

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

DYADIC INTERNATIONAL INC

Form: 8-K

Date Filed: 2007-12-28

Corporate Issuer CIK: 1213809

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **December 21, 2007**

Dyadic International, Inc.

(Exact name of registrant as specified in its charter)



Delaware

(State or other jurisdiction of incorporation)

333-102629

(Commission File Number)

45-0486747

(IRS Employer Identification No.)

140 Intracoastal Pointe Drive, Suite 404

Jupiter, Florida 33477

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(561) 743-8333**

(Former name or former address, if changed since last report.)

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 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On December 10, 2007, the American Stock Exchange ("AMEX") notified Dyadic International, Inc. (the "Company" or "Dyadic") of the date for the Company's oral hearing to review the AMEX Listing Qualifications Department staff (the "Staff") determination to proceed with the delisting of the Company's common stock from AMEX. The oral hearing, which will be held before an AMEX Listing Qualifications Panel, is scheduled for January 8, 2008. By way of background, as previously disclosed in the Company's Current Reports on Form 8-K (filed on July 9, 2007, August 28, 2007, November 19, 2007 and December 3, 2007), the Company received notice from the Staff on November 27, 2007 that the Company had failed to regain compliance with AMEX's continued listing standards set forth in Sections 134 and 1101 of the AMEX Company Guide by the November 16, 2007 deadline previously imposed by AMEX, because the Company failed to timely file its Quarterly Reports on Form 10-QSB for the periods ended March 31, 2007, June 30, 2007 and September 30, 2007. Accordingly, the Staff provided notice to the Company of AMEX's intent to file a delisting application with the Securities and Exchange Commission (the "SEC") to strike the Company's common stock from listing and registration on AMEX. In accordance with applicable AMEX rules, the Company appealed this determination and requested a hearing before an AMEX Listing Qualifications Panel (which oral hearing, as noted above, has now been scheduled for January 8, 2008).

On December 21, 2007, the Company received another notice from the Staff (the "December 21 Notice") indicating that the Company was not in compliance with AMEX's continued listing standards set forth in Section 704 of the AMEX Company Guide because the Company failed to hold an annual meeting of its stockholders in 2007 to elect directors and to take action on other corporate matters. As previously disclosed in the Company's Current Report on Form 8-K (filed on November 19, 2007), the Company has been unable to call, notice and hold an annual stockholders' meeting for the election of directors in 2007 because of its inability to comply with the SEC's proxy rules in connection with any such meeting (which proxy rules require that the Company's related proxy or information statement be accompanied or preceded by an annual report to stockholders that includes audited financial statements and meets the other applicable requirements of the proxy rules). In accordance with applicable AMEX rules and the December 21 Notice, the Company will have the opportunity to address this Staff determination at the January 8, 2008 oral hearing before the AMEX Listing Qualifications Panel. For additional information regarding the Company's desire to notice, convene and hold an annual meeting of stockholders if legally permitted to do so, see the discussion in Item 8.01 below regarding the 211 Action (as defined below) and the Company's answer to the 211 Action.

There can be no assurance that the Company's appeal of the Staff's delisting determination will be successful or that the Company's request for continued listing (or any delay in delisting) by AMEX will be granted. The halt on trading in the Company's shares remains in effect at the direction of AMEX, and there can be no assurance that trading (whether on AMEX or any other listing, trading or quotation system) will ever resume. Based on information available as of the date of this filing, the Company believes it is unlikely that its appeal before the AMEX Listing Qualifications Panel will be successful. The Company is considering its options available under the circumstances should AMEX strike the Company's common stock from listing and registration on AMEX.

Item 8.01. Other Events.

As previously disclosed in the Company's Current Reports on Form 8-K (filed on October 24, 2007, November 19, 2007 and December 3, 2007), the Company has engaged Gordian Group, LLC ("Gordian Group") to serve as the Company's investment banker and financial adviser to assist the Company in evaluating, exploring and, if deemed appropriate, pursuing and implementing certain strategic and financial options that may be available to the Company, including a possible sale, merger, restructuring, recapitalization, reorganization or other strategic or financial transaction. On December 7, 2007, the Company commenced implementing a process (the "Strategic Process") designed to maximize the realizable value of the Company's business and assets for all Dyadic stockholders, by soliciting indications of interest from identified third parties concerning the possible sale of the Company (or the Company's outstanding stock or assets). The Company's Strategic Process is being administered by Gordian Group under the direction of the Executive Committee of the Board of Directors. No person is authorized to speak for the Company in connection with the Strategic Process other than Gordian Group and other persons authorized by the Executive Committee. Although implementation of the Strategic Process has commenced, no conclusion as to any specific option or transaction has been reached, nor has any specific timetable been fixed for accomplishing this effort, and there can be no assurance that any strategic, financial or other option or transaction will be presented, implemented or consummated.

