

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

Mark one

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2003

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-9974

ENZO BIOCHEM, INC.

-----  
(Exact name of registrant as specified in its charter)

NEW YORK

13-2866202

-----  
(State or Other Jurisdiction  
of Incorporation or Organization)

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

60 EXECUTIVE BLVD., FARMINGDALE, NEW YORK

11735

-----  
(Address of Principal Executive office)

-----  
(Zip Code)

(631-755-5500)

-----  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

COMMON STOCK, \$0.01 PAR VALUE

NEW YORK STOCK EXCHANGE

-----  
(Title of Class)

-----  
(Name of Each Exchange on which Registered)

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant has required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes       No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 125-2).

Yes       No

As of November 25, 2003 the Registrant had 30,036,300 shares of Common Stock Outstanding.

ENZO BIOCHEM, INC.

FORM 10-Q

October 31, 2003

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ENZO BIOCHEM, INC  
PART 1 - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

	October 31, 2003 (unaudited) -----	July 31, 2003 (audited) -----
ASSETS		
Current assets:		
Cash and cash equivalents .....	\$ 63,446	\$ 63,268
Marketable securities .....	15,179	15,154
Accounts receivable, less allowance for doubtful accounts .....	16,643	17,266
Inventories .....	3,322	3,422
Prepaid expenses .....	2,007	2,233
Deferred taxes .....	1,284	1,014
Prepaid taxes .....	810	542
	-----	-----
Total current assets .....	102,691	102,899
Property and equipment, at cost less accumulated depreciation and amortization .....	2,242	2,200
Goodwill .....	7,452	7,452
Deferred patent costs, less accumulated amortization .	2,995	3,166
Other .....	165	161
	-----	-----
	\$ 115,545	\$ 115,878
	=====	=====

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Trade accounts payable .....	\$ 2,097	\$ 1,321
Accrued legal fees .....	1,681	1,915
Other accrued expenses .....	435	551
Accrued research and development expenses .....	--	453
Accrued payroll .....	621	703
Deferred rent .....	261	232
	-----	-----
Total current liabilities .....	5,095	5,175
Deferred taxes .....	1,156	1,235
Deferred rent .....	--	87
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$.01 par value; authorized 25,000,000 shares; no shares issued or outstanding		
Common Stock, \$.01 par value; authorized 75,000,000 shares; shares issued and outstanding: 30,007,300 at October 31, 2003		

and 29,975,100 at July 31, 2003 .....	300	300
Additional paid-in capital .....	199,361	199,082
Accumulated deficit .....	(90,239)	(89,916)
Accumulated other comprehensive loss .....	(128)	(85)
	-----	-----
Total stockholders' equity .....	109,294	109,381
	-----	-----
	\$ 115,545	\$ 115,878
	=====	=====

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ENZO BIOCHEM, INC.  
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

	Three Months Ended October 31,	
	2003	2002
	-----	-----
	(In thousands, except per share data)	
Revenues:		
Research product revenues .....	\$2,760	\$10,411
Clinical laboratory services .....	7,513	6,945
	-----	-----
	10,273	17,356
Costs and expenses:		
Cost of research product revenues .....	384	1,291
Cost of clinical laboratory services .....	2,322	2,099
Research and development expense .....	1,932	1,827
Selling expense .....	1,019	1,460
General and administrative expense .....	2,390	2,006
Provision for uncollectible accounts receivable .....	2,372	2,168
Legal expense .....	956	742
	-----	-----
	11,375	11,593
	-----	-----
Income (loss) before interest income and provision for taxes on income .....	(1,102)	5,763
Interest income .....	286	284
	-----	-----
Income (loss) before provision for taxes on income ....	(816)	6,047
Benefit (provision) for taxes on income .....	493	(2,359)
	-----	-----
Net (loss) income .....	(323)	\$3,688
	=====	=====
Net income (loss) per common share:		
Basic .....	(\$0.01)	\$0.12
	=====	=====
Diluted .....	(\$0.01)	\$0.12
	=====	=====
Denominator for per share calculation:		
Basic .....	30,006	29,885
	=====	=====
Diluted .....	30,006	30,492
	=====	=====

