



**DYADIC INTERNATIONAL, INC.**  
**140 Intracoastal Pointe Drive, Suite 404**  
**Jupiter, Florida 33477**  
**561-743-8333**

Dear Dyadic International, Inc. Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of Dyadic International, Inc., a Delaware corporation, to be held on Wednesday, June 23, 2010, at 10:00 a.m., local time, at the Doubletree Hotel located at 4431 PGA Boulevard, Palm Beach Gardens, Florida.

At the meeting, you will be asked to consider and vote on the proposals described in the Notice of 2010 Annual Meeting of Stockholders and Proxy Statement which accompany this letter. We urge you to read these materials carefully. Following the meeting, management will be pleased to answer your questions.

We hope that you will be able to attend the Annual Meeting in person, but in all events, we ask that you please complete, sign and date the enclosed proxy card and return it in the postage-paid envelope provided to ensure that your shares will be represented at the meeting.

On behalf of the board of directors, I would like to express our appreciation for your continued support and interest in Dyadic International, Inc. We look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in grey ink, appearing to read "Mark A. Emalfarb", with a large, sweeping flourish at the end.

Mark A. Emalfarb  
Chairman, President and Chief Executive Officer

Jupiter, Florida  
May 24, 2010



**DYADIC INTERNATIONAL, INC.**  
**140 Intracoastal Pointe Drive, Suite 404**  
**Jupiter, Florida 33477**

**NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON WEDNESDAY, JUNE 23, 2010**

To the stockholders of Dyadic International, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Dyadic International, Inc., a Delaware corporation (the "Company," "we," "us" or "our"), will be held on Wednesday, June 23, 2010, at 10:00 a.m. local time at the Doubletree Hotel located at 4431 PGA Boulevard, Palm Beach Gardens, Florida, for the following purposes, as more fully described in the proxy statement accompanying this Notice:

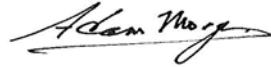
1. To elect one Class III director to our Board of Directors to serve until the Company's 2013 Annual Meeting of Stockholders or until his successors are duly elected and qualified;
2. To ratify the appointment of Mayer Hoffman McCann P.C., Goldstein Lewin Division, as the Company's independent registered public accounting firm for the year ending December 31, 2010; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on May 5, 2010 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. The stock transfer books of the Company will remain open between the record date and the date of the meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at the Annual Meeting and prior thereto at our principal executive offices.

A proxy solicited by our Board of Directors together with our proxy statement are enclosed herewith.

All stockholders are cordially invited to attend the Annual Meeting in person. **Whether or not you expect to attend the Annual Meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed postage-paid envelope. If you are a holder of record, you may also cast your vote in person at the Annual Meeting. If your shares are held at a brokerage firm or bank, you must provide them with instructions on how to vote your shares.** Should you receive more than one proxy because your shares are registered in different names and addresses, each proxy should be signed and returned to ensure that all of your shares will be voted. You may submit your proxy and then later decide to attend the Annual Meeting to vote your shares in person. Your proxy is revocable in accordance with the procedures set forth in the attached proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink that reads "Adam Morgan". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Adam J. Morgan, Esq.  
Vice President General Counsel  
& Business Development, Secretary

Jupiter, Florida  
May 24, 2010

**DYADIC INTERNATIONAL, INC.**  
**140 Intracoastal Pointe Drive, Suite 404**  
**Jupiter, FL 33477**  
**(561) 743-8333**

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**2010 ANNUAL MEETING OF STOCKHOLDERS**

**JUNE 23, 2010**

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**PROXY STATEMENT**

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This proxy statement contains information related to the 2010 Annual Meeting of our stockholders to be held on Wednesday, June 23, 2010, at 10:00 a.m., local time, at the Doubletree Hotel located at 4431 PGA Boulevard, Palm Beach Gardens, Florida 33410, and at any adjournments or postponements thereof. The approximate date that this proxy statement, the accompanying notice of annual meeting and the enclosed form of proxy are first being mailed to stockholders is May 24, 2010. We are furnishing this proxy statement to stockholders of the Company as part of the solicitation of proxies by the Company's board of directors for use at the Annual Meeting.

The Company's common stock is not presently registered pursuant to Section 12 of the Securities Exchange Act of 1934. As a result, the Company is not subject to the proxy solicitation rules. This proxy statement is being provided on a voluntary basis in order to describe the proposals to be voted on at the Annual Meeting and does not contain all of the information required by the proxy rules.