On December 10, 2007, the Company filed an answer to the petition previously filed by Mark A. Emalfarb, in his capacity as trustee of the Mark A. Emalfarb Trust, a stockholder of the Company, in the Court of Chancery of the State of Delaware pursuant to Section 211 of the General Corporation Law of the State of Delaware (the "211 Action"). By way of background, as previously disclosed in the Company's Current Report on Form 8-K (filed on November 19, 2007), Mr. Emalfarb's petition in the 211 Action seeks an order of the Court directing the Company to call and hold an annual meeting of its stockholders for the election of directors. As noted above (in the disclosure under Item 3.01), the Company has been unable to call, notice and hold an annual stockholders' meeting for the election of directors in 2007 because of its inability to comply with the SEC's proxy rules in connection with any such meeting (which proxy rules require that the Company's related proxy or information statement be accompanied or preceded by an annual report to stockholders that includes audited financial statements and meets the other applicable requirements of the proxy rules). However, the Company desires to notice, convene and hold an annual meeting of stockholders if legally permitted to do so. In response to Mr. Emalfarb's petition, the Company joined in the request that the Court enter an order requiring it to hold an annual meeting and, in particular, requested that the Court enter an order: (1) directing the Company to hold an annual meeting of stockholders for the election of two directors; (2) designating a date, time and place for such meeting and the record date for the determination of stockholders of the Company entitled to vote at such meeting, and approving the form of notice of the annual meeting; and (3) directing the Company to make prompt application to the SEC for any necessary exemptive relief, waiver, order or "no action letter" to ensure that the Company will be permitted to provide notice of the annual meeting, to make recommendations, to solicit proxies and to make public disclosures about the annual meeting in order to provide information that the Company's Board of Directors believes to be material to stockholders in connection with such annual meeting. The Company intends to vigorously pursue its interests in connection with the 211 Action, but no assurance can be given as to the timing, costs to defend or the ultimate outcome of this matter. Mr. Emalfarb's petition and the Company's answer in the 211 Action are attached hereto as Exhibits 99.1 and 99.2 respectively and are incorporated by reference herein. The foregoing description of the 211 Action is a summary only, does not purport to be complete and is qualified in its entirety by reference to the full text of Mr. Emalfarb's petition and the Company's answer.

On December 12, 2007, the six putative class action lawsuits filed in the United States District Court for the Southern District of Florida were consolidated, and the Court selected a lead plaintiff who is tasked with litigating the claims against the Company on behalf of all putative class members. By way of background, as previously disclosed in the Company's Current Reports on Form 8-K (filed on October 24, 2007, November 19, 2007 and December 3, 2007), each individual putative class action complaint names the Company and certain current and former officers and directors of the Company as defendants. The putative class action lawsuits allege that the defendants, among other things, violated federal securities laws by issuing various materially false and misleading statements that had the effect of artificially inflating the market price of the Company's securities and causing putative class members to overpay for securities purchased during the period from March 30, 2006 through April 23, 2007. The complaints seek, among other things, unspecified monetary damages and the costs and expenses incurred in prosecuting the action. The Company and lead plaintiff's counsel have filed a proposed schedule with the Court that would require, subject to the Court's approval, the lead plaintiff to file an amended and consolidated complaint by February 25, 2008 and the Company to respond to that complaint by April 28, 2008. The Company intends to vigorously contest and defend the allegations under the amended and consolidated putative class action complaint, but no assurance can be given as to the timing, costs to defend or the ultimate outcome of this matter.

On December 28, 2007, the Company issued a press release regarding the matters described in this Current Report on Form 8-K. The complete text of the press release is attached hereto as Exhibit 99.3.

Item 9.01. Financial Statements and Exhibits.