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ENZO BIOCHEM, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended October 31,	
	2003	2002
	-----	-----
	(In Thousands)	
Cash flows from operating activities:		
Net income (loss) .....	\$ (323)	\$ 3,688
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of property and equipment .....	253	237
Amortization of deferred patent costs .....	214	225
Provision for uncollectible accounts receivable .....	2,372	2,168
Deferred rent .....	(58)	(49)
Changes in operating assets and liabilities:		

Accounts receivable before provision for uncollectible amounts .....	(1,749)	(2,951)
Inventories .....	100	800
Prepaid expenses .....	226	(123)
Deferred taxes .....	(321)	--
Prepaid taxes .....	(268)	1,888
Trade accounts payable and other accrued expenses ..	660	2
Accrued research and development expenses .....	(453)	--
Accrued legal fees .....	(234)	370
Accrued payroll .....	(82)	99
	-----	-----
Total adjustments .....	660	2,666
	-----	-----
Net cash provided by operating activities ...	337	6,354
	-----	-----
Cash flows from investing activities:		
Capital expenditures .....	(295)	(186)
Patent costs deferred .....	(43)	(77)
Purchase of marketable securities .....	(96)	--
Security deposits .....	(4)	(1)
	-----	-----
Net cash used in investing activities .....	(438)	(264)
	-----	-----
Cash flows from financing activities:		
Proceeds from the exercise of stock options .....	279	23
	-----	-----
Net cash provided by financing activities .....	279	23
	-----	-----
Net increase in cash and cash equivalents .....	178	6,113
Cash and cash equivalents at the beginning of the period .....	63,268	67,135
	-----	-----
Cash and cash equivalents at the end of the period .....	\$63,446	\$73,248
	=====	=====

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ENZO BIOCHEM, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
October 31, 2003  
(Unaudited)

NOTE 1. BASIS OF PRESENTATION

The consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended July 31, 2003 and notes thereto contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the three months ended October 31, 2003 are not necessarily indicative of the results to be expected for the entire fiscal year ending July 31, 2004.

STOCK BASED COMPENSATION PLANS

The Company accounts for stock option grants to employees under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. Under APB No. 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded.

Pro forma information regarding net loss applicable to common stockholders is required by FASB Statement No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," which also requires that the information be determined as if the Company has accounted for its stock options under the fair value method of that statement. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

In December 2002, the FASB issued Statement No. 148 ("SFAS 148"), "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition to SFAS No. 123's fair value method of accounting for stock-based employee compensation. SFAS No. 148 also amends the disclosure provisions of SFAS No. 123 to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income. While SFAS No. 148

does not amend SFAS No. 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of SFAS No. 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of SFAS No. 123 or the intrinsic value method of APB No. 25. The Company adopted SFAS No. 148 effective January 31, 2003.

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ENZO BIOCHEM, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
October 31, 2003  
(Unaudited)

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based compensation for the three months ended October 31, 2003 and 2002 (in thousands, except per share data):

	Three Months Ended October 31,	
	2003	2002
	-----	
	(In thousands, except for share data)	
Net income (loss), as reported	\$(323)	\$3,688
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(814)	(705)
	-----	-----
Pro forma net income (loss)	\$ (1,137)	\$2,983
	=====	=====
Earnings (loss) per share:		
Basic - as reported	\$ (.01)	\$.12
Basic - pro forma	(.04)	.10
Diluted - as reported	\$ (.01)	\$.12
Diluted - pro forma	(.04)	.10

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share". The following table sets forth the computation of basic and diluted earnings per share pursuant to SFAS 128.

	Three Months Ended October 31,	
	2003	2002
	-----	
	(In thousands, except for share data)	
Numerator:		
Net income (loss) for numerator for basic and diluted earnings per common share	\$(323)	\$3,688
Denominator:		
Denominator for basic earnings per common equivalent share during the period	30,006	29,885
Effect of dilutive securities		
Employee and director stock options and warrants	-- (a)	607
	-----	-----
Denominator for diluted earnings (loss) per common equivalent share and assumed conversions	30,006	30,492
	=====	=====
Basic earnings (loss) per share	\$ (.01)	\$.12
	=====	=====
Diluted earnings (loss) per share	\$ (.01)	\$.12
	=====	=====

(a) The effect of 1,127,000 of dilutive securities have been excluded as they are anti-dilutive.

The Company declared a 5% stock dividend on June 10, 2003 payable July 14, 2003 to shareholders of record as of June 30, 2003. The shares and per share data have been adjusted to retroactively reflect this stock dividend for all periods presented.