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**ABOUT THE ANNUAL MEETING**

*What is the purpose of the Annual Meeting?*

At the Annual Meeting, we are asking stockholders:

- To elect one Class III director for a term ending in 2013;
- To ratify the appointment of Mayer Hoffman McCann P.C., Goldstein Lewin Division ("MHM"), as our independent registered public accounting firm for the year ending December 31, 2010; and
- To transact such other business properly brought before the meeting and any adjournment or postponement of the meeting.

*Who is entitled to notice of and to vote at the Annual Meeting?*

You are entitled to vote, in person or by proxy, at the Annual Meeting if you owned shares of our common stock as of the close of business (5:00 p.m. EST) on May 5, 2010, the record date of the Annual Meeting. On the record date, 30,991,370 shares of our common stock were issued and outstanding and held by 131 holders of record. Holders of record of our common stock on the record date are entitled to one vote per share at the Annual Meeting.

*Who can attend the meeting?*

All stockholders as of the record date, or their duly appointed proxies, may attend. Please note that if you hold shares in "street name" (that is, through a stockbroker or other nominee), you will need to bring a copy of a

brokerage statement reflecting your stock ownership as of the record date. At the Annual Meeting registration desk, you will be asked to present a valid form of government-issued personal identification such as a driver's license or passport. Cameras and other recording devices will not be permitted at the Annual Meeting.

*What shares may I vote?*

You may vote all shares you owned as of the record date. These include: (1) shares owned directly in your name as the stockholder of record; and (2) shares held for you as the beneficial owner through a stockbroker, bank or other nominee.

*What is the difference between holding shares as a stockholder of record and as a beneficial owner?*

Most of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those beneficially owned.

If our shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the stockholder of record with regard to those shares. As the stockholder of record, you have the right to grant your proxy directly to us to vote your shares on your behalf at the meeting or the right to vote in person at the meeting. We have enclosed a proxy card for you to use.

If you hold our shares in a stock brokerage account or through a bank or other nominee, you are considered the beneficial owner of the shares held in "street name," and these materials have been forwarded to you by your stockbroker or nominee, which is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your stockbroker or nominee how to vote and are also invited to attend the Annual Meeting so long as you bring a copy of a brokerage statement reflecting your ownership as of the record date. However, because you are not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a signed proxy from your stockbroker or nominee giving you the right to vote the shares. Your stockbroker or nominee should provide a voting instruction card for you to use to direct your stockbroker or nominee how to vote these shares.

*What constitutes a quorum?*

If a majority of the shares of our common stock outstanding on the record date is represented either in person or by proxy at the Annual Meeting, a quorum will be present at the Annual Meeting. Shares held by persons attending the Annual Meeting but not voting, and shares represented in person or by proxy and for which the holder has abstained from voting, will be counted as present at the Annual Meeting for purposes of determining the presence or absence of a quorum.

A stockbroker that holds shares in nominee or "street name" for a customer who is the beneficial owner of those shares may be prohibited from giving a proxy to vote those shares on any proposal to be voted on at the Annual Meeting without specific instructions from such customer with respect to such proposal. Accordingly, if a stockbroker receives voting instructions from a customer with respect to one or more, but not all, of the proposals to be voted on at the Annual Meeting, the shares beneficially owned by such customer will not constitute "votes cast" or shares "entitled to vote" with respect to any proposal for which the customer has not provided voting instructions to the stockbroker. These so-called "broker non-votes" will be counted as present at the Annual Meeting for purposes of determining whether a quorum exists.

*How do I vote?*

If you complete and properly sign and date the accompanying proxy card, and return it to us in the enclosed return envelope prior to the meeting, it will be voted as you direct. If you are a registered stockholder and you attend the meeting, you may deliver your completed proxy card in person. "Street name" stockholders who wish to vote at the meeting will need to obtain a proxy from the stockbroker or nominee that holds their shares.

All shares of our common stock represented by properly executed proxies received before or at the Annual Meeting will, unless revoked, be voted in accordance with the instructions indicated on those proxies. If no instructions are indicated on a properly executed proxy, the shares represented by such proxy card will be voted “FOR” the nominee for Class III director and “FOR” the proposal to ratify the appointment of MHM as our independent registered public accounting firm for 2010. You are urged to mark the box on your proxy to indicate how to vote your shares.

*Can I vote by telephone or electronically?*

If your shares are held in “street name,” please contact your stockbroker or nominee to determine whether you will be able to vote by telephone or electronically.

If applicable, the deadline for voting by telephone or electronically will be 11:59 p.m., EDT, on June 22nd, 2010.

