



DYADIC INTERNATIONAL REPORTS 2011 SECOND QUARTER FINANCIAL RESULTS

JUPITER, Fla., August 4, 2011/PR Newswire/ -- Dyadic International, Inc. ("Dyadic") (OTC Pink: DYAI), a global biotechnology company focused on the discovery, development, manufacture and sale of enzyme and protein products for the bioenergy, industrial enzyme and biopharmaceutical industries, today announced financial results for the quarter ended June 30, 2011. 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 OTC market website at www.otcmarkets.com/stock/DYAI/financials and on Dyadic's website at www.dyadic.com/wt/dyad/investors.

Dyadic's President and Chief Executive Officer, Mark Emalfarb, stated, "The second quarter was highlighted by two important transactions. We opened the quarter with our first significant research collaboration in biopharmaceuticals with Sanofi Pasteur and EnGen Bio to leverage Dyadic's C1 technology to produce certain vaccines. We closed the quarter with a research, development and license agreement with a major player in the animal feed industry to use C1 to produce new animal feed products. These and other transactions show the benefits of providing integrated solutions to our partners and customers which include research, licensing and product offerings. Finally, we added to the value and protection of our products and technologies with the issuance of several new U.S. patents."

Second Quarter Highlights

- Total revenue for the second quarter increased approximately 35% over the same period last year
- Gross profit for the second quarter increased by 81% over the same period last year as a result of higher license fee revenue, improved product margins and further cost controls and operational efficiencies
- Entered into a research and development collaboration with Sanofi Pasteur and EnGen Bio to use Dyadic's patented C1 technology for certain vaccine applications
- Entered into a long-term research, development and license agreement with a major player in the animal feed industry to use Dyadic's patented C1 technology to develop, manufacture and commercialize animal feed products
- Completed the final arbitration hearing in Dyadic's professional liability lawsuit against its former auditors
- Received three new U.S. patents

Financial Results

Total revenue for the second quarter ended June 30, 2011 increased to approximately \$3.0 million compared to approximately \$2.2 million for the second quarter ended June 30, 2010. Total revenue for the six months ended June 30, 2011 increased to approximately \$5.3 million compared to approximately \$4.2 million for the six months ended June 30, 2010. The increase in total revenue for the three and six month periods ended June 30, 2011 as compared to the same periods ended June 30, 2010 was due to an increase in license fee revenue and, with respect to the six month comparison, also due to an increase in research and development revenue.

Net product related revenue for the second quarter ended June 30, 2011 decreased to approximately \$1.6 million compared to approximately \$1.7 million for the second quarter ended June 30, 2010. Net product related revenue for the six months ended June 30, 2011 decreased to approximately \$3.5 million from approximately \$3.6 million for the same period a year ago. The decrease in net product related revenue was primarily due to a decline in sales of textile enzymes.

Research and development revenue for the second quarter ended June 30, 2011 decreased to approximately \$323,000 compared to approximately \$465,000 for the second quarter ended June 30,

2010. Research and development revenue for the six months ended June 30, 2011 increased to approximately \$814,000 compared to approximately \$554,000 for the six months ended June 30, 2010.

License fee revenue for the second quarter ended June 30, 2011 increased to approximately \$1.0 million compared to no license fee revenue for the second quarter ended June 30, 2010. License fee revenue for the six months ended June 30, 2011 increased to approximately \$1.0 million compared to approximately \$32,000 for the six months ended June 30, 2010. The increases in license fee revenue for the three and six month periods ended June 30, 2011 compared to the same periods ended June 30, 2010 were due to a \$1.0 million upfront license fee recognized in the second quarter of 2011 from a major player in the animal feed industry pursuant to the research, development and license agreement entered into between Dyadic and this commercial partner in June 2011.