ENZO BIOCHEM, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
OCTOBER 31, 2003  
(UNAUDITED)

Note 2--Segment Reporting

The Company has two reportable segments: research and development and clinical reference laboratories. The Company's research and development segment conducts research and development activities as well as selling products derived from these activities. The clinical reference laboratories provide diagnostic services to the health care community. The Company evaluates performance based on income before provision for taxes on income. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Costs excluded from income before provision for taxes on income and reported as other consist of corporate general and administrative costs that are not allocable to the two reportable segments. Management of the Company assesses assets on a consolidated basis only and therefore, assets by reportable segment have not been included in the reportable segments below.

The following financial information (in thousands) represents the reportable segments of the Company:

<TABLE>  
<CAPTION>

CONSOLIDATED	RESEARCH AND DEVELOPMENT		CLINICAL REFERENCE LABORATORIES		OTHER		
	THREE MONTHS ENDED	THREE MONTHS ENDED	THREE MONTHS ENDED	THREE MONTHS ENDED	THREE MONTHS ENDED	THREE MONTHS ENDED	
OCTOBER 31,	OCTOBER 31,	OCTOBER 31,	OCTOBER 31,	OCTOBER 31,	OCTOBER 31,	OCTOBER 31,	
2003	2002	2003	2002	2003	2002	2003	2002
Operating revenues:							
Research product revenues .....	\$2,760	\$10,411	--	--	--	--	--
\$2,760	\$10,411						
Clinical laboratory services .....	--	--	\$7,513	\$6,945	--	--	--
7,513	6,945						
Cost and expenses:							
Cost of research product revenues .....	384	1,291	--	--	--	--	--
384	1,291						
Cost of clinical laboratory services .....	--	--	2,322	2,099	--	--	--
2,322	2,099						
Research and development expense .....	1,932	1,827	--	--	--	--	--
1,932	1,827						
Provision for uncollectible .....	--	--	2,372	2,168	--	--	--
2,372	2,168						
accounts							
Other costs and expenses .....	515	972	2,155	1,884	\$1,695	\$1,352	
4,365	4,208						
Interest income .....	--	--	--	--	286	284	
286	284						
Income (loss) before (provision) benefit							
for income taxes on income .....	\$(71)	\$6,321	\$664	\$794	\$(1,409)	\$(1,068)	
\$(816)	\$6,047						

</TABLE>

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and related notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements. See "Forward-Looking and Cautionary Statements." Because of the foregoing factors, you should not rely on past financial results as an indication of future performance. We believe that period-to-period comparisons of our financial results to date are not necessarily meaningful and expect that our results of operations might fluctuate from period to period in the future.

Enzo Biochem, Inc. (the "Company" or "Enzo") is a leading life sciences and biotechnology company focused on harnessing genetic processes to develop research tools, diagnostics and therapeutics. Enzo also provides clinical laboratory services to the medical community. In addition, our work in gene analysis has led to our development of significant therapeutic product candidates, several of which are currently in clinical trials, and several are in preclinical studies.

The business activities of the Company are performed by the Company's three wholly owned subsidiaries. These activities are: (1) research and development, manufacturing and marketing of biomedical research products and tools through Enzo Life Sciences and research and development of therapeutic products through Enzo Therapeutics, and (2) the operation of a clinical reference laboratory through Enzo Clinical Labs. For information relating to the Company's business segments, see Note 2 of the Notes to Consolidated Financial Statements.

The Company's source of revenue has been from the direct sales of research products of labeling and detection reagents for the genomics and sequencing markets, as well as through non-exclusive distribution agreements with other companies. Another source of revenue has been from the clinical laboratory service market. Clinical laboratory services are provided to patients covered by various third party insurance programs, including Medicare and self payors for the services provided. The clinical laboratory is subject to seasonal fluctuations in operating results. Volume of testing generally declines during the summer months, the year-end holiday periods and other major holidays. In addition, volume declines due to inclement weather may reduce net revenues. Therefore, comparison of the results of successive quarters may not accurately reflect trends or results for the full year. For the three months ended October 31, 2003 and 2002, respectively, approximately 27% and 60% of the Company's operating revenues were derived from research product sales and approximately 73% and 40% were derived from clinical laboratory services. Research product revenue from one major distributor represented approximately 83% of the three months ended in October 31, 2002, under a non-exclusive distribution and supply agreement. See "Item 1. Legal Proceedings."