*Can I change my vote after I return my proxy card?*

Yes. Even after you have submitted your proxy card, you may change your vote at any time before the proxy is exercised by filing with our Secretary either a notice of revocation or a duly executed proxy card bearing a later date. In such event, the later submitted vote will be recorded and the earlier vote revoked. The powers of the proxy holders will be suspended if you are a holder of record and attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

If your shares are held in “street name,” you should contact the institution that holds your shares to change your vote.

*What are the board’s recommendations?*

The board recommends a vote “FOR”:

- the nominee for Class III director; and
- the proposal to ratify the appointment of MHM as our independent registered public accounting firm for the year ending December 31, 2010.

Unless you give other instructions on your proxy card, the person named as a proxy on the proxy card will vote “FOR” the nominee for Class III director and the other proposals.

We do not expect that any other matters will be brought before the Annual Meeting. If, however, other matters are properly presented, the persons named as proxies will vote the shares represented by properly executed proxies in accordance with their judgment with respect to those matters, including any proposal to adjourn or postpone the Annual Meeting. No proxy that is voted against all of the proposals will be voted in favor of any adjournment or postponement of the Annual Meeting for the purpose of soliciting additional proxies.

*What vote is required to approve the proposals?*

**Proposal 1: Election of Class III Director.** The affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Annual Meeting is required for the election of the Class III director nominee. You may vote “for” or “withheld” with respect to the election of such director. Only votes “for” or “withheld” are counted in determining whether a plurality has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors, although they are counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

**Proposal 2: Ratification of Appointment of MHM as our Independent Registered Public Accounting Firm.** The affirmative vote of the holders of a majority of all shares casting votes, either in person or by proxy, at

the Annual Meeting is required to ratify the appointment of MHM as our independent registered public accounting firm for the fiscal year ending December 31, 2010. We are not required to submit this matter to a vote of stockholders for ratification. However, our board of directors is doing so, based upon the recommendation of its audit committee, as a matter of good corporate practice. A properly executed proxy marked "abstain" with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

**Other Items.** In the event other items are properly brought before the Annual Meeting, the affirmative vote of a majority of the votes cast, either in person or by proxy, at the meeting will be required for approval. A properly executed proxy marked "abstain" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

*Who pays for the preparation of the proxy and soliciting proxies?*

We will pay the cost of preparing, assembling and mailing the proxy statement and the accompanying Notice of Annual Meeting and proxy card. In addition to the use of mail, our directors, officers and employees may solicit proxies by telephone or other electronic means or in person. These persons will not receive additional compensation for soliciting proxies. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of stock held of record by these persons, and we will reimburse them for reasonable out-of-pocket expenses.

*What should I have received to enable me to vote?*

In addition to this proxy statement, you should have received the accompanying Notice of Annual Meeting and proxy card. The mailing date of these materials is on or about May 24, 2010.

*How can I obtain additional copies?*

For additional copies of this proxy statement and the enclosed proxy card, please contact either our corporate office at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477, Attention: Heidi Zosiak, telephone: (561) 743-8333 or Continental Stock Transfer & Trust Company, 17 Battery Place, New York, NY 10004, telephone: (212) 509-4000.

## MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

### PROPOSAL 1: ELECTION OF CLASS III DIRECTOR

#### General

We have a “classified” board of directors currently fixed at five members. Our board is divided into three classes comprising two Class I directors, two Class II directors and one Class III director. One class of directors is elected each year at our Annual Meeting of Stockholders for an approximate three-year term. The term of the Class III director expires at the 2010 Annual Meeting.

The board of directors has nominated Mark A. Emalfarb to stand for re-election as a Class III director for a term expiring in 2013.

We expect such nominee for election as a Class III director to be able to serve if elected. If such nominee is unable to serve, proxies may be voted for substitute nominees so designated by the present board of directors, unless the board of directors chooses to reduce the number of Class III directors serving on the board.

#### Vote Required

The affirmative vote of a plurality of the votes cast, either in person or by proxy, at the Annual Meeting by the holders of shares of our common stock entitled to vote at the Annual Meeting is required for the election of the nominee as Class III director. You may vote “FOR” or “WITHHELD” with respect to the election of such director. Only votes “FOR” or “WITHHELD” are counted in determining whether a plurality has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors, although they are counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

#### Recommendation of the Board

The Company’s board of directors recommends stockholders vote “FOR” the election of the nominee as a Class III director.

#### Nominee for Election as Director

The following information is given with respect to the nominee for election as a Class III director at the Annual Meeting.

