



DYADIC INTERNATIONAL REPORTS 2010 FIRST QUARTER FINANCIAL RESULTS

JUPITER, Fla., May 14, 2010 - Dyadic International, Inc. ("Dyadic") (Pink Sheets: DYAI), a leading-edge biotechnology company focused on the discovery, development, manufacture and sale of specialty enzyme products and solutions for the bioenergy, industrial enzyme and biopharmaceutical industries, today announced financial results for the quarter ended March 31, 2010. The financial information contained in this press release should be read in conjunction with the financial statements and related footnotes which have been posted on the Pink Sheets website at www.pinksheets.com and on Dyadic's website at www.dyadic.com.

Dyadic's President and Chief Executive Officer, Mark Emalfarb, stated, "We are pleased with our first quarter results as we continue to build our infrastructure to meet the increasing demands for our enzyme products and further the advancement and monetization of our technologies. We are particularly encouraged by the 30% increase in our product sales from the same period last year."

First Quarter Highlights and Recent Events

- Achieved approximately 30% growth in first quarter product revenues over the same period last year
- Improved product margins
- Increased production capacity to meet current and anticipated demand
- Resolved the securities class action stockholder lawsuit
- Strengthened Dyadic's leadership team through the appointment of an Executive Director Strategic Alliances and a Vice President Sales & Marketing
- Dedicated a greater portion of Dyadic's research and development capabilities to profit generating collaborations

Financial Results

Total revenue for the three months ended March 31, 2010 decreased to approximately \$2.0 million, as compared to approximately \$5.0 million for the three months ended March 31, 2009. The decrease was primarily attributable to Dyadic's recognition in the first quarter of 2009 of approximately \$3.3 million from Abengoa Bioenergy R&D, Inc. ("Abengoa") pursuant to an agreement between Abengoa and Dyadic. Excluding this agreement from 2009, total revenue for the first quarter of 2010 increased 21% over the same period last year, highlighted by an approximate 30% increase in net product related revenue, from approximately \$1.5 million for the three months ended March 31, 2009 to approximately \$1.9 million for the three months ended March 31, 2010.

Product related gross margins as a percentage of revenues increased approximately 10% which was largely due to the continued focus on the sale of higher margin products to growing segments of the industrial enzyme market as well as an increase in operational efficiencies.

Research and development expenses decreased approximately 25% from the same period last year, to \$286,000, as Dyadic dedicated a greater portion of its research and development resources to profit generating collaborations.

Other income for the first quarter of 2010 increased by approximately \$440,000, of which \$410,000 represented the gain from the reduction of the stockholder litigation accrual.

Net loss for the quarter ended March 31, 2010 was approximately \$1.1 million, or \$(0.04) per basic and diluted share, as compared to net income of approximately \$2.3 million, or \$0.08 per basic and \$0.07 per diluted share for the quarter ended March 31, 2009. This decrease is due to the recognition of

approximately \$3.3 million of Abengoa research and development revenue in the first quarter of 2009 as described above.

General and administrative costs increased approximately 65% from approximately \$823,000 for the three months ended March 31, 2009 to approximately \$1.4 million for the three months ended March 31, 2010, due primarily to additional legal, consulting and accounting fees as well as stock based compensation. Some of these legal fees were attributable to the class action stockholder lawsuit which has subsequently been resolved.

At March 31, 2010, cash and cash equivalents were approximately \$7.5 million and working capital was approximately \$5.1 million.

Mr. Emalfarb further stated, "The growth of our industrial enzyme revenue validates the continued demand for our products and the improving confidence of our customers in the global economic recovery. Our recent addition of key sales and strategic positions reflects our deep commitment to aggressively leveraging our technologies in the primary areas of biofuels and biopharmaceuticals while also continuing to grow our core industrial enzyme business. We intend to achieve this growth by capitalizing on the GRAS acknowledgement we received from the FDA last year and by continuing to offer high quality products for the animal feed, pulp and paper, starch and alcohol, food and brewing, textiles and alternative fuels markets."

About Dyadic

Dyadic International, Inc. is a leading-edge early-stage biotechnology company that uses its patented and proprietary technologies to conduct research, development and commercial activities for the discovery, development, manufacture and sale of products and solutions for the bioenergy, industrial enzyme and biopharmaceutical industries. Please visit Dyadic's website at www.dyadic.com.

Dyadic makes financial disclosures through the Pink OTC Markets Disclosure and News Service which offers free information on the Pink Sheets website (www.pinksheets.com) concerning issuers listed on the Pink Sheets over-the-counter market. Investors can access and download Dyadic's financial reports and other announcements that Dyadic makes through the Pink Sheets website. Dyadic will also continue providing updates through regular press releases as appropriate.

Cautionary Statement for Forward-Looking Statements

Certain statements contained in this press release are forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause Dyadic's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by law, Dyadic expressly disclaims any intent or obligation to update any forward-looking statements.