(c) The following exhibits are filed with this report:

Exhibit Number	Description of Exhibit
99.1	Verified Complaint brought by Mark A. Emalfarb against Dyadic International, Inc. pursuant to Delaware General Corporate Law Section 211 dated November 14, 2007
99.2	Dyadic International, Inc.'s Answer to the Verified Complaint brought by Mark A. Emalfarb against Dyadic International, Inc. pursuant to Delaware General Corporate Law Section 211 dated December 10, 2007
99.3	Press Release of Dyadic International, Inc. dated December 28, 2007

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: December 28, 2007

By: /s/ Lisa De La Pointe

Name: Lisa De La Pointe

Title: Executive Vice President and Chief Financial Officer

Index to Exhibits

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IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

MARK A. EMALFARB,)	Civil Action No. _____
)	
Plaintiff,)	
)	
v.)	
)	
DYADIC INTERNATIONAL, INC.,)	
)	
Defendant.)	

VERIFIED COMPLAINT

Plaintiff Mark A. Emalfarb ("Emalfarb"), by and through his undersigned counsel, brings this action pursuant to 8 Del.C.§ 211 for an order setting a date for an annual meeting of stockholders of Dyadic International, Inc. ("Dyadic" or the "Company"), and alleges for his complaint as follows:

1. Mr. Emalfarb is a director of the Company. Mr. Emalfarb, in his capacity as trustee of the Mark A. Emalfarb Trust U/A/D October 1, 1987, has the sole power to dispose of or to direct the disposition of 7,098,559 shares of the Issuer's common stock, representing approximately 22.5% of the Company's outstanding stock. This amount includes options and warrants, exercisable within 60 days, of the execution of the Voting Agreement to acquire additional shares of the Issuer's common stock. Mr. Emalfarb, in his capacity as trustee of The Mark A. Emalfarb Trust U/AID October 1, 1987 is the holder of record of 5,822,125 shares of the Company, representing approximately 18.5% of the Company's outstanding stock. As set forth on a joint Form 13D filed with the Securities and Exchange Committee, Mr. Emalfarb and other stockholders of the Company, who in the aggregate beneficially own more than fifty-two percent (52%) of the Company's outstanding shares, have agreed to vote as a group. A true and correct copy of the Form 13D is attached hereto as Exhibit A.

2. Defendant Dyadic is a Delaware corporation with its principal place of business at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477.

3. Dyadic has not held an annual meeting of stockholders for the election of directors since June 12, 2006 and no action has been taken by written consent in lieu of an annual meeting to elect directors.

4. As of the date of filing of this Complaint, the Company has not announced any date for the holding of an annual meeting of stockholders.

5. Pursuant to 8 Del.C.§ 211(c):

If there be a failure to hold the annual meeting or to take action by written consent to elect directors in lieu of an annual meeting for a period of 30 days after the date designated for that annual meeting, or if no date has been designated, for a period of 13 months after the latest to occur of the organization of the corporation, its last annual meeting or the last action by written consent to elect directors in lieu of an annual meeting, the Court of Chancery may summarily order a meeting to be held upon the application of any stockholder or director.

6. As set forth above, plaintiff has established the statutory prerequisites to compel an annual meeting of stockholders to be convened for Dyadic. WHEREFORE, plaintiff respectfully requests that this Court enter an Order as follows:

- (a) Summarily ordering the Company to hold an annual meeting of stockholders for the election of directors;
- (b) Designating a time and place of each such meeting, the record date for the determination of stockholders of the Company entitled to vote at the annual meeting, and approving the form of notice of the annual meeting;
- (c) Awarding plaintiff his costs and attorneys fees of this litigation; and
- (d) Granting such other and further relief as the Court deems proper.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Amaryah Kishpaugh

S. Mark Hun (#3297)
Amaryah Kishpaugh (#4879)
1201 N. Market Street
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Attorneys for Mark A. Emalfarb

OF COUNSEL:

Peter V. B. Unger
Howrey LLP
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2402
(202) 383-6830

Should the Court determine to exercise its discretion pursuant to Section 211(c) of the Delaware General Corporation Law to order an annual meeting of Dyadic's stockholders to elect two directors (in accordance with Article V of Dyadic's restated certificate of incorporation), the annual meeting should be held at a date and time that ensures that Dyadic has a fair, reasonable and adequate opportunity to (i) call, provide notice of, solicit proxies in connection with and hold an annual meeting of its stockholders, in accordance with applicable law, and (ii) fully and fairly inform its stockholders of the Board of Directors' recommendation and about material matters relating to the election of directors. Those matters include the following:

- In April 2007, following the death of the managing director of the Company's Asian subsidiaries, the Company became aware of alleged improprieties perpetrated against the Company and its Asian subsidiaries by the Asian subsidiaries' management. The revelation of these alleged improprieties made the Company aware of possible material operational and financial improprieties at its subsidiaries' Hong Kong and mainland China operations. The most significant alleged impropriety is that the Asian subsidiaries' largest customer/distributor was actually controlled by the management of the Asian subsidiary and had been established to permit certain customers with companies in China to pay for products in cash in order to avoid reporting and paying Value Added Tax ("VAT").
- The Audit Committee of the Board of Directors commenced an investigation with respect to the alleged improprieties, which was carried out by independent legal counsel with no previous ties to the Company, Mr. Emalfarb, or any other Company director (the "Investigation"). On April 23, 2007, the Board of Directors, on the recommendation of the Audit Committee, determined that – in view of the alleged improprieties and their possible impact upon previously issued Company financial statements – the Company's financial statements previously filed with the Securities and Exchange Commission ("SEC") should no longer be relied upon. That same day, Mr. Emalfarb, the Company's founder, took a leave of absence from all of his positions and offices with the Company, including his positions as President, Chief Executive Officer and Chairman of the Board, pending the completion of the Investigation. On May 21, 2007, the Board directed the Company to abandon its Asian operations.
- The independent law firm that conducted the Investigation was commissioned to interview all persons with knowledge of the events in question. The investigation took several months and included travel to and interviews in Hong Kong. The independent legal counsel, which reported its findings to the Audit Committee, found, among other things, that Mr. Emalfarb (whom the independent legal counsel interviewed twice, with his counsel present) had willfully concealed material facts relating to operational and financial improprieties at the Company's Asian subsidiaries. On September 20, 2007, a special committee of the Board of Directors, after affording Mr. Emalfarb ample opportunity to be heard, determined, upon recommendation of the Audit Committee, to terminate Mr. Emalfarb's employment by the Company, as the Company's Chief Executive Officer and President, for cause. Mr. Emalfarb remains a director of the Company despite the Company's request that he voluntarily resign from the Board.
- The Company has been unable to determine the proper accounting treatment with respect to its Asian operations (including the abandonment of such operations in 2007) and whether or not a restatement of prior financial results will be required and, if required, whether or not there is sufficient auditable information and supporting documentation to complete the task. As a result, the Company has been unable to make timely compliant filings with the SEC of its Quarterly Report on Form 10-QSB for the quarters ended March 31, 2007, June 30, 2007, and September 30, 2007; the Company has been unable to announce its operational and financial results for these quarters; and the Company's shares are suspended from trading on the American Stock Exchange ("AMEX") and the Company is presently the subject of a delisting proceeding by AMEX.
- Under these circumstances, applicable rules and regulations of the SEC restrict the Company from soliciting proxies or engaging in other communications with stockholders that might be construed as the solicitation of proxies under the SEC's proxy rules. The circumstances and the imposition of such restrictions (which restrict the Company, but not Mr. Emalfarb) are a direct result of the wrongful conduct of Mr. Emalfarb, which led to Mr. Emalfarb's termination and to the adverse effect on the Company's financial statements, SEC reports, and AMEX trading and listing described above.
- Although the Company has publicly disclosed that Mr. Emalfarb was terminated for cause as a result of his willful concealment of facts relating to material operational and financial improprieties at the Company's Asian subsidiaries, the Company has not to date disclosed additional details relating to Mr. Emalfarb's conduct and the harm he has caused the Company. Upon information and belief, Mr. Emalfarb may propose to nominate himself for election as a director at the annual meeting. Mr. Emalfarb has publicly disclosed via a Schedule 13D filing that he and other stockholders of the Company have entered into an agreement to vote as a group. It is not clear whether Mr. Emalfarb has fully disclosed the circumstances of his termination, his harm to the Company, and other matters to members of that group or to other stockholders with whom, on information and belief, the Company understands Mr. Emalfarb is communicating. The Voting Agreement included as an exhibit to the Schedule 13D, which is attached to Mr. Emalfarb's Verified Complaint, provides that any member of the voting "group" may terminate the voting agreement with respect to itself upon 30 days' prior notice.

