Property and equipment, net	110,166	126,509
Intangible assets, net	373,322	432,482
Total assets	\$ 3,295,578	\$ 2,022,071
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 139,673	\$ 95,071
Accrued compensation and benefits	95,014	63,813
Accrued expenses	28,718	60,269
Deferred revenue	-	130,000

Other current liabilities – subscription deposits for convertible debt offering	735,000	-
Total current liabilities	998,405	349,153
Deferred rent	2,221	2,205
Convertible note payable, related party	3,000,000	-
Accrued interest on convertible note payable, related party	150,575	-
Total liabilities	4,151,201	351,358
Commitments and contingencies		
Stockholders' equity (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; 25,653,512 shares outstanding at September 30, 2008, and December 31, 2007	25,654	25,654
Additional paid-in capital	30,171,643	29,211,972
Accumulated deficit	(31,057,920)	(27,566,913)
Accumulated other comprehensive income	5,000	-
Total stockholders' equity (deficit)	(855,623)	1,670,713
Total liabilities and stockholders' equity (deficit)	\$ 3,295,578	\$ 2,022,071

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Revenue				
Licensing and development fees	\$ 59,859	\$ 105,971	\$ 263,251	\$ 152,212
Peptide sales	89,131	53,397	188,582	141,832
Peptide sales, related party	-	-	-	64,400
Administrative services revenue, related party	10,549	-	32,321	-

Total revenue	156,539	159,368	484,154	358,444
Operating expenses:				
Cost of peptide sales	88,062	53,277	163,531	63,698
Cost of administrative services revenue, related party	10,549	-	32,321	-
Other cost of revenue	30	20,396	38,811	20,396
Research and development	173,638	174,615	567,053	582,570
Marketing and business development	91,625	127,805	295,353	337,139
General and administrative	390,068	522,423	1,410,087	1,415,132
Accounting, legal and professional fees	119,560	140,909	439,877	423,132
Depreciation and amortization	32,218	44,172	102,168	132,138
Total operating expenses	905,750	1,083,597	3,049,201	2,974,205
Loss from operations	(749,211)	(924,229)	(2,565,047)	(2,615,761)
Other income (expense) :				
Interest income	14,360	24,461	50,224	73,342
Interest expense on convertible note payable, related party	(57,863)	-	(151,561)	-
Accretion of discount on convertible note payable, related party	-	-	(831,426)	-
Change in value of derivative instruments, including related party	-	-	11,803	-
Unrealized loss on marketable securities	-	-	(30,000)	-
Realized gain on redemption of marketable securities	25,000	-	25,000	-
Other income (expense), net	(18,503)	24,461	(925,960)	72,342
Net loss	\$(767,714)	\$(899,768)	\$(3,491,007)	\$(2,543,419)
Basic and diluted net loss per share	\$(0.03)	\$(0.04)	\$(0.14)	\$(0.10)
Weighted average shares outstanding	25,653,512	25,653,512	25,653,512	24,966,608