



## DYADIC INTERNATIONAL REPORTS 2011 THIRD QUARTER FINANCIAL RESULTS

JUPITER, Fla., November 3, 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 September 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.otcm Markets.com/stock/DYAI/financials](http://www.otcm Markets.com/stock/DYAI/financials) and on Dyadic's website at [www.dyadic.com/wt/dyad/investors](http://www.dyadic.com/wt/dyad/investors).

Dyadic's President and Chief Executive Officer, Mark Emalfarb, stated, "In the third quarter, Dyadic continued to make strong progress in performing funded research at our facility in the Netherlands which not only increases our research and development revenue but also enhances our opportunities for broader strategic partnerships. We also continued to see improvements in the customer base and profitability of our industrial enzyme business. Lastly, our biofuels licensees reported progress in the third quarter in scaling up towards ultimate commercialization of second generation biofuels and biochemicals which may utilize our C1 technology."

### Financial Results

Total revenue for the third quarter ended September 30, 2011 increased 30% to \$2.6 million compared to \$2.0 million for the quarter ended September 30, 2010. Total revenue for the nine months ended September 30, 2011 increased 27% to \$7.9 million compared to \$6.2 million for the same period last year. The increase in total revenue for both periods as compared to the same periods ended September 30, 2010 was due to an increase in research and development revenue and, with respect to the nine month comparison, also due to an increase in license fee revenue.

Net product related revenue for the third quarter ended September 30, 2011 increased to \$2.0 million compared to \$1.9 million for the third quarter ended September 30, 2010. Net product related revenue for the nine months ended September 30, 2011 was flat as compared to the same period a year ago.

Research and development revenue for the third quarter ended September 30, 2011 increased to \$536,000 compared to \$64,000 for the third quarter ended September 30, 2010. Research and development revenue for the nine months ended September 30, 2011 increased to \$1.3 million compared to \$618,000 for the nine months ended September 30, 2010.

There was no license fee revenue for the third quarter ended September 30, 2011. License fee revenue for the nine months ended September 30, 2011 increased to \$1.0 million compared to \$32,000 for the nine months ended September 30, 2010. The increase in license fee revenue for the nine month period ended September 30, 2011 compared to the same period last year was due to an upfront license fee recognized in the second quarter of 2011 from a licensee in the animal feed industry.

Gross profit for the third quarter ended September 30, 2011 increased to \$784,000 compared to \$339,000 for the third quarter ended September 30, 2010. This increase was the result of higher research and development revenue and improved product margins. Gross profit for the nine months ended September 30, 2011 nearly doubled to \$2.9 million compared to the same period last year due to increased margins on product revenue and the recognition of license fee income.

General and administrative expenses for the third quarter ended September 30, 2011 increased to \$1.3 million compared to \$1.1 million for the third quarter ended September 30, 2010. For the nine months ended September 30, 2011, general and administrative expenses increased to \$4.4 million compared to \$3.7 million

for the nine months ended September 30, 2010. The increase in both periods was due to costs incurred by Dyadic in the completion of the arbitration of its professional liability lawsuit against its former auditors, as well as additional business development costs.

Net loss for the third quarter ended September 30, 2011 was \$1.3 million, or \$(0.04) per basic and diluted share, compared to a net loss of \$1.4 million, or \$(0.04) per basic and diluted share for the third quarter ended September 30, 2010. Net loss for the nine months ended September 30, 2011 was \$3.6 million, or \$(0.11) per basic and diluted share, compared to a net loss of \$3.9 million, or \$(0.13) per basic and diluted share, for the nine months ended September 30, 2010.

At September 30, 2011, cash and cash equivalents were \$4.0 million compared to \$4.5 million at December 31, 2010. During the third quarter of 2011, Dyadic raised \$3.0 million through the private placement of convertible subordinated secured promissory notes, of which \$2.4 million was received during the third quarter as reflected in the condensed consolidated balance sheet as of September 30, 2011. The remaining \$600,000 was received in October and will be reflected in the year-end financial statements. 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 of its professional liability lawsuit against its former auditors.

### **Conference Call**

Dyadic's third quarter 2011 financial results conference call is scheduled for 5:00 p.m. Eastern Time on Thursday, November 3, 2011. The conference call may be accessed by dialing [888-661-5176](tel:888-661-5176) (from the United States or Canada) or [913-312-0702](tel:913-312-0702) (from other countries) five to ten minutes prior to start time and providing the passcode [3489907](tel:3489907). A replay of the conference call will be available on the Dyadic website ([www.dyadic.com](http://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](http://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**

