

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

DYADIC INTERNATIONAL INC

Form: 8-K

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Corporate Issuer CIK: 1213809

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 8-K

Pursuant to SECTION 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 28, 2006



Dyadic International, Inc.

(Exact name of small business issuer as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

333-102629

(Commission File
Number)

45-0486747

(I.R.S. Employer Identification
No.)

**140 Intracoastal Pointe Drive, Suite
404, Jupiter, Florida**

(Address of principal executive offices)

33477

(Zip Code)

(561) 743-8333

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into a Material Definitive Agreement

On April 28, 2006, Dyadic International, Inc. (the "Company"), together with its wholly-owned subsidiary, Geneva Investment Holdings Limited, a British Virgin Islands corporation ("Geneva"), and its 82.5% majority owned Hong Kong subsidiary (the "Asian Subsidiary"), entered into a Satisfaction and Purchase Agreement (the "Second Purchase Agreement") with the Asian Subsidiary's two minority shareholders, its managing director and one of its other key employees, (collectively, the "Managers,") effective as of January 1, 2006 (the "Effective Date"). The Managers received \$375,000 in cash and 212,501 shares of unregistered, restricted common stock of the Company ("Shares") in consideration for:

- (i) the transfer of all of the Manager's shares (representing 17.5% of the Asian Subsidiary's outstanding shares) to Geneva, bringing the ownership in its Asian Subsidiary to 100%;
- (ii) a release of Geneva and the Company from, among other things, the potential \$405,000 contingent obligation of Geneva to the managing director incident to its purchase of its initial majority interest in the Asian Subsidiary in 1998 (the "First Purchase Agreement"); and
- (iii) the cancellation of all indebtedness of the Asian Subsidiary to the Managers in the aggregate amount of \$241,854 as of the Effective Date.

Under the terms of the Second Purchase Agreement, the Company, Geneva and the Asian Subsidiary (the "Dyadic Parties") and the Managers made certain representations and warranties. The Managers each individually agreed to indemnify the Dyadic Parties and the Dyadic Parties agreed to indemnify the Managers, jointly and severally for a period of two years following the Effective Date, subject to a ceiling on each parties liability. All of the rights and obligations of each party under the First Purchase Agreement were extinguished, and the Managers and the Dyadic Parties each have furnished the other with a full mutual general release as to all matters in existence on the Effective Date, excluding certain existing relationships on a prospective basis.

The Shares issued to the Managers are not registered, and are restricted securities under the Securities Act of 1933 (as amended, the "Securities Act"). Under the Second Purchase Agreement, the Managers have been granted certain "piggyback registration" rights with respect to the Company's registration of its securities under the Securities Act (subject to certain customary excluded security issuances of securities) during the two year period commencing with the Effective Date, to have their Shares included in any such registration, subject to standard and customary provisions relating to the obligations and rights of the Managers in connection with any such registration.

The foregoing descriptions of the Second Purchase Agreement and the First Purchase Agreement are qualified in their entirety by reference to the First Purchase Agreement filed as Exhibit 10.18.1 to the Company's Current Report on Form 8-K dated October 29, 2004, as amended, and the Second Purchase Agreement to be filed as an exhibit to our Form 10-QSB for the period ending March 31, 2006.

The Company has issued a press release reporting this event, which is attached hereto as Exhibit 99.1.

Item 1.02 Termination of a Material Definitive Agreement

Reference is made to the disclosures in Section 1.01 above as to termination of the First Purchase Agreement.

SECTION 9 - FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits**(c) Exhibits.**

The following exhibit is furnished in accordance with the provisions of Item 601 of Regulation S-B:

| Exhibit Number | Description of Exhibit |
|-----------------------|---|
| 99.1 | Press Release of Dyadic International, Inc. dated May 4, 2006 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DYADIC INTERNATIONAL, INC.

Date: May 4, 2006 By: /s/ Mark A. Emalfarb

Name: Mark A. Emalfarb
Title: President and Chief Executive Officer

Index to Exhibits

| Exhibit Number | Description of Exhibit |
|-----------------------|---|
| 99.1 | Press Release of Dyadic International, Inc. dated May 4, 2006 |



Dyadic Increases Ownership in its Asian Subsidiary to 100%

JUPITER, Fla. - May 4, 2006 - Dyadic International, Inc. (AMEX: DIL), a global biotechnology company (the "Company"), with subsidiaries in Hong Kong and mainland China, Poland, and The Netherlands, announced today that on April 28, 2006, it purchased the remaining 17.5% of shares held by two minority shareholders of its Asian subsidiary, giving it 100% ownership. The Asian subsidiary is located in Hong Kong and mainland China, and serves as a distributor of Dyadic's products to the Far East region. The minority shareholders received \$375,000 in cash and 212,501 shares of unregistered and restricted Dyadic common stock in consideration for:

- the transfer of all of the minority shareholders' shares (representing 17.5% of the Asian subsidiary's outstanding shares) to the Company, bringing the Company's ownership in the Asian subsidiary to 100%;
- a release of the Company from, among other things, the potential \$405,000 contingent obligation to one of the minority shareholders incident to the Company's purchase of its initial majority interest in the Asian subsidiary in 1998; and
- the cancellation of all indebtedness of the Asian subsidiary to the minority shareholders in the aggregate amount of \$241,854.

Mark Emalfarb, Dyadic's Chairman and CEO, commented, "Our Asian subsidiary has been an important part of Dyadic's global business for a number of years, and has ably served as our gateway to the Far East. The Asian subsidiary team, now 74 people strong, provided approximately 40% of our 2005 revenues and has done a particularly outstanding job in helping us to establish a toe-hold in the pulp & paper industry in the Far East. We are excited about future growth opportunities in the Asian pulp & paper industry and in other areas, such as energy. Asia is a growing economy which will require significant amounts of energy, so we see it as a key market for Dyadic." Mr. Emalfarb continued, "This transaction, along with the recently announced Debt-for-Equity conversion, significantly simplifies and streamlines our balance sheet."

About Dyadic

Dyadic International, Inc. is engaged in the development, manufacture and sale of biological products using a number of proprietary fungal strains to produce enzymes and other biomaterials, principally focused on a system for protein production based on the patented *Chrysosporium lucknowense* fungus, known as C1. Dyadic currently sells more than 45 liquid and dry enzyme products to more than 200 industrial customers in approximately 50 countries.

Dyadic intends to utilize its patented enabling and proprietary platform technologies on its own behalf and under license to business collaborators for the discovery, development and manufacture of biological products from genes to produce targeted protein products for diverse markets.

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 our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For a discussion of these risks and uncertainties, please see our filings from time to time with the Securities and Exchange Commission, which are available free of charge on the SEC's web site at <http://www.sec.gov>, including our Annual Report on Form 10-KSB for the year ended December 31, 2005. Except as required by law, we expressly disclaim any intent or obligation to update any forward-looking statements.

Contact:

Dyadic International, Inc.
Alexander (Sasha) Bondar, 561-743-8333
sbondar@dyadic-group.com
<http://www.dyadic-group.com>

or

Berkman Associates
Investor Relations Counsel
Neil Berkman, 310-826-5051
info@berkmanassociates.com