#### Liquidity and Capital Resources

At October 31, 2003, our cash and cash equivalents and marketable securities totaled \$78.6 million, an increase of \$.2 million from July 31, 2003. We had working capital of \$97.6 million at October 31, 2003 compared to \$97.7 million at July 31, 2003.

Net cash provided by operating activities for the period ended October 31, 2003 was approximately \$.3 million as compared to net cash provided by operating activities of \$6.4 million for the period ended October 31, 2002. The decrease in net cash provided by operating activities from the 2002 period to the 2003 period was primarily due to the decreased net income in the 2003 period based on the net loss in the 2003 period as compared to the net income in the 2002 period.

Net cash used in investing activities increased approximately \$.2 million from the 2002 period, primarily as a result of an increase investment in marketable securities and an increase in capital expenditures.

Net cash provided by financing activities increased by \$.3 million from the 2002 period primarily as a result of the increase in proceeds from the exercise of stock options.

We believe that our current cash position is sufficient for our foreseeable liquidity and capital resource needs, although there can be no assurance that future events will not alter such view.

Management is not aware of any material claims, disputes or settled matters concerning third-party reimbursements that would have a material effect on our financial statements.

#### Critical Accounting Policies

## General

The Company's discussion and analysis of its financial condition and results of operations are based upon Enzo Biochem, Inc. consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses; these estimates and judgments also affect related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to contractual allowance, allowance for uncollectible accounts, intangible assets and income taxes. The Company bases its estimates on experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

## REVENUE RECOGNITION

Revenues from the clinical laboratory are recognized as services are rendered upon completion of the testing process for a specific patient. The Company's revenue is based on amounts billed or billable for services rendered, net of contractual adjustments and other arrangements made with third-party payors to provide services at less than established billing rates. Revenues from research product sales, exclusive of certain non-exclusive distribution agreements, are recognized when the products are shipped.

The Company has certain non-exclusive distribution agreements, which provide for consideration to be paid to the distributors for the manufacture of certain products. The Company records such consideration provided to distributors under these non-exclusive distribution agreements as a reduction to research product revenues. The revenue from these non-exclusive distribution agreements are recognized when shipments are made to their respective customers and reported to the Company.

## CONTRACTUAL ALLOWANCES

The percentage of the Company's revenues derived from Medicare, third party payers, commercial insurers and managed care patients continue to increase. The Medicare regulations and various managed care contracts are often complex and may include multiple reimbursement mechanisms for different types of services provided in our clinical laboratory.

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We estimate the allowance for contractual allowances on a payer-specific basis given our interpretation of the applicable regulations and historical calculations. However, the services authorized and provided and related reimbursement are often subject to interpretation that could result in payments that differ from our estimates. Additionally, updated regulations occur frequently necessitating continual review and assessment of the estimation process by management.

## ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company's ability to collect outstanding receivables from third party payers is critical to its operating performance and cash flows. The primary collection risk lies with uninsured patients or patients for whom primary insurance has paid but a patient portion remains outstanding. The Company estimates the allowance for doubtful accounts primarily based upon the age of the accounts since invoice date. The Company continually monitors its accounts receivable balances and utilizes cash collections data to support the basis for its estimates of the provision for doubtful accounts. Significant changes in payer mix or regulations could have a significant impact on the Company's results of operations and cash flows. In addition, the Company has implemented a process to estimate and review the collections of its receivables based on the period they have been outstanding. Historical collection and payor reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts. The Company also assesses the current state of its billing functions in order to identify any known collection or reimbursement issues in order to assess the impact, if any, on the reserve estimates, which involves judgment. The Company believes that the collectibility of its receivables is directly linked to the quality of its billing processes, most notably, those related to obtaining the correct information in order to bill effectively for the services provided. Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to bad debt expense. The Company believes that its collection and reserves processes, along with the close monitoring of its billing processes, helps reduce the risk associated with material revisions to reserve estimates resulting from adverse changes in collection and reimbursement experience and billing operations.

## INCOME TAXES



The Company accounts for income taxes under the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The liability method requires that any tax benefits recognized for net operating loss carry forwards and other items be reduced by a valuation allowance where it is more likely than not the benefits may not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

#### IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates the requirement to recognize impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Company management believes that no impairment to its long-lived assets has occurred.