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
Revenue:				
Product Related Revenue, Net	\$ 5,492,082	\$ 5,541,489	\$ 2,039,528	\$ 1,922,552
License Fee Revenue	1,017,000	32,000	-	-
Research and Development Revenue	1,349,985	617,695	535,883	64,120
Total Revenue	7,859,067	6,191,184	2,575,411	1,986,672
Cost of Goods Sold	5,004,147	4,738,392	1,790,994	1,647,413
Gross Profit	2,854,920	1,452,792	784,417	339,259
Expenses:				
General and Administrative	4,353,282	3,740,039	1,340,945	1,105,897
Sales and Marketing	807,199	738,757	270,746	266,161
Research and Development	910,597	920,444	288,480	271,809
Foreign Currency Exchange Losses (Gains), Net	6,183	137,852	87,527	(122,691)
Total Expenses	6,077,261	5,537,092	1,987,698	1,521,176
(Loss) from Operations	(3,222,341)	(4,084,300)	(1,203,281)	(1,181,917)
Other Income (Expense):				
Interest Income	8,388	46,003	1,714	9,992
Interest Expense	(342,872)	(132,657)	(116,135)	(67,591)
Gain on Reduction of Accrued Stockholder Litigation	-	410,000	-	-
Other	-	(155,260)	-	(155,503)
Total Other Income (Expense)	(334,484)	168,086	(114,421)	(213,102)
Net (Loss)	\$ (3,556,825)	\$ (3,916,214)	\$ (1,317,702)	\$ (1,395,019)
Net (Loss) per Common Share				
Basic	\$ (0.11)	\$ (0.13)	\$ (0.04)	\$ (0.04)
Diluted	\$ (0.11)	\$ (0.13)	\$ (0.04)	\$ (0.04)
Weighted Average Common Shares Used in Calculating Net (Loss) Per Share:				
Basic	31,317,553	30,971,296	31,413,614	31,063,147
Diluted	31,317,553	30,971,296	31,413,614	31,063,147

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

	<b>September 30,</b>	<b>December 31,</b>
<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
	(Unaudited)	
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 4,039,753	\$ 4,535,279
Restricted Cash	256,628	247,082
Accounts Receivable, Net	1,344,250	1,276,574
Inventory, Net	2,702,264	2,782,433
Prepaid Expenses and Other Current Assets	347,631	336,638
Total Current Assets	8,690,526	9,178,006
Fixed Assets, Net	606,445	719,161
Intangible Assets, Net	413,634	310,978
Other Assets	16,930	16,930
	\$ 9,727,535	\$ 10,225,075
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 1,199,079	\$ 1,801,123
Accrued Expenses	436,949	417,996
Accrued Interest Payable	114,778	146,230
Deferred Research and Development Obligation	155,648	-
Note Payable to Stockholder	1,424,941	1,424,941
Income Taxes Payable	168	168
Total Current Liabilities	3,331,563	3,790,458
Convertible Subordinated Debt	6,400,000	4,000,000
	9,731,563	7,790,458
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Stockholders' Equity (Deficit):</b>		
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 – 31,427,495 and 31,138,120, Respectively	31,428	31,138
Additional Paid-in Capital	78,219,580	77,101,690
Accumulated Deficit	(78,255,036)	(74,698,211)
	(4,028)	2,434,617
	\$ 9,727,535	\$ 10,225,075

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

	<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	(Unaudited)	(Unaudited)
<b>Operating Activities</b>		
Net (Loss)	\$ (3,556,825)	\$ (3,916,214)
Adjustments to Reconcile Net (Loss) to Net Cash (Used In) Operating Activities:		
Depreciation and Amortization of Fixed Assets	193,128	230,999
Amortization of Intangible and Other Assets	23,675	11,465
Reduction of Allowance for Doubtful Accounts	(50,011)	(111,399)
Reduction of Inventory Reserve	(75,389)	(363,795)
Compensation Expense on Stock Option Grants	1,068,374	668,154
Stock Issued for Financial Services	-	63,000
Gain on Reduction of Accrued Stockholder Litigation	-	(410,000)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(17,665)	344,493
Inventory	155,558	248,567
Prepaid Expenses and Other Current Assets	(10,942)	129,288
Accounts Payable	(602,044)	(197,463)
Accrued Expenses	18,902	(222,143)
Accrued Interest Payable	(31,452)	6,253
Accrued Stockholder Litigation	-	(2,840,000)
Deferred Research and Development Obligation	155,648	-
Income Taxes Payable	-	1,238
Net Cash (Used In) Operating Activities	<u>(2,729,043)</u>	<u>(6,357,557)</u>
<b>Investing Activities</b>		
Purchases of Fixed Assets	(80,412)	(166,446)
Cost of Patents	(126,331)	(81,228)
Restricted Cash	(9,546)	12,036
Net Cash (Used In) Investing Activities	<u>(216,289)</u>	<u>(235,638)</u>
<b>Financing Activities</b>		
Proceeds from Issuance of Convertible Subordinated Debt	2,400,000	4,000,000
Proceeds from Stock Warrant Exercises	15,000	16,876
Proceeds from Stock Option Exercises	34,806	31,197
Net Cash Provided by Financing Activities	<u>2,449,806</u>	<u>4,048,073</u>
Net (Decrease) in Cash and Cash Equivalents	(495,526)	(2,545,122)
Cash and Cash Equivalents at Beginning of Period	4,535,279	8,419,934
Cash and Cash Equivalents at End of Period	<u>\$ 4,039,753</u>	<u>\$ 5,874,812</u>
<b>Supplemental Cash Flow Information</b>		
Cash Paid for Interest	<u>\$ 374,324</u>	<u>\$ 126,404</u>

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