**Mark A. Emalfarb**, 55, is the founder of the Company. He has been a member of the Company’s board of directors since October 2004 and has served as its Chairman as well as President and Chief Executive Officer of the Company from October 2004 until April 2007 and from June 2008 until the present. Mr. Emalfarb has been a member of the board of directors of the Company’s wholly owned subsidiary, Dyadic International (USA), Inc., a Florida corporation (“Dyadic-Florida”) from its inception until the present and has served as its President, Chief Executive Officer and Chairman from its inception until April 2007 and from June 2008 to the present. Since founding Dyadic-Florida in 1979, Mr. Emalfarb has successfully led and managed the evolution of the Company from its origins as a pioneer and leader in providing ingredients used in the stone-washing of blue jeans to the discovery, development, manufacturing and commercialization of specialty enzymes used in various industrial applications and the development of an integrated technology platform based on the Company’s patented and proprietary C1 fungus. Mr. Emalfarb is an inventor of over 25 U.S. and foreign biotechnology patents and patent applications resulting from discoveries related to the Company’s patented and proprietary C1 fungal microorganism, and has been the architect behind its formation of several strategic research and development, manufacturing and marketing relationships with U.S. and international partners. Mr. Emalfarb earned his B.A. degree from the University of Iowa in 1977.

## Directors Continuing in Office

The following information is provided with respect to the directors who are not nominees for election as directors at the 2010 Annual Meeting.

<u>Name</u>	<u>Age</u>	<u>Class</u>	<u>Term Expiring</u>	<u>Date of Appointment</u>
Robert D. Burke, MD	54	I	2011	6/20/08
Seth J. Herbst, MD	53	I	2011	6/20/08
Frank Gerardi	65	II	2012	6/20/08
Stephen J. Warner	70	II	2012	10/29/04

**Robert D. Burke, MD**, 54, has been on the Company's board of directors since June 2008 and is a board certified neuroradiologist. Dr. Burke is the founder and, since 1991, the President of Midtown Imaging, LLC, one of South Florida's leading imaging centers with multiple locations throughout Palm Beach County, Florida. From 1994 to 1996, Dr. Burke was the Founder and President of U.S. Diagnostic Inc., a publicly-traded national diagnostic imaging company. Dr. Burke also serves on the board of directors and is the president-elect of the Palm Beach County Chapter of the Leukemia & Lymphoma Society. He also is a member of the Scripps Clinic and Research Foundations Board of Scripps Florida. Dr. Burke earned his B.A. degree from the University of Louisville in 1977 and his medical degree from the University of Louisville School of Medicine. Dr. Burke completed his radiology residency at the University of Chicago and a fellowship in neuroradiology at the University of Rochester.

**Seth J. Herbst, MD**, 53, has been on the Company's board of directors since June 2008 and is a board certified obstetrician/gynecologist who specializes in minimally invasive gynecologic surgery. Dr. Herbst is the founder and President of the Institute for Women's Health and Body, an OB/GYN practice with multiple locations in Palm Beach County, Florida. He is also the co-founder of Visions Clinical Research which performs extensive medical and surgical clinical trials throughout the United States. Dr. Herbst received his B.A. degree from American University and his medical degree from Universidad del Noreste School of Medicine in Tampico, Mexico.

**Frank Gerardi**, 65, has been on the Company's board of directors since June 2008. From February 2007 to the present, Mr. Gerardi has been a managing partner at QuantWorks, LLC, a registered investment advisor. From June 2003 to December 2006, Mr. Gerardi was the Chief Executive Officer of IGI, Inc. (now known as IGI Laboratories, Inc.), a publicly-traded company that engages in the development, manufacture, filling, and packaging of topical, semi-solid, and liquid products for pharmaceutical, cosmeceutical, and cosmetic companies. Mr. Gerardi has also served as the President of Univest Management, Inc., a management consulting company, since 1986. Mr. Gerardi was a member of the New York Stock Exchange from 1969 to 1986. Mr. Gerardi has served on the boards of numerous New York Stock Exchange Member firms and was a registered principal with the National Association of Securities Dealers (NASD).