Net loss for the second quarter ended June 30, 2011 was approximately \$736,000, or \$(0.02) per basic and diluted share, compared to a net loss of approximately \$1.4 million, or \$(0.05) per basic and diluted share for the second quarter ended June 30, 2010. Net loss for the six months ended June 30, 2011 was approximately \$2.2 million, or \$(0.07) per basic and diluted share, compared to a net loss of approximately \$2.5 million, or \$(0.08) per basic and diluted share, for the six months ended June 30, 2010.

At June 30, 2011, cash and cash equivalents were approximately \$3.0 million compared to approximately \$4.5 million at December 31, 2010. A significant portion of the decrease in cash since the end of last year was due to costs incurred by Dyadic in the completion of the arbitration portion of its professional liability lawsuit against its former auditors and outside counsel.

Conference Call

Dyadic's second quarter 2011 financial results conference call is scheduled for 5:00 p.m. Eastern Time on Thursday, August 4, 2011. The conference call may be accessed by dialing 800-378-6902 (from the United States or Canada) or 913-312-0399 (from other countries) five to ten minutes prior to start time and providing the passcode 2428811. A replay of the conference call will be available on the Dyadic website (www.dyadic.com) shortly after the live event.

About Dyadic

Dyadic International, Inc. is a global biotechnology company that uses its patented and proprietary technologies to conduct research, development and commercial activities for the discovery, development, manufacture and sale of enzyme and protein products for the bioenergy, industrial enzyme and biopharmaceutical industries.

Dyadic trades on the OTC Pink tier of the OTC market. Investors can find real-time quotes, market information and financial reports for Dyadic on the OTC market website (www.otcm Markets.com/stock/DYAI/quote).

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Product Related Revenue, Net	\$ 3,452,554	\$ 3,618,937	\$ 1,647,346	\$ 1,739,792
License Fee Revenue	1,017,000	32,000	1,017,000	-
Research and Development Revenue	814,102	553,575	322,793	465,340
Total Revenue	<u>5,283,656</u>	<u>4,204,512</u>	<u>2,987,139</u>	<u>2,205,132</u>
Cost of Goods Sold	<u>3,213,153</u>	<u>3,090,979</u>	<u>1,684,827</u>	<u>1,485,650</u>
Gross Profit	<u>2,070,503</u>	<u>1,113,533</u>	<u>1,302,312</u>	<u>719,482</u>
Expenses:				
General and Administrative	3,012,337	2,634,142	1,327,746	1,274,476
Sales and Marketing	536,453	472,596	268,719	245,863
Research and Development	622,117	648,634	318,114	362,595
Foreign Currency Exchange Losses (Gains), Net	<u>(81,344)</u>	<u>260,543</u>	<u>12,690</u>	<u>227,246</u>
Total Expenses	<u>4,089,563</u>	<u>4,015,915</u>	<u>1,927,269</u>	<u>2,110,180</u>
(Loss) from Operations	<u>(2,019,060)</u>	<u>(2,902,382)</u>	<u>(624,957)</u>	<u>(1,390,698)</u>
Other Income (Expense):				
Interest Income	6,675	36,012	2,484	14,741
Interest Expense	(226,737)	(65,066)	(113,731)	(31,687)
Gain on Reduction of Accrued Stockholder Litigation	-	410,000	-	-
Other	<u>-</u>	<u>243</u>	<u>-</u>	<u>243</u>
Total Other Income (Expense)	<u>(220,062)</u>	<u>381,189</u>	<u>(111,247)</u>	<u>(16,703)</u>
Net (Loss)	<u>\$ (2,239,122)</u>	<u>\$ (2,521,193)</u>	<u>\$ (736,204)</u>	<u>\$ (1,407,401)</u>
Net (Loss) per Common Share				
Basic	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
Diluted	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
Weighted Average Common Shares Used in Calculating Net (Loss) Per Share:				
Basic	<u>31,265,054</u>	<u>30,906,706</u>	<u>31,271,269</u>	<u>30,985,745</u>
Diluted	<u>31,265,054</u>	<u>30,906,706</u>	<u>31,271,269</u>	<u>30,985,745</u>

