

Helix BioMedix Reports Second Quarter 2008 Financial Results

Jul 31, 2008 - Bothell, Washington

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

For the second quarter of 2008, the company reported revenue of approximately \$87,000, compared to revenue of approximately \$141,000 in the same period one year ago. Net loss for the second quarter of 2008 was approximately \$1,448,000, or \$(0.06) per share, compared to a net loss of approximately \$831,000, or \$(0.03) per share, in the same period one year ago. The increase in net loss was primarily attributable to approximately \$63,000 of interest expense and approximately \$546,000 of discount accretion associated with the convertible note payable issued in February, partially offset by a gain of approximately \$153,000 in the fair value of derivative instruments.

As of June 30, 2008, the company had cash and cash equivalents of approximately \$2,375,000, compared to approximately \$3,165,000 as of March 31, 2008. Current and non-current marketable securities were approximately \$188,000 as of June 30, 2008, compared to approximately \$170,000 as of March 31, 2008.

"Revenue for the second quarter was slightly higher than our internal projections and we remain on track with our plan to generate more than \$1.0 million in revenue for the year," stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. "During the quarter, we continued to focus on our 2008 strategic objectives, which are designed to accelerate the wide distribution of our peptides to numerous markets through a variety of channels. First, our strategic partner, Dermaventures, has expanded their marketing efforts surrounding the P.A.C Perfect™ product line to include radio and print advertising in addition to their original infomercial strategy. Initial results have been encouraging and sales are expected to increase throughout the remainder of the year."

Beatty continued, "We also continue to make progress with Striking™, our prestige anti-aging skin care line. We remain on schedule for the initial rollout of three to four products this year, followed by the release of eight to nine additional products in 2009. In addition, we continue to benefit from our relationships with our licensing partners as evidenced by the growing number of products available on the market containing our peptides. Our licensing partner, Evonik, plans to make a presentation on Helix BioMedix's peptide innovation at an upcoming industry conference in Barcelona, Spain, providing our proprietary peptides with significant exposure to industry decision and opinion makers. Currently, there are more than thirty products in the market containing our peptides, up from twenty-five last quarter, many of which are sold through significant regional and national retailers such as Walgreens, Rite Aid, Whole Foods, GNC, Nordstrom, ShopNBC, Sephora, Target and the Home Shopping Network, among others."

Beatty concluded, "Finally, we remain focused on moving our lipohexapeptide program into clinical trials and are continuing our efforts to secure a partner or the capital required to fund the program. We have recently had some very productive discussions and I am pleased with our progress despite the current economic conditions, which have limited access to capital across a multitude of industries. The ultimate success of our pharmaceutical program remains the company's top priority, and we continue to believe that it will serve as the catalyst for exponential growth in the future."

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.

More information about the company and its proprietary peptides may be found on the company's website at 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. 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)

	June 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,375,403	\$ 461,290
Marketable securities, current	50,000	700,000
Accounts receivable, net	40,559	83,915
Inventory	77,566	65,279
Prepaid expenses and other current assets	101,315	144,074
Total current assets	2,644,843	1,454,558
Marketable securities, non-current	137,550	-
Deposits	8,522	8,522
Property and equipment, net	122,663	126,509
Intangible assets, net	393,043	432,482
Total assets	\$ 3,306,621	\$ 2,022,071
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 107,479	\$ 95,071
Accrued compensation and benefits	159,129	63,813
Accrued expenses	42,045	60,269
Deferred revenue	-	130,000
Total current liabilities	308,653	349,153
Deferred rent	2,216	2,205
Convertible note payable, related party	3,000,000	-
Accrued interest on convertible note payable, related party	92,712	-
Total liabilities	3,403,581	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 June 30, 2008, and December 31, 2007	25,654	25,654
Additional paid-in capital	30,150,042	29,211,972
Accumulated deficit	(30,290,206)	(27,566,913)
Accumulated other comprehensive income (loss)	17,550	-
Total stockholders' equity (deficit)	(96,960)	1,670,713
Total liabilities and stockholders' equity (deficit)	\$ 3,306,621	\$ 2,022,071

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue				
Licensing and development fees	\$ 59,330	\$ 16,747	\$ 206,392	\$ 46,241
Peptide sales	6,143	59,507	99,451	88,435
Peptide sales, related party	-	64,400	-	64,400
Administrative services revenue, related party	21,772	-	21,772	-
Total sales	87,245	140,654	327,615	199,076
Operating expenses:				
Cost of peptide sales	6,085	10,421	75,469	10,421
Cost of administrative services revenue, related party	21,772	-	21,772	-
Other cost of revenue	-	-	38,781	-
Research and development	198,238	202,458	393,415	407,955
Marketing and business development	89,041	105,123	203,728	209,334
General and administrative	586,650	502,004	1,020,019	892,711
Accounting, legal and professional fees	159,502	133,746	320,317	282,223
Depreciation and amortization	34,901	43,542	69,950	87,964

Total operating expenses	1,096,189	997,294	2,143,451	1,890,608
Loss from operations	(1,008,944)	(856,640)	(1,815,836)	(1,691,532)
Other income (expense) :				
Interest income	17,074	25,478	35,864	47,881
Interest expense on convertible note payable, related party	(63,120)	-	(93,698)	-
Accretion of discount on convertible note payable, related party	(546,011)	-	(831,426)	-
Change in value of derivative instruments, including related party	152,706	-	11,803	-
Unrealized loss on marketable securities	-	-	(30,000)	-
Loss from operations	(439,351)	25,478	(907,457)	47,881
Net loss	\$(1,448,295)	\$(831,1624)	\$(2,723,293)	\$(1,643,651)
Basic and diluted net loss per share	\$(0.06)	\$(0.03)	\$(0.11)	\$(0.07)
Weighted average shares outstanding	25,653,512	25,653,512	25,653,512	24,617,463