**Stephen J. Warner**, 70, has been on the Company's board of directors since October 2004, and a director of Dyadic-Florida since August 2004. Mr. Warner is a director of Rock Energy Resources, Inc, a publicly-traded oil and gas production company in Houston, Texas and Gulfstar Energy Corporation, a public oil and gas exploration and production company in Parker, Colorado. Mr. Warner has over 30 years of venture capital experience. In 1981, Mr. Warner founded Merrill Lynch Venture Capital Inc., a wholly owned subsidiary of Merrill Lynch & Co. Inc. in New York, and served as its President and Chief Executive Officer from 1981 to 1990. Under his leadership, Merrill Lynch Venture Capital managed over \$250 million and made over 50 venture capital investments. From 1999 until 2004, Mr. Warner co-founded, and served as Chairman and Chief Executive Officer of Crossbow Ventures Inc. ("Crossbow"), a venture capital and private equity fund that invests in early and expansion stage technology companies primarily located in Florida and the Southeast, with over 20 venture capital investments in Florida. Mr. Warner earned a B.S. degree from the Massachusetts Institute of Technology in 1962 and an MBA from the Wharton School of Business at the University of Pennsylvania in 1966.

Our directors hold office for terms of approximately three years until the earlier of their death, resignation or removal or until their successors have been elected and qualified. Our officers are elected annually by the board of directors and serve at the discretion of the board (See *Executive Officers*). There are no family relationships among our directors and executive officers. Our above-listed directors have neither been convicted in any criminal

proceeding during the past 10 years nor are parties to any judicial or administrative proceeding during the past 10 years that resulted in a judgment, decree or final order enjoining them from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws or commodities laws. Similarly, no bankruptcy petitions have been filed by or against any business or property of any of our directors or officers, nor has any bankruptcy petition been filed against a partnership or business association in which these persons were general partners, directors or executive officers, except that Dr. Herbst was a partner in a company called Physician Billing Solutions, Inc. which filed for bankruptcy protection under Chapter 7 in December 2007.

## **CORPORATE GOVERNANCE**

*The board of directors is committed to sound business practices, transparency in financial reporting and the highest standards of corporate governance. The board of directors, which is elected by the stockholders, is our ultimate decision-making body except with respect to those matters reserved to our stockholders. It selects the senior management team, which is charged with the conduct of our business. Having selected the senior management team, the board of directors acts as an advisor and counselor to senior management and ultimately monitors its performance. The board of directors currently comprises five directors. The board has four standing committees: Audit, Compensation, Conflicts and Nominating. Mark A. Emalfarb serves as Chairman of the Board of Directors as well as president and chief executive officer of the Company.*

### ***Board Independence***

We are not currently listed on any national securities exchange that has a requirement that any members of the board of directors be independent. However, in evaluating the independence of its members and the composition of the committees of the board of directors, the board utilizes the definition of "independence" as that term is defined by the rules promulgated by the United States Securities and Exchange Commission ("SEC"). We believe that Drs. Burke and Herbst as well as Messrs. Gerardi and Warner qualify as "independent" directors, as that term is defined by SEC rules.

### ***Stockholder Communications***

Our board of directors believes that it is important for our stockholders to have a process to send communications to the board. Accordingly, stockholders desiring to send a communication to the board of directors, or to a specific director, may do so by delivering a letter to the Secretary of the Company at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "stockholder-director communication." All such letters must identify the author as the stockholder and clearly state whether the intended recipients of the letter are all members of our board of directors or certain specified individual directors. The Secretary will open such communications and make copies, and then circulate them to the appropriate director or directors.

### ***Policy Concerning Director Attendance at Annual Meetings of Stockholders***

While we encourage all members of our board of directors to attend our Annual Meeting of our stockholders, there is no formal policy as to their attendance at such meetings. All members of the board of directors attended the 2009 Annual Meeting of Stockholders.

### ***Codes of Ethics***

Our board of directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our chief executive officer, chief financial officer, and persons performing senior executive level functions. The Code of Business Conduct and Ethics is available at our website at [www.dyadic.com](http://www.dyadic.com).

## ***Meetings and Committees of the Board***

The board of directors held five meetings during 2009 and each of our directors attended at least four of those meetings and all meetings of the committees on which he served. The audit committee, compensation committee and the nominating committee each has a written charter which can be found on our website at [www.dyadic.com](http://www.dyadic.com). Currently, Dr. Burke and Messrs. Gerardi and Warner are the members of the audit committee with Mr. Gerardi serving as its Chairman. Dr. Burke and Mr. Gerardi are members of the compensation committee with Dr. Burke serving as its Chairman. Dr. Herbst and Mr. Warner are the members of the conflicts committee with Mr. Warner serving as its Chairman. Mr. Emalfarb and Dr. Herbst are members of the nominating committee with Mr. Emalfarb serving as its Chairman.