DYADIC INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
ASSETS	(Unaudited)	
Current Assets:		
Cash and Cash Equivalents	\$ 3,042,688	\$ 4,535,279
Restricted Cash	270,452	247,082
Accounts Receivable, Net	1,627,091	1,276,574
Inventory, Net	3,116,794	2,782,433
Prepaid Expenses and Other Current Assets	423,482	336,638
Total Current Assets	8,480,507	9,178,006
Fixed Assets, Net	648,995	719,161
Intangible Assets, Net	372,495	310,978
Other Assets	16,930	16,930
	\$ 9,518,927	\$ 10,225,075
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 2,285,126	\$ 1,801,123
Accrued Expenses	641,245	417,996
Accrued Interest Payable	113,530	146,230
Deferred Research and Development Obligation	150,369	-
Note Payable to Stockholder	1,424,941	1,424,941
Income Taxes Payable	168	168
Total Current Liabilities	4,615,379	3,790,458
Convertible Subordinated Debt	4,000,000	4,000,000
	8,615,379	7,790,458
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 – 31,409,620 and 31,138,120, Respectively	31,410	31,138
Additional Paid-in Capital	77,807,127	77,101,690
Stock to be Issued	2,344	-
Accumulated Deficit	(76,937,333)	(74,698,211)
	903,548	2,434,617
	\$ 9,518,927	\$ 10,225,075

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

	Six Months Ended June 30,	
	2011	2010
	(Unaudited)	(Unaudited)
Operating Activities		
Net Income (Loss)	\$ (2,239,122)	\$ (2,521,193)
Adjustments to Reconcile Net (Loss) to Net Cash (Used In) Operating Activities:		
Depreciation and Amortization of Fixed Assets	138,151	151,096
Amortization of Intangible and Other Assets	15,402	7,068
Reduction of Allowance for Doubtful Accounts	(50,011)	(132,030)
Reduction of Inventory Reserve	(75,389)	(333,795)
Compensation Expense on Stock Option Grants	658,684	425,032
Stock Issued for Financial Services	-	63,000
Gain on Reduction of Accrued Stockholder Litigation	-	(410,000)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(300,506)	(118,717)
Inventory	(258,972)	399,751
Prepaid Expenses and Other Current Assets	(86,844)	117,787
Accounts Payable	484,003	(66,234)
Accrued Expenses	223,249	(434,030)
Accrued Interest Payable	(32,700)	(26,088)
Accrued Stockholder Litigation	-	(1,500,000)
Deferred Research and Development Obligation	150,369	-
Income Taxes Payable	-	1,238
Net Cash (Used In) Operating Activities	<u>(1,373,686)</u>	<u>(4,377,115)</u>
Investing Activities		
Purchases of Fixed Assets	(76,919)	(157,315)
Cost of Patents	(67,985)	(6,284)
Restricted Cash	(23,370)	45,589
Net Cash (Used In) Investing Activities	<u>(168,274)</u>	<u>(118,010)</u>
Financing Activities		
Proceeds from Stock Warrant Exercises	15,000	16,876
Proceeds from Stock Option Exercises	34,369	22,801
Net Cash Provided by Financing Activities	<u>49,369</u>	<u>39,677</u>
Net (Decrease) in Cash and Cash Equivalents	(1,492,591)	(4,455,448)
Cash and Cash Equivalents at Beginning of Period	4,535,279	8,419,934
Cash and Cash Equivalents at End of Period	<u>\$ 3,042,688</u>	<u>\$ 3,964,486</u>
Supplemental Cash Flow Information:		
Cash Paid for Interest	<u>\$ 259,437</u>	<u>\$ 91,154</u>

Contact:

Dyadic International, Inc.
Michael J. Faby
Vice President Finance
Phone: 561-743-8333
Email: mfaby@dyadic.com