Under the circumstances, it is particularly important that Dyadic be provided with an opportunity, in addition to noticing, calling, convening and holding an annual meeting of its stockholders to elect directors, to disclose relevant information to its stockholders (including those who are members of Mr. Emalfarb's "group") and that the stockholders have an opportunity to digest and reflect upon information that the Board of Directors of the Company determines in the exercise of its good faith business judgment is material information that should be disclosed to stockholders in advance of the annual meeting, including, without limitation, additional information about the Company, its recently announced strategic process, and the reasons for Mr. Emalfarb's termination, as well as the board's recommendations for or against the election of particular nominees. Dyadic respectfully submits that it would need sufficient time before the annual meeting (i) to make prompt application to the SEC for any necessary or appropriate exemptive relief, waivers, orders or a "no action letter" to ensure that Dyadic will be permitted to provide notice of the annual meeting, to make recommendations and to solicit proxies in connection with the annual meeting, to make public disclosures about the annual meeting, and to provide information the Board of Directors believes to be material to stockholders in connection with such annual meeting, and (ii) if the SEC permits such notice, solicitation, recommendations and/or disclosures, to make and provide such notice, solicitation, recommendations and/or disclosures by whatever means is allowed and/or appropriate (including via notice, stockholder letter, proxy statement, information statement, press release and/or Form 8-K filing or otherwise).

SECOND AFFIRMATIVE DEFENSE

Should the Court determine to exercise its discretion pursuant to Section 211(c) of the Delaware General Corporation Law to order an annual meeting of Dyadic's stockholders to elect two directors, the annual meeting of stockholders should be held at a date and time that ensures that other stockholders will have an adequate opportunity to make nominations for the election of directors pursuant to Section 3.02(b) of the Company's bylaws and for other stockholders to solicit proxies for such meeting. Pursuant to Dyadic's restated certificate of incorporation, the Company has three classes of directors. The terms of only one class, with two directors' seats, are ripe for election. Mr. Emalfarb holds one such seat; the other seat is currently vacant. Mr. Emalfarb's wrongful conduct has resulted in the Company's inability, consistent with the SEC's proxy rules, to notice, make recommendations and solicit proxies in connection with an annual meeting of stockholders, and he should not be permitted to take advantage of the results of his own wrongful conduct and to utilize Section 211(c) as a vehicle to seek to deprive other stockholders of the right to make nominations, and solicit proxies in connection with such nominations, in an effort to entrench himself. Section 3.02(b) of the Company's bylaws permits other stockholders to make nominations in connection with an annual meeting of stockholders and, under the circumstances, other stockholders should be provided with such an opportunity in accordance with the provisions of Section 3.02(b) and also should be given a sufficient opportunity to solicit proxies should they so desire.

WHEREFORE, Dyadic joins in Plaintiff's request that the Court enter an Order requiring Dyadic to hold an annual meeting of stockholders for the election of two directors. Dyadic respectfully requests that the Court fix a date and time for such meeting that provides sufficient time in advance of the annual meeting (i) for other stockholders of the Company to nominate candidates for election in accordance with Section 3.02(b) of the Company's bylaws and for other stockholders to solicit proxies for such meeting; (ii) for Dyadic to make prompt application to the SEC for any necessary exemptive relief, waiver, order, or "no action letter" to ensure that Dyadic will be permitted to provide notice of the annual meeting to its stockholders and to disclose to the stockholders information the Board of Directors believes to be material to stockholders in connection with such annual meeting, including, without limitation, additional information about the Company, its recently announced strategic process, and the reasons for Mr. Emalfarb's termination, as well as the Board's recommendations for or against the election of particular nominees; and (iii) for Dyadic to make such disclosures to its stockholders and for the stockholders to review and digest such information in advance of the annual meeting.

Defendant therefore prays that this Court enter an order:

- A. Requiring the Company to hold an annual meeting of stockholders for the election of two directors;
- B. Designating a date, time, and place for such meeting and the record date for the determination of stockholders of the Company entitled to vote at the annual meeting, and approving the form of notice of the annual meeting;
- C. Directing the Company to make prompt application to the SEC for any necessary exemptive relief, waiver, order, or "no action letter" to ensure that Dyadic will be permitted to provide notice of the annual meeting, to make recommendations, to solicit proxies, and to make public disclosures about the annual meeting in order to provide information the Board of Directors believes to be material to stockholders in connection with such annual meeting;
- D. Awarding Defendant the costs and expenses of this litigation, including reasonable attorneys' fees; and
- E. Granting such other and further relief as the Court deems just and proper.