***Audit Committee.*** The audit committee has oversight responsibility for quality and integrity of our consolidated financial statements. The committee meets privately with members of our independent registered public accounting firm, has the sole authority to retain and dismiss the independent registered public accounting firm and reviews its performance and independence from management. The independent registered public accounting firm has unrestricted access and reports directly to the committee. The primary functions of the audit committee are to oversee: (i) the audit of our consolidated financial statements and (ii) our internal financial and accounting processes. The audit committee has engaged the consulting services of Advanced Financial Solutions which it has determined is an “audit committee financial expert.” All members of the committee understand financial statements. The audit committee met one time in 2009.

***Compensation Committee.*** The compensation committee is responsible for reviewing and approving all compensation arrangements for our executive officers, and is also responsible for administering our equity compensation plans. The compensation committee met one time in 2009.

***Conflicts Committee.*** The purpose of the conflicts committee is to assess, with the power and authority to resolve on behalf of the Company, all pending and future claims between the Company and any of Mark A. Emalfarb, the Company’s President and Chief Executive Officer, his spouse, descendants and any and all trusts under which Mr. Emalfarb, his spouse or any of his descendants is a beneficiary. The conflicts committee met one time in 2009.

***Nominating Committee.*** The nominating committee’s functions include: establishing criteria for the selection of new directors to serve on the board of directors; identifying individuals believed to be qualified as candidates to serve on the board of directors; recommending for selection by the board of directors the candidates for all directorships to be filled by the board of directors or by the stockholders at an annual or special meeting; reviewing the board of director’s committee structure and recommending to the board of directors the directors to serve on the committees of the board; recommending members of the board of directors to serve as the respective chairs of the committees of the board of directors; developing and recommending to the board of directors, for its approval, an annual self-evaluation process of the board of directors and its committees and, based on those results, making recommendations to the board of directors regarding those board processes; and performing any other activities consistent with the committee’s charter, our bylaws and applicable law as the committee or the board of directors deems appropriate. The nominating committee did not meet in 2009.

The nominating committee does not currently have any formal minimum qualification requirements that must be met by a nominee to serve as a member of the board of directors. The nominating committee will take into account all factors they consider appropriate, which may include experience, accomplishments, education, diversity, understanding of the business and the industries in which we operate, specific skills, general business acumen and the highest personal and professional integrity.

The nominating committee currently has no fixed process for identifying new nominees for election as a director, thereby retaining the flexibility to adapt its process to the circumstances. The nominating committee has the ability, if it deems it necessary or appropriate, to retain the services of an independent search firm to identify new director candidates. The nominating committee has determined that it will give consideration to any potential candidate proposed by a member of our board or senior management. Any director candidate so proposed will be personally interviewed by at least one member of the nominating committee and our chief executive officer and their assessment of his or her qualifications will be provided to the full nominating committee. For the 2010 Annual

Meeting, the nominating committee received no proposals for new director candidates, and only considered and nominated the incumbent Class III director to serve as the nominee for re-election.

Our policy and procedures regarding director candidates recommended by stockholders are contained in the nominating committee's charter. The nominating committee may consider for inclusion in its nominations for new directors any candidates recommended by stockholders, but must consider any candidate for director recommended by (i) any stockholder beneficially owning more than 5% of our outstanding common stock for at least one year as of the date the recommendation was made or (ii) a group of stockholders that beneficially owned, in the aggregate, more than 5% of our outstanding common stock, with each of the shares used to calculate that ownership held for at least one year as of the date the recommendation was made. The nominating committee will consider the candidate based on the same criteria established for selection of director nominees generally. The nominating committee reserves the right to reject any candidate in its discretion, including, without limitation, rejection of a candidate who has a special interest agenda other than the best interests of the Company and the stockholders, generally. Any stockholder who wishes to recommend for the nominating committee's consideration a director candidate should follow the following procedures:

- Submit the following written information about the candidate by mail to the nominating committee, c/o Dyadic International, Inc., 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477, Attention: Chairperson of Nominating Committee, the name, mailing address, telephone number, e-mail address, resume, business history, listing of other past and present directorships and director committees, any biotech industry experience and other relevant information;
- Explain in the submission why the stockholder believes the candidate would be an appropriate member of our board of directors and the benefits and attributes that the candidate will provide to us in serving as a director;
- Provide evidence of the submitting party's requisite ownership of our common stock along with the recommendation; and
- Indicate whether we may identify the stockholder in any public disclosures that we make regarding the consideration of the director candidate.

For a director candidate to be considered by the nominating committee for nomination at the 2011 Annual Meeting of Stockholders, the submission must be received by us no later than March 1, 2011.

