

## Helix BioMedix Reports 2009 Financial Results

Bothell, Washington — March 26, 2010 — Helix BioMedix, Inc. (OTCBB: HXBM), a developer of bioactive peptides, today announced financial results for the year ended December 31, 2009.

### Financial and Business Overview:

- Recorded revenue of approximately \$391,000 in 2009 compared to approximately \$563,000 a year ago
- Recognized net loss of approximately \$3.8 million in 2009 compared to approximately \$4.5 million in 2008
- Issued convertible promissory notes for approximately \$3.5 million in the first quarter of 2009, and closed an additional \$2.9 million convertible debt financing in March 2010
- Added two new product royalty streams with partners Evonik GmbH and Rodan + Fields, LLC
- Launched direct-to-consumer sales via [www.striking skincare.com](http://www.striking skincare.com)
- Completed initial clinical studies of SmartPeptide™ technology products
- Expanded the corporate patent portfolio to include SmartPeptide™ technology claims
- Completed proof of concept studies for advancement of Rx product development

### 2009 Results

Revenue for 2009 was approximately \$391,000 compared to revenue of approximately \$563,000 in 2008. The decline in revenue was primarily due to delays in product launches and reduced consumer spending as a result of the global economic crisis. Gross margin declined to 49.8% in 2009 compared to 54.6% a year ago. Net loss for 2009 declined to \$3.8 million, or (\$0.15) per share, compared to a net loss of \$4.5 million, or (\$0.18) per share, a year ago on improved expense controls and corporate efficiencies.

As of December 31, 2009, the company's cash and cash equivalents balance was approximately \$1.3 million compared to \$985,000 at December 31, 2008. On March 5, 2010, the company issued additional convertible promissory notes in the aggregate principal amount of \$2.9 million and five-year warrants to purchase an aggregate of 725,000 shares of its common stock at an exercise price of \$0.80 per share.

“Helix BioMedix continued to make progress on our strategic initiatives during a year in which customers and partners were greatly impacted by the global economic situation, resulting in a number of delayed product introductions,” stated R. Stephen Beatty, President and Chief Executive Officer of Helix BioMedix. “We continued to incorporate our SmartPeptide™ technology into new formulations and furthered our clinical studies, laying a solid foundation for 2010. We successfully launched direct-to-consumer sales of our Striking™ Skin Care line via the company's own web site at [www.striking skincare.com](http://www.striking skincare.com) and expanded our royalty stream as partners such as Rodan + Fields, LLC launched new products. We also continued to work closely with partners such as Evonik GmbH and Grant Industries on a number of new product programs targeted for launch in 2010.”

Beatty continued, “Our increasing intellectual property portfolio now includes more than 67 patents issued and pending, covering a broad range of peptide technologies aimed at major market opportunities worldwide. We believe this includes significant potential for application in the Rx marketplace. Having completed a number of proof of concept studies in 2009 with our unique antimicrobial peptides, we are now positioned to forge ahead with our partners to advance these programs. Applications for our proprietary antimicrobial technology include dermatological indications such as acne, rosacea and atopic dermatitis, plus prevention of infection in wounds with hard to treat pathogens such as MRSA and other multi-resistant organisms.”

Beatty concluded, “In 2010, we expect to achieve revenue growth as a result of our progress this past year, paving the way for additional opportunities for our company and our peptides. We also expect to make continued progress on our key Rx candidates as well as generate increased business with our partners, several of whom have

additional product launches and initiatives planned throughout the year. We are also enthusiastic about our recently announced distribution agreement covering a number of key Asian markets. Our strategic efforts have positioned us to deliver continued progress during 2010 in all areas of our business: licensed peptide technologies, skin care product sales and Rx partnerships.”

