

Dyadic International Reports Fiscal Year 2009 Financial Results

Reports record revenues, income from operations and profit

JUPITER, Fla., March 25 /PRNewswire-FirstCall/ -- Dyadic International, Inc. (Pink Sheets: DYAI), a leading-edge early-stage biotechnology company ("Dyadic"), today announced financial results for the year ended December 31, 2009. The financial information contained in this press release should be read in conjunction with the financial statements, footnotes and independent auditors' report 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, "2009 was a pivotal year of resurgence and revalidation for Dyadic and its technologies. Despite a very difficult economic environment, Dyadic was able to achieve the best financial results in its history due largely to the licensing of its patented and proprietary C1 Platform Technology. We are aggressively pursuing additional strategic collaborations in the primary areas of biofuels and biopharmaceuticals. Dyadic has also re-focused its efforts on growing a sustainable industrial enzyme business by leveraging the recent GRAS acknowledgement from the FDA and by offering the highest quality and most effective enzyme solutions for our customers in the animal feed, pulp and paper, starch and alcohol, food and brewing, textiles and alternative fuels industries."

2009 Highlights

- Achieved record annual revenues of approximately \$21.4 million and record income from operations of approximately \$8.6 million for the year ended December 31, 2009.
- Received a \$10 million upfront license payment from Codexis, Inc. ("Codexis") after our patented enzyme-producing C1 fungus and associated molecular tools met specified performance criteria.
- Entered into a non-exclusive license agreement with Abengoa Bioenergy New Technologies, Inc. ("Abengoa"), one of the world's largest ethanol producers and alternative energy companies, for the right to use Dyadic's patent rights and know-how relating to the C1 Platform Technology, for the development and large-scale production of enzymes for use in manufacturing biofuels (including cellulosic ethanol and butanol), power and/or chemicals. Dyadic is entitled to receive facility fees and royalties upon commercialization of these enzymes.
- Settled pending litigation with Abengoa and settled an informal inquiry with the U.S. Securities and Exchange Commission.
- Appointed Goldstein Lewin & Co. as Dyadic's new independent auditors. The firm completed audits of Dyadic's financial statements for the years ended December 31, 2008 and 2007. Goldstein Lewin & Co. is now known as Mayer Hoffman McCann, P.C., Goldstein Lewin Division ("Mayer Hoffman"). CBIZ/Mayer Hoffman McCann is the eighth largest accounting firm in the United States. Mayer Hoffman has completed the audit of Dyadic's financial statements for the year ended December 31, 2009.
- Filed a lawsuit against Dyadic's former auditors and financial and transactional consultants and advisors, its former outside legal counsel as well as the law firm and its partners previously retained to conduct a corporate internal investigation, for professional negligence/malpractice, breach of fiduciary duty, constructive fraud and civil conspiracy.

- Strengthened our executive management team by hiring Adam J. Morgan as our Vice President General Counsel & Business Development and Michael J. Faby as our Vice President Finance, both of whom bring significant experience to Dyadic in their respective fields.
- Received acknowledgement (GRAS Notice No. GRN 000292) from the U.S. Food and Drug Administration (FDA) that it has no questions that a cellulase enzyme preparation derived from Dyadic's C1 Platform Technology is Generally Recognized As Safe (GRAS) under the intended conditions of use as concluded by Dyadic.
- Re-sequenced the C1 genome and extended Dyadic's relationship with Scripps Florida, a division of the Scripps Research Institute headquartered in La Jolla, California, for the re-annotation of the genome of the C1 fungal organism.
- Dyadic Nederland BV, the research and development subsidiary of Dyadic, joined the Industrial Platform of the Kluyver Centre for Genomics of Industrial Fermentation. This platform consists of both small to medium enterprise companies and multinationals involved in the field of industrial fermentation. Members benefit from direct, confidential access to scientific data from the Kluyver Centre's pre-commercialization research activities and rapid access to an extended network of world class scientists.

Financial Results

Total revenue for the twelve months ended December 31, 2009 increased to a record \$21.4 million as compared to approximately \$13.1 million for the prior year.

License revenue increased to approximately \$10.3 million for the year ended December 31, 2009 as compared to no license revenue for the prior year. This was due largely to the recognition of a \$10 million upfront license fee paid by Codexis following the satisfaction of certain performance criteria by Dyadic.

Net product related revenue for the year ended December 31, 2009 decreased to approximately \$6.8 million as compared to approximately \$9.2 million for the year ended December 31, 2008. This was due primarily to the restructuring of Dyadic's industrial enzyme business which began in the second half of 2008 in order to better focus on higher margin products for growing segments of the industry such as animal feed, while streamlining product lines and discontinuing some lower margin products in declining segments, such as textiles, as well as global economic conditions.

Research and development revenue increased to approximately \$4.3 million for the year ended December 31, 2009 as compared to approximately \$4.0 million for the year ended December 31, 2008.

Net income for the year ended December 31, 2009 was approximately \$5.2 million, or \$0.17 per basic and \$0.16 per diluted share, as compared to a net loss of approximately \$12.4 million, or \$(0.41) per basic and diluted share, for fiscal 2008.

At December 31, 2009, cash and cash equivalents totaled \$8.4 million.

At December 31, 2009, debt was approximately \$1.4 million as compared to approximately \$2.4 million at December 31, 2008.