Dated: December 10, 2007

POTTER ANDERSON & CORROON LLP

By: /s/ Berton W. Ashman, Jr.

Michael A. Pittenger (#3212)

Berton W. Ashman, Jr. (#4681)

Hercules Plaza, 6th Floor

1313 N. Market Street

P.O. Box 951

Wilmington, Delaware 19899-0951

(302) 984-6000

Attorneys for Defendant

834253

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 2007, a copy of the foregoing ANSWER was served electronically via *LexisNexis File & Serve* upon the following counsel of record:

S. Mark Hurd, Esquire
Amaryah Kishpaugh, Esquire
Morris, Nichols, Arsht & Tunnell LLP
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899-1347
(302) 658-9200

/s/ Berton W. Ashman, Jr.
Berton W. Ashman, Jr. (#4681)

834253

Dyadic Receives Another Notice From American Stock Exchange and Provides Updates Regarding Gordian Strategic Process and Other Events

JUPITER, Fla – December 28, 2007 – Dyadic International, Inc. (AMEX: DIL) announced today that on December 10, 2007, the American Stock Exchange ("AMEX") notified Dyadic International, Inc. (the "Company" or "Dyadic") of the date for the Company's oral hearing to review the AMEX Listing Qualifications Department staff (the "Staff") determination to proceed with the delisting of the Company's common stock from AMEX. The oral hearing, which will be held before an AMEX Listing Qualifications Panel, is scheduled for January 8, 2008. By way of background, as previously disclosed in the Company's Current Reports on Form 8-K (filed on July 9, 2007, August 28, 2007, November 19, 2007 and December 3, 2007), the Company received notice from the Staff on November 27, 2007 that the Company had failed to regain compliance with AMEX's continued listing standards set forth in Sections 134 and 1101 of the AMEX Company Guide by the November 16, 2007 deadline previously imposed by AMEX, because the Company failed to timely file its Quarterly Reports on Form 10-QSB for the periods ended March 31, 2007, June 30, 2007 and September 30, 2007. Accordingly, the Staff provided notice to the Company of AMEX's intent to file a delisting application with the Securities and Exchange Commission (the "SEC") to strike the Company's common stock from listing and registration on AMEX. In accordance with applicable AMEX rules, the Company appealed this determination and requested a hearing before an AMEX Listing Qualifications Panel (which oral hearing, as noted above, has now been scheduled for January 8, 2008).

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There can be no assurance that the Company's appeal of the Staff's delisting determination will be successful or that the Company's request for continued listing (or any delay in delisting) by AMEX will be granted. The halt on trading in the Company's shares remains in effect at the direction of AMEX, and there can be no assurance that trading (whether on AMEX or any other listing, trading or quotation system) will ever resume. Based on information available as of the date of this filing, the Company believes it is unlikely that its appeal before the AMEX Listing Qualifications Panel will be successful. The Company is considering its options available under the circumstances should AMEX strike the Company's common stock from listing and registration on AMEX.

As previously disclosed in the Company's Current Reports on Form 8-K (filed on October 24, 2007, November 19, 2007 and December 3, 2007), the Company has engaged Gordian Group, LLC ("Gordian Group") to serve as the Company's investment banker and financial adviser to assist the Company in evaluating, exploring and, if deemed appropriate, pursuing and implementing certain strategic and financial options that may be available to the Company, including a possible sale, merger, restructuring, recapitalization, reorganization or other strategic or financial transaction. On December 7, 2007, the Company commenced implementing a process (the "Strategic Process") designed to maximize the realizable value of the Company's business and assets for all Dyadic stockholders, by soliciting indications of interest from identified third parties concerning the possible sale of the Company (or the Company's outstanding stock or assets). The Company's Strategic Process is being administered by Gordian Group under the direction of the Executive Committee of the Board of Directors. No person is authorized to speak for the Company in connection with the Strategic Process other than Gordian Group and other persons authorized by the Executive Committee. Although implementation of the Strategic Process has commenced, no conclusion as to any specific option or transaction has been reached, nor has any specific timetable been fixed for accomplishing this effort, and there can be no assurance that any strategic, financial or other option or transaction will be presented, implemented or consummated.