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#### Results of Operations

THREE MONTHS ENDED OCTOBER 31, 2003 COMPARED WITH THREE MONTHS ENDED OCTOBER 31, 2002

Revenues from operations for the three months ended October 31, 2003 were \$10.3 million a decrease of \$7.1 million over revenues from operations for the three months ended October 31, 2002. This decrease was due to a decrease of \$7.7 million in revenues from our research product sales operations offset by an increase of \$.6 million in revenues from clinical reference laboratory operation over revenues for such activities in the period ended October 31, 2003.

The decrease in research product sales resulted primarily from a decrease in direct sales of research products of labeling and detection reagents for the genomics and sequencing markets related to the decrease sales based on the termination of a contract with one major distributor. Research product revenue from this one major distributor accounted for approximately 83% of the Company's total research product revenues in the period ended October 31, 2002. See "Item 1. Legal Proceedings."

The increase of clinical laboratory services revenue was due primarily to increased volume of higher priced esoteric tests. Clinical laboratory services are provided to patients covered by various third party payor programs, including Medicare and health maintenance organizations ("HMO's"). Billings for services are included in revenue net of allowances for contractual discounts and allowances paid for differences between the amounts billed and the estimated amount to be paid. Recent trends had indicated a decrease in the collection rates from the Medicare Program, certain third party payors and HMO's. The clinical laboratory is subject to seasonal fluctuations in operating results. Volume of testing generally declines during the summer months, the year-end holiday periods and other major holidays. In addition, volume declines due to inclement weather may reduce net revenues. Therefore, comparison of the results of successive quarters may not accurately reflect trends or results for the full year.

The cost of research products sold decreased by \$.9 million to \$.4 million from the prior three month period. This decrease was primarily due to the decrease in expenditures related to the decreased sales based on the termination of a contract with one major distributor.

The cost of clinical laboratory services increased by \$.2 million during this period primarily due to an increase in certain esoteric tests.

Research and development expenses increased by approximately \$.1 million as a result of an increase in the expenses related to the clinical trial activities and other research projects.

Selling expenses decreased by \$.4 million during these three months ended, as compared to the prior year's three months. This decrease was primarily due to a reduction of orders shipped to one major distributor of research products. See "Item 1. Legal Proceedings."

General and administrative expenses increased by \$.4 million due to the increase in overall insurance costs of professional, directors & officers, liability insurance premiums and an increase in data processing personnel costs.

The Company's legal expenses increased by \$.2 million to \$.9 million from \$.7 million as compared to the previous year. This increase is primarily due to the increase in patent infringement proceedings and the increase in the

overall legal activities on these infringement proceedings.

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The Company's provision for uncollectible accounts receivable increased by \$.2 million to \$2.4 million from \$2.2 million as compared to the same three month period last year at the clinical laboratory division. The percentage of the provision for uncollectible accounts receivable as a relationship to revenue increased to 31.6% for these three months ended as compared to 31.3% for the same three month period last year. This increase was primarily due to the change in the mix of payors.

Interest income was comparable to last years prior three months ended.

For the three months ended October 31, 2003, the Company recorded a benefit for income taxes of \$.5 million based upon the combined effective federal, state and local income tax rates. For the three months ended October 31, 2002, the Company recorded a provision for income taxes of \$2.4 million which was based on the combined effective federal, state and local income tax rates.

Income (loss) before (provision) benefit for taxes on income from the research and development segment activities and related costs was \$(71,000) in for period ended October 31, 2003, as compared to income before provision for taxes on income of \$6.3 million in for period ended October 31, 2002. The decrease in the income resulted primarily from a decrease in direct sales of research products of labeling and detection reagents for the genomics and sequencing markets to one major distributor. Income before provision for taxes on income from the clinical reference laboratories segment amounted to a \$.7 million for period ending October 31, 2003, as compared to income of \$.8 million for fiscal 2002. The decrease in income before taxes for the clinical laboratory segment was primarily due to the increase in costs based on an increase in volume of esoteric tests being ordered by physicians. These esoteric tests have higher pricing levels as compared to the regular tests performed at the laboratory.

#### Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's earnings and cash flows are subject to fluctuations due to changes in interest rates primarily from its investment of available cash balances in investment grade corporate and U.S. government securities. Under its current policies, the Company does not use interest rate derivative instruments to manage exposure to interest rate changes.

#### Item 4. Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-14c within 90 days of the filing date of this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation.