DYADIC INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2010	2009
	(Unaudited)	(Unaudited)
Revenue:		
Product Related Revenue, Net	\$ 1,879,145	\$ 1,456,199
License Fee Revenue	32,000	-
Research and Development Revenue	88,235	3,524,413
Total Revenue	<u>1,999,380</u>	<u>4,980,612</u>
Cost of Goods Sold	<u>1,605,329</u>	<u>1,155,997</u>
Gross Profit	<u>394,051</u>	<u>3,824,615</u>
Expenses:		
General and Administrative	1,359,667	823,257
Sales and Marketing	226,605	271,017
Research and Development	286,167	383,202
Foreign Currency Exchange Losses, Net	33,293	31,482
Total Expenses	<u>1,905,732</u>	<u>1,508,958</u>
Income (Loss) from Operations	(1,511,681)	2,315,657
Other Income (Expense)		
Interest Income	21,270	22,879
Interest Expense	(33,379)	(66,550)
Gain on Reduction of Accrued Stockholder Litigation	410,000	-
Other	-	1,198
Total Other Income (Expense)	<u>397,891</u>	<u>(42,473)</u>
Net Income (Loss)	<u>\$ (1,113,790)</u>	<u>\$ 2,273,184</u>

Net Income (Loss) per Common Share

Basic	\$ (0.04)	\$ 0.08
	<u> </u>	<u> </u>
Diluted	\$ (0.04)	\$ 0.07
	<u> </u>	<u> </u>

Weighted Average Common Shares Used in Calculating

Net Income (Loss) Per Share:

Basic	30,832,621	29,990,675
	<u> </u>	<u> </u>
Diluted	30,832,621	32,223,645
	<u> </u>	<u> </u>

**DYADIC INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Assets	(Unaudited)	
Current Assets:		
Cash and Cash Equivalents	\$ 7,545,537	\$ 8,419,934
Restricted Cash	317,558	316,129
Accounts Receivable, Net	1,370,985	1,376,034
Inventory, Net	2,467,109	2,820,381
Prepaid Expenses and Other Current Assets	386,150	420,654
Total Current Assets	<u>12,087,339</u>	<u>13,353,132</u>
Fixed Assets, Net	872,548	839,639
Intangible Assets, Net	144,652	148,167
Other Assets	29,518	16,930
	<u>\$ 13,134,057</u>	<u>\$ 14,357,868</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts Payable	\$ 1,996,122	\$ 1,949,038
Accrued Expenses	611,600	713,163
Accrued Stockholder Litigation	2,840,000	3,250,000
Accrued Interest Payable to Stockholder	33,379	59,838
Deferred Research and Development Obligation	90,614	-
Note Payable to Stockholder	1,424,941	1,424,941
Income Taxes Payable	-	767
Total Current Liabilities	<u>6,996,656</u>	<u>7,397,747</u>
Commitments and Contingencies		
Stockholders' Equity:		
Preferred Stock, \$.0001 Par Value:		

Authorized Shares – 5,000,000; None Issued and Outstanding	-	-
Common stock, \$.001 par value,		
Authorized Shares – 100,000,000; Issued and Outstanding – 30,986,370	30,986	30,614
Additional Paid-in Capital	76,327,484	76,075,899
Stock to be Issued	63,000	23,887
Accumulated Deficit	(70,284,069)	(69,170,279)
	<u>6,137,401</u>	<u>6,960,121</u>
	<u>\$ 13,134,057</u>	<u>\$ 14,357,868</u>

DYADIC INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2010	2009
	(Unaudited)	(Unaudited)
Operating Activities		
Net Income (Loss)	\$ (1,113,790)	\$ 2,273,184
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization of Fixed Assets	71,713	52,397
Amortization of Intangible and Other Assets	3,515	3,514
Recovery of Doubtful Accounts	-	(4,476)
Recovery of Inventory Reserve	(97,713)	-
Compensation Expense on Stock Option Grants	196,101	28,851
Stock to be Issued for Rent	-	5,000
Stock to be Issued for Financial Services	63,000	-
Gain on Reduction of Accrued Stockholder Litigation	(410,000)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	5,049	53,823
Inventory	450,985	257,144
Prepaid Expenses and Other Current Assets	34,504	(4,881,458)
Other Assets	(12,588)	16,717
Accounts Payable	47,084	42,301
Accrued Expenses	(101,563)	(25,952)
Accrued Interest Payable to Stockholder	(26,459)	(194,260)
Deferred Research and Development Obligation	90,614	6,667,137
Income Taxes Payable	(767)	(7,634)
Net Cash Provided By (Used In) Operating Activities	<u>(800,315)</u>	<u>4,286,288</u>
Investing Activities		
Purchases of Fixed Assets	(104,622)	-
Restricted Cash Deposit	(1,429)	18,980

Net Cash Provided By (Used In) Investing Activities	<u>(106,051)</u>	<u>18,980</u>
Financing Activities		
Proceeds from Stock Option Exercises	15,093	-
Proceeds from Warrant Exercises	16,876	-
Repayment of Note Payable to Stockholder	-	(1,000,000)
Net Cash Provided By (Used In) Financing Activities	<u>31,969</u>	<u>(1,000,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(874,397)	3,305,268
Cash and Cash Equivalents at Beginning of Period	8,419,934	2,826,542
Cash and Cash Equivalents at End of Period	<u>\$ 7,545,537</u>	<u>\$ 6,131,810</u>
Supplemental Cash Flow Information:		
Cash Paid for Interest	<u>\$ 59,838</u>	<u>\$ 260,810</u>

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