On December 10, 2007, the Company filed an answer to the petition previously filed by Mark A. Emalfarb, in his capacity as trustee of the Mark A. Emalfarb Trust, a stockholder of the Company, in the Court of Chancery of the State of Delaware pursuant to Section 211 of the General Corporation Law of the State of Delaware (the "211 Action"). By way of background, as previously disclosed in the Company's Current Report on Form 8-K (filed on November 19, 2007), Mr. Emalfarb's petition in the 211 Action seeks an order of the Court directing the Company to call and hold an annual meeting of its stockholders for the election of directors. As noted above, the Company has been unable to call, notice and hold an annual stockholders' meeting for the election of directors in 2007 because of its inability to comply with the SEC's proxy rules in connection with any such meeting (which proxy rules require that the Company's related proxy or information statement be accompanied or preceded by an annual report to stockholders that includes audited financial statements and meets the other applicable requirements of the proxy rules). However, the Company desires to notice, convene and hold an annual meeting of stockholders if legally permitted to do so. In response to Mr. Emalfarb's petition, the Company joined in the request that the Court enter an order requiring it to hold an annual meeting and, in particular, requested that the Court enter an order: (1) directing the Company to hold an annual meeting of stockholders for the election of two directors; (2) designating a date, time and place for such meeting and the record date for the determination of stockholders of the Company entitled to vote at such meeting, and approving the form of notice of the annual meeting; and (3) directing the Company to make prompt application to the SEC for any necessary exemptive relief, waiver, order or "no action letter" to ensure that the Company will be permitted to provide notice of the annual meeting, to make recommendations, to solicit proxies and to make public disclosures about the annual meeting in order to provide information that the Company's Board of Directors believes to be material to stockholders in connection with such annual meeting. The Company intends to vigorously pursue its interests in connection with the 211 Action, but no assurance can be given as to the timing, costs to defend or the ultimate outcome of this matter.

On December 12, 2007, the six putative class action lawsuits filed in the United States District Court for the Southern District of Florida were consolidated, and the Court selected a lead plaintiff who is tasked with litigating the claims against the Company on behalf of all putative class members. By way of background, as previously disclosed in the Company's Current Reports on Form 8-K (filed on October 24, 2007, November 19, 2007 and December 3, 2007), each individual putative class action complaint names the Company and certain current and former officers and directors of the Company as defendants. The putative class action lawsuits allege that the defendants, among other things, violated federal securities laws by issuing various materially false and misleading statements that had the effect of artificially inflating the market price of the Company's securities and causing putative class members to overpay for securities purchased during the period from March 30, 2006 through April 23, 2007. The complaints seek, among other things, unspecified monetary damages and the costs and expenses incurred in prosecuting the action. The Company and lead plaintiff's counsel have filed a proposed schedule with the Court that would require, subject to the Court's approval, the lead plaintiff to file an amended and consolidated complaint by February 25, 2008 and the Company to respond to that complaint by April 28, 2008. The Company intends to vigorously contest and defend the allegations under the amended and consolidated putative class action complaint, but no assurance can be given as to the timing, costs to defend or the ultimate outcome of this matter.

On December 28, 2007, the Company filed with the Securities and Exchange Commission a Current Report on Form 8-K, which includes discussion of the above-mentioned items.

Dyadic International, Inc. is a biotechnology company that uses its patented and proprietary technologies to conduct research and development activities for the discovery, development, and manufacture of products and enabling solutions to the bioenergy, industrial enzyme and pharmaceutical industries.

Cautionary Statement for Forward-Looking Statements

Certain statements made in this press release may be considered "forward-looking statements." These forward-looking statements are based upon current expectations and involve a number of assumptions, risks and uncertainties that could cause our actual results, performance or achievements to be materially different from such forward-looking statements. In view of such risks and uncertainties, investors and stockholders should not place undue reliance on our forward-looking statements. Such statements speak only as of the date of this release, and we undertake no obligation to update any forward looking statements made herein. For a discussion of assumptions, risks and uncertainties identified by the Company, 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, 2006, and our subsequent filings with the SEC.

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