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## PART II - Other Information

#### Item 1. LEGAL PROCEEDINGS

In June 1999, the Company filed suit in the United States District Court for the Southern District of New York against Gen-Probe Incorporated, Chugai Pharma U.S.A., Inc., Chugai Pharmaceutical Co., Ltd., bioMerieux, Inc., bioMerieux SA, and Becton Dickinson and Company, charging them with infringing the Company's U.S. Patent 4,900,659, which concerns probes for the detection of the bacteria that causes gonorrhoea. On January 26, 2001, the court granted the defendants' motion for summary judgment that the Company's patent is invalid. On July 15, 2002, the Court of Appeals for the Federal Circuit reversed the judgment of invalidity and remanded the case to the district court for further proceedings. In March 2003, settlements have been reached with bioMerieux and Chugai; the settlements did not have a material monetary impact on the Company. There can be no assurance that the Company will be successful in the on-going proceedings. However, even if the Company is not successful, management does not believe that there will be a significant adverse monetary impact to the Company.

On March 6, 2002, the Company was named, along with certain of its officers and directors among others, in a complaint entitled Lawrence F. Glaser and Maureen Glaser, individually and on behalf of Kimberly, Erin, Hannah, and Benjamin Glasser v. Hyman Gross, Barry Weiner, Enzo Biochemical Inc., Elazar Rabbani, Shahram Rabbani, John Delucca, Dean Engelhardt, Richard Keating, Doug Yates and

Docs 1-50, in the U.S. District Court for the Eastern District of Virginia. The complaint was filed by an investor in the Company who has filed for bankruptcy protection and his family. The complaint alleged securities and common law fraud and breach of fiduciary duty and seeks in excess of \$150 million in damages. On August 22, 2002, the complaint was voluntarily dismissed; however a new substantially similar complaint was filed at the same time. On October 21, 2002, the Company and the other defendants filed a motion to dismiss the complaint, and the plaintiffs responded by amending the complaint and dropping their claims against defendants Keating and Yates. On November 18, 2002, the Company and the other defendants again moved to dismiss the Amended Complaint. On July 16, 2003, the Court issued a Memorandum Opinion dismissing the Amended Complaint in its entirety with prejudice. Plaintiffs thereafter moved for reconsideration but the Court denied the motion on September 8, 2003. The plaintiffs subsequently appealed to the Fourth Circuit and that appeal is presently pending. The Company does not believe that the complaint has any merit and was correctly dismissed, and intends to continue to defend the complaint vigorously in any event.

In March 2002, Enzo Life Sciences, a subsidiary of the Company, filed suit in the United States District Court for the District of Delaware against Digene Corp., charging it with infringing the Company's U.S. Patent No. 6,221,581 B1, which concerns a novel process for detecting nucleic acids of interest. On May 31, 2002, Digene filed counterclaims in that suit against Enzo Life Sciences and the Company, including business tort counterclaims relating to the '581 patent. Digene further contends that the Company has caused it substantial damage by interfering with business and financial opportunities. There can be no assurance that the Company and Enzo Life Sciences will be successful in these proceedings. However, even if Enzo Life Sciences is not successful in its patent infringement suit, management does not believe that there will be a significant adverse monetary impact to the Company. With respect to Digene's counterclaims, the Company and Enzo Life Sciences believe them to be without merit and intend to defend themselves vigorously. Trial is scheduled for March 22, 2004.

In October 2002, the Company filed suit in the United States District Court of the Southern District of New York against Amersham plc, Amersham Biosciences, Perkin Elmer, Inc., Perkin Elmer Life Sciences, Inc., Sigma-Aldrich Corporation, Sigma Chemical Company, Inc., Molecular Probes, Inc. and Orchid Biosciences, Inc. In January 2003, the Company amended its complaint to include defendants