### **Compensation of Directors**

In January 2005, our board of directors adopted a director compensation policy. Directors who are also employees or officers of the Company or any of its subsidiaries do not receive any separate compensation as a director. Non-employee directors receive \$2,000 per month and stock options (described below) to purchase shares of our common stock under the 2006 Stock Option Plan. The chairman of the audit committee receives an additional \$800 per month. All non-employee directors also are reimbursed for their reasonable travel costs related to attendance at board and committee meetings. Upon joining our board, a non-employee director receives a stock option to purchase 30,000 shares of the Company's common stock at an exercise price equal to the fair market value of the stock on the date of grant. Twenty-five percent (25%) of these options vest upon grant, while the remaining portion vests in equal installments over a four-year period subject to the director's continued service. The stock options generally expire 10 years from the date of grant or earlier in the event service as a director ceases. At the beginning of each year, non-employee directors will receive additional stock options to purchase 25,000 shares of our common stock, or a pro rata portion based on the number of months that the director served on the board of directors during the preceding year, subject to the same vesting provisions and other conditions as described above. On November 12, 2008, all of the members of the board of directors received a stock option to purchase 250,000 shares of the Company's common stock at an exercise price of \$.15 per share (\$.16 per share with respect to Mr. Emalfarb) based on the fair market value of the Company's common stock which contains the same terms and conditions as the other stock options granted to directors described above.

## Executive Officers

The following table presents information with respect to the Company's executive officers as of May 24, 2010.

<u>Name</u>	<u>Age</u>	<u>Position</u>
<b>Executive Officers:</b>		
Mark A. Emalfarb	55	Chairman of the Board, President and Chief Executive Officer
Adam J. Morgan	45	Vice President General Counsel & Business Development, Secretary
Michael J. Faby	44	Vice President Finance
Thomas M. O'Shaughnessy	50	Vice President Sales & Marketing
Richard H. Jundzil	38	Vice President Operations

**Mark A. Emalfarb**, 55, is the founder of the Company. He has been a member of the Company's board of directors beginning in October 2004 and has served as its Chairman as well as President and Chief Executive Officer of the Company from October 2004 until April 2007 and from June 2008 until the present. Mr. Emalfarb has been a member of the board of directors of the Company's wholly owned subsidiary, Dyadic International (USA), Inc., a Florida corporation ("Dyadic-Florida") from its inception until the present and has served as its President, Chief Executive Officer and Chairman from its inception until April 2007 and from June 2008 to the present. Since founding Dyadic-Florida in 1979, Mr. Emalfarb has successfully led and managed the evolution of the Company from its origins as a pioneer and leader in providing ingredients used in the stone-washing of blue jeans to the discovery, development, manufacturing and commercialization of specialty enzymes used in various industrial applications and the development of an integrated technology platform based on the Company's patented and proprietary C1 fungus. Mr. Emalfarb is an inventor of over 25 U.S. and foreign biotechnology patents and patent applications resulting from discoveries related to the Company's patented and proprietary C1 fungal microorganism, and has been the architect behind its formation of several strategic research and development, manufacturing and marketing relationships with U.S. and international partners. Mr. Emalfarb earned his B.A. degree from the University of Iowa in 1977.

**Adam J. Morgan**, 45, has been our Vice President General Counsel & Business Development and Secretary since joining the Company in January 2009. From December 2004 until October 2008, Mr. Morgan served as President, Chief Operating Officer and Secretary of Advance Publishers, L.C., a private distributor of licensed books and accessories in Maitland, Florida, and Executive Vice President and Secretary from December 2003 to November 2004. From May 1996 to August 2003, Mr. Morgan served in various legal and business capacities for Rexall Sundown, Inc. ("Rexall"), a publicly-traded and, later, privately held manufacturer and distributor of vitamins and nutritional supplements, including as Vice President New Business Development from July 2001 until August 2003. From May 1996 until July 2001, he served in various legal capacities of increasing responsibility at Rexall including, most recently, as Vice President-Legal Affairs and Assistant General Counsel. From 1990 until 1996, Mr. Morgan practiced law for several private law firms where he specialized in general corporate and securities law. Mr. Morgan earned his B.A. degree from Duke University in 1986 and his law degree from the University of Connecticut School of Law. He is admitted to practice law in the States of Connecticut, Florida and New York.