**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. 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™ and SmartPeptide™ 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.**  
**BALANCE SHEETS**  
**Unaudited**

	December 31,	
	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 1,344,719	\$ 984,844
Restricted cash — subscription deposits for the 2009 Note and Warrant Offering .....	—	970,000
Accounts receivable, net .....	55,685	50,467
Inventory .....	202,815	111,411
Prepaid expenses and other current assets.....	34,461	104,706
Total current assets .....	1,637,680	2,221,428
Deposits .....	8,522	8,522
Property and equipment, net .....	84,880	120,154
Intangible assets, net .....	281,838	353,603
Total assets .....	<u>\$ 2,012,920</u>	<u>\$ 2,703,707</u>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>		
Current liabilities:		
Accounts payable .....	\$ 66,455	\$ 71,824
Accrued compensation and benefits.....	29,697	101,734
Accrued expenses.....	46,502	61,563
Deferred rent, current .....	—	2,039
Other current liabilities — subscription deposits for the 2009 Note and Warrant Offering.....	—	970,000
Total current liabilities .....	142,654	1,207,160
Deferred rent, non-current .....	6,008	—
Convertible notes payable.....	1,319,532	—
Convertible notes payable, related party.....	5,016,860	3,000,000
Accrued interest on convertible notes payable.....	96,897	—
Accrued interest on convertible notes payable, related party.....	599,694	211,069
Total liabilities.....	7,181,645	4,418,229
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 issued and outstanding at December 31, 2009 and 2008 .....	25,654	25,654
Additional paid-in capital .....	30,663,081	30,342,249
Accumulated deficit.....	(35,857,460)	(32,082,425)
Total stockholders' (deficit) .....	(5,168,725)	(1,714,522)
Total liabilities and stockholders' (deficit) .....	<u>\$ 2,012,920</u>	<u>\$ 2,703,707</u>

**HELIX BIOMEDIX, INC.**  
**STATEMENTS OF OPERATIONS**  
**Unaudited**

	Year Ended December 31,		
	2009	2008	2007
<b>Revenue:</b>			
Licensing and development fees .....	\$ 149,196	\$ 319,152	\$ 193,381
Peptide and consumer product sales .....	221,876	201,450	206,160
Peptide sales, related party .....	—	—	64,400
Administrative services revenue, related party .....	20,196	42,275	—
Total revenue .....	<u>391,268</u>	<u>562,877</u>	<u>463,941</u>
<b>Cost of revenue:</b>			
Cost of licensing and development fees .....	—	38,664	20,396
Cost of peptide and consumer product sales .....	176,720	174,607	118,096
Cost of administrative services revenue, related party .....	19,800	42,105	—
Total cost of revenue .....	<u>196,520</u>	<u>255,376</u>	<u>138,492</u>
Gross profit .....	<u>194,748</u>	<u>307,501</u>	<u>325,449</u>
<b>Operating expenses:</b>			
Research and development .....	722,523	827,361	782,075
Marketing and business development .....	506,742	401,019	443,732
General and administrative .....	1,473,352	1,918,826	1,906,820
Accounting, legal and professional fees .....	579,443	570,719	537,176
Depreciation and amortization .....	130,596	133,754	174,225
Total operating expenses .....	<u>3,412,656</u>	<u>3,851,679</u>	<u>3,844,028</u>
Loss from operations .....	<u>(3,217,908)</u>	<u>(3,544,178)</u>	<u>(3,518,579)</u>
<b>Other income (expense):</b>			
Interest income .....	9,649	60,836	84,575
Interest expense on convertible notes payable .....	(96,897)	—	—
Interest expense on convertible note payable, related party .....	(388,625)	(212,547)	—
Accretion of discount on convertible notes payable .....	(32,094)	—	—
Accretion of discount on convertible notes payable, related party .....	(49,160)	(831,426)	—
Change in value of derivative instruments, including related party .....	—	11,803	—
Unrealized loss on marketable securities .....	—	(30,000)	—
Realized gain on sales and redemptions of marketable securities .....	—	30,000	—
Other income (expense), net .....	<u>(557,127)</u>	<u>(971,334)</u>	<u>84,575</u>
Net loss .....	<u>\$ (3,775,035)</u>	<u>\$ (4,515,512)</u>	<u>\$ (3,434,004)</u>
Basic and diluted net loss per share .....	<u>\$ (0.15)</u>	<u>\$ (0.18)</u>	<u>\$ (0.14)</u>
Weighted average shares outstanding .....	<u>25,653,512</u>	<u>25,653,512</u>	<u>25,139,745</u>