Mr. Emalfarb further stated, "We have made substantial progress in re-positioning Dyadic to grow both our licensing and industrial enzyme businesses. We are seeing renewed interest from our industrial enzyme customers and are in various stages of discussions for potential collaborations in the biofuels, biopharma and industrial enzyme markets. Our non-exclusive licensing deals with Codexis and Abengoa have provided further validation of our C1 Platform Technology for the

production of cellulosic sugars which can be used to produce biofuels, such as ethanol and butanol, plastics and polymers, and other chemicals. We remain committed to leveraging our patented and proprietary technologies by continuing to invest in their improvement and finding suitable partners and collaborators to maximize the many benefits that these technologies can offer for diverse global 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.

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DYADIC INTERNATIONAL, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2009	2008
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Revenue:		
License Revenue	\$10,300,000	-
Product Related Revenue, Net	6,800,071	9,156,529
Research and Development Revenue	4,321,258	3,958,546
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Total Revenue	21,421,329	13,115,075
Cost of Goods Sold:	5,774,348	9,112,945
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Gross Profit	15,646,981	4,002,130
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Expenses:		
General and Administrative	4,050,485	9,733,989

Sales and Marketing	1,152,972	2,344,736
Research and Development	1,817,974	4,102,516
Foreign Currency Exchange Losses, Net	56,455	24,153
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Total Expenses	7,077,886	16,205,394
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Income (Loss) from Operations	8,569,095	(12,203,264)
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Other Income (Expense)		
Interest Income	141,811	145,765
Interest Expense	(219,892)	(388,980)
Loss on Stockholder Litigation	(3,250,000)	-
Other	-	80,081
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Total Other Income (Expense)	(3,328,081)	(163,134)
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Net Income (Loss)	\$5,241,014	\$(12,366,398)
	=====	=====
Net Income (Loss) Per Common Share:		
Basic	\$0.17	\$(0.41)
	=====	=====
Diluted	\$0.16	\$(0.41)
	=====	=====
Weighted Average Common Shares Used in Calculating Net Income (Loss) Per Share:		
Basic	30,121,396	29,990,675
	=====	=====
Diluted	33,231,170	29,990,675
	=====	=====

DYADIC INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	

	2009	2008
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ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$8,419,934	\$2,826,542
Restricted Cash	316,129	344,355
Accounts Receivable, Net	1,376,034	1,504,200
Inventory, Net	2,820,381	3,775,750
Prepaid Expenses and Other Current Assets	420,654	637,202
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Total Current Assets	13,353,132	9,088,049
Fixed Assets, Net	839,639	1,039,458
Intangible Assets, Net	148,167	162,420
Other Assets	16,930	137,502

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\$14,357,868	\$10,427,429
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts Payable	\$1,949,038	\$2,678,794
Accrued Expenses	713,163	325,634
Accrued Stockholder Litigation	3,250,000	-
Accrued Interest Payable to Stockholder	59,838	194,260
Deferred Research and Development Obligation	-	3,332,863
Note Payable to Stockholder	1,424,941	2,424,941
Income Taxes Payable	767	8,658
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Total Current Liabilities	7,397,747	8,965,150
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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 - 30,613,995 and 29,990,675, Respectively	30,614	29,991
Additional Paid-In Capital	76,075,899	75,843,581
Stock to Be Issued	23,887	-
Accumulated Deficit	(69,170,279)	(74,411,293)
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Total Stockholders' Equity	6,960,121	1,462,279
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	\$14,357,868	\$10,427,429
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DIADIC INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended	December 31,
	2009	2008
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Operating Activities		
Net Income (Loss)	\$5,241,014	\$(12,366,398)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used In) Operating Activities:		
Depreciation and Amortization of Fixed Assets	294,194	286,656
Amortization of Intangible and Other Assets	14,253	51,722
Amortization of Costs Related to Modification of Notes Payable to Stockholder	-	20,200
Loss on Stockholder Litigation	3,250,000	-
Provision for Doubtful Accounts	(55,550)	255,000

Inventory Reserve	(842,587)	226,712
Compensation Expense on Stock Option Grants	118,103	326,376
Stock Issued for Consulting Services	31,521	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	183,716	(348,129)
Inventory	1,797,956	2,120,296
Prepaid Expenses and Other Current Assets	216,548	157,116
Other Assets	120,573	44,907
Accounts Payable	(729,756)	737,040
Accrued Expenses	387,529	(1,194,489)
Accrued Interest Payable to Stockholder	(134,422)	145,364
Deferred Research and Development Obligation	(3,332,863)	(3,332,500)
Income Taxes Payable	(7,892)	2,202
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Net Cash Provided By (Used In) Operating Activities	6,552,337	(12,867,925)
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Investing Activities		
Cost of Patents	-	(123,805)
Purchases of Fixed Assets	(94,376)	(140,550)
Restricted Cash Deposit	28,227	4,838
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Net Cash (Used In) Investing Activities	(66,149)	(259,517)
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Financing Activities		
Payment to Stockholder on Note Payable	(1,000,000)	-
Proceeds from Stock Warrant Exercises	86,654	-
Proceeds from Stock Option Exercises	20,550	-
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Net Cash (Used In) Financing Activities	(892,796)	-
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Net Increase (Decrease) in Cash and Cash Equivalents From Continuing Operations	5,593,392	(13,127,442)
Cash and Cash Equivalents at Beginning of Period	2,826,542	15,953,984
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Cash and Cash Equivalents at End of Period	\$8,419,934	\$2,826,542
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Supplemental Cash Flow Information:		
Cash Paid for Interest	\$354,314	\$359,735
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