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Sigma Aldrich Co. and Sigma Aldrich, Inc. The counts set forth in the suit are for breach of contract; patent infringement; unfair competition under state law; unfair competition under federal law; tortious interference with business relations; and fraud in the inducement of contract. The complaint alleges that these counts arise out of the defendants' breach of distributorship agreements with the Company concerning labeled nucleotide products and technology, and the defendants' infringement of patents covering the same. In April, 2003, the Court directed that individual complaints be filed separately against each defendant. Enzo has done so and has added Yale for technical reasons relating to its standing to enforce the four Yale patents of which Enzo is exclusive licensee. Yale and Enzo are aligned in protecting the validity and enforceability of the subject patents. In June, 2003, the Court directed all parties to submit a stipulation setting forth dates for the completion of discovery. A stipulation to this effect is currently being negotiated and is likely to provide for discovery to take place through early 2004, with a trial to take place in 2004. Defendants have not yet answered the individual complaints although it is anticipated that the answers, when filed, will include a number of affirmative defenses and, possible, counterclaim. In addition, two of the Defendants filed motions to dismiss Enzo's patent infringement claims as to four of the patents-in-suit on the grounds that Enzo is not the exclusive licensee of such patents. On October 16, 2003, the court heard oral argument on the motion and reserved its decision. There can be no assurance that the Company will be successful in this litigation. However, even if the Company is not successful, management does not believe that there will be a significant adverse monetary impact to the Company.

On October 28, 2003, the Company and Enzo Life Sciences, Inc., a subsidiary of the Company, filed suit in the United States District Court of the Eastern District of New York against Affymetrix, Inc. The Complaint alleges that Affymetrix improperly transferred or distributed substantial business assets of the Company to third parties, including portions of the Company's proprietary technology, reagent systems, detection reagents and other intellectual property. The Complaint also charges that Affymetrix failed to account for certain shortfalls in sales of the Company's products, and that Affymetrix improperly induced collaborators and customers to use the Company's products in unauthorized fields or otherwise in violation of the agreement. The Complaint seeks full compensation from Affymetrix to the Company for its substantial damages, in addition to injunctive and declaratory relief to prohibit, among other things, Affymetrix's unauthorized use, development, manufacture, sale, distribution and transfer of the Company's products, technology, and/or intellectual property, as well as to prohibit Affymetrix from inducing collaborators, joint venture partners, customers and other third parties to use the Company's products in violation of the terms of the agreement and the Company's rights. Subsequent to the filing of the Complaint against Affymetrix,

Inc. referenced above, on or about November 10, 2003, Affymetrix, Inc. filed its own complaint against the Company and its subsidiary, Enzo Life Sciences, Inc., in the United States District Court for the Southern District of New York, seeking among other things, declaratory relief that Affymetrix, Inc., has not breached the parties' agreement, that it has not infringed certain of Enzo's Patents, and that certain of Enzo's patents are invalid, and damages for alleged breach of the parties' agreement, unfair competition, and tortuous interference, as well as certain injunction relief to prevent alleged unfair competition and tortuous interference. The Company does not believe that the complaint has any merit and intends to defend vigorously.

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Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Exhibit No.	Exhibit
31(a)	Certification of Elazar Rabbani, Ph.D. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification of Barry Weiner pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	Certification of Elazar Rabbani, Ph.D. pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Barry Weiner pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) REPORTS ON FORM 8-K.

One Form 8-K dated October 29, 2003 was furnished to the Securities and Exchange Commission during the quarter ended October 31, 2003, pursuant to Item 12 of Form 8-K. Pursuant to General Instruction B of Form 8-K, information furnished pursuant to Item 12 is not deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, is not incorporated by reference into this Report on Form 10-Q and Enzo does not intend to incorporate that report on Form 8-K by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SIGNATURES

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

ENZO BIOCHEM, INC.  
(registrant)

Date: December 12, 2003

by: /s/ BARRY WEINER  
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Chief Financial Officer,

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CERTIFICATIONS

I, Elazar Rabbani, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enzo Biochem, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 12, 2003

/s/ ELAZAR RABBANI, PH.D.  
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Elazar Rabbani, Ph.D.  
Chief Executive Officer

CERTIFICATIONS

I, Barry Weiner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enzo Biochem, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 12, 2003

/s/ BARRY WEINER

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Barry Weiner  
Chief Financial Officer

CERTIFICATE PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enzo Biochem, Inc., and Subsidiaries ("the Company") on Form 10-Q for the period ended October 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elazar Rabbani, Ph.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Elazar Rabbani, Ph.D.

Elazar Rabbani, Ph.D.  
Chief Executive Officer

December 12, 2003

CERTIFICATE PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enzo Biochem, Inc., and Subsidiaries ("the Company") on Form 10-Q for the period ended October 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry Weiner., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Barry Weiner

Barry Weiner  
Chief Financial Officer

December 12, 2003