**Michael J. Faby**, 44, has been our Vice President Finance since joining the Company in December 2009. Mr. Faby has over 20 years of financial, accounting and operational experience. Prior to joining the Company, Mr. Faby served in various financial capacities of increasing responsibility for Perry Slingsby Systems, Inc. (f/k/a Perry Tritech Inc.), a multi-national leader in the design and manufacture of remotely operated vehicles to the international offshore oil and gas, telecommunications, military and defense industries including, most recently, as its Chief Financial Officer. Mr. Faby holds a B.S degree in accounting from Florida State University and an MBA from Florida Institute of Technology. Mr. Faby is a certified public accountant in Florida and a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

**Thomas M. O'Shaughnessy**, 50, joined the Company in May 2010 as its Vice President Sales & Marketing. Mr. O'Shaughnessy has over 20 years of sales, marketing and business development experience in the

chemical industry. He began his career with the General Electric Company where he spent 12 years in various sales and marketing positions of increasing responsibility and leadership. From 1996 to 2002, he served as Business Development Manager at Occidental Chemical Corporation, the sixth largest chemical operation in the United States. For the past eight years prior to joining the Company, Mr. O'Shaughnessy served as the Global Business Manager for Hexion Specialty Chemicals, Inc. (formerly Borden Chemical), the world's largest producer of thermosetting resins, performance adhesives, UV-curable coatings and the building-block chemical, formaldehyde, for various wood and industrial markets. Mr. O'Shaughnessy is Six Sigma certified and earned a B.S. degree in computer sciences with a minor in marketing from Plattsburgh State University in 1982.

*Richard H. Jundzil*, 38, has been our Vice President of Operations since May 2010, Director of Development & Quality since September 2008 and has held various laboratory, quality and regulatory positions of increasing responsibility since joining the Company in August 2003. Mr. Jundzil has 17 years of quality and operations experience in the biotechnology industry. Mr. Jundzil also is able to use his significant experience utilizing process engineering and project management fundamentals while managing the production and distribution of Dyadic's various enzyme products. Prior to joining Dyadic, Mr. Jundzil worked for 10 years at Genzyme Corporation as both a researcher and process engineer producing enzymes for patients with rare genetic diseases. Mr. Jundzil earned his B.S. degree in biotechnology sciences from Boston University.

## **PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

MHM audited our consolidated financial statements for the year ended December 31, 2009. We have no disagreements with MHM on accounting and financial disclosures. The audit committee has appointed MHM to serve as our independent registered public accounting firm for the year ending December 31, 2010. MHM has advised the Company that it has no direct or indirect financial interest in the Company.

We are not required to submit the appointment of our independent registered public accounting firm to a vote of our stockholders for ratification. However, the audit committee has recommended that our board submit this matter to stockholders as a matter of good corporate practice. If stockholders fail to ratify the appointment, the audit committee will reconsider whether to retain MHM, and may retain that firm or another without re-submitting the matter to our stockholders. Even if our stockholders ratify the appointment, the audit committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be advisable and in the best interests of the Company and the stockholders.

We expect representatives of MHM to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so, and we expect them to be available to respond to appropriate questions.

### **Vote Required**

The affirmative vote of the holders of a majority of all shares casting votes, either in person or by proxy, at the Annual Meeting is required to ratify the appointment of MHM as our independent registered public accounting firm for the year ending December 31, 2010. A properly executed proxy marked "ABSTAIN" with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

### **Recommendation of the Board**

The Company's board of directors recommends a vote "FOR" this proposal.

## **STOCKHOLDER PROPOSALS FOR THE 2011 ANNUAL MEETING**

Any proposal that a stockholder intends to present at the 2011 Annual Meeting of Stockholders must be submitted to the Secretary of the Company at its offices, 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida

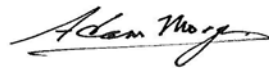
33477, no later than March 1, 2011, in order to be considered for inclusion in the Proxy Statement relating to that meeting.

If a stockholder of the Company wishes to present a proposal before the 2011 Annual Meeting and the Company has not received notice of such matter prior to March 1, 2011, the Company shall have discretionary authority to vote on such matter, if the Company includes a specific statement in the proxy statement or form of proxy to the effect that it has not received such notice in a timely fashion.

#### **OTHER MATTERS**

We know of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons named as proxies shall vote the shares they represent in accordance with their best judgment. Discretionary authority with respect to such other matters is granted by the execution of the enclosed proxy. It is important that you return your proxy promptly and that your shares be represented. You are urged to mark, date, sign and return the enclosed proxy in the accompanying reply envelope.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink that reads "Adam Morgan". The signature is written in a cursive style with a horizontal line underneath.

Adam J. Morgan, Esq.  
Vice President General Counsel  
& Business Development, Secretary

May 24, 2010  
Jupiter, Florida