

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Mark one

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

For the quarterly period ended October 31, 2000 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 (I.R.S. Employer
of Incorporation or Organization) 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 X No

As of December 6, 2000 the Registrant had 25,687,400 shares of Common Stock outstanding.

ENZO BIOCHEM, INC.

FORM 10-Q

October 31, 2000

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ENZO BIOCHEM, INC.
PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEET

<TABLE>
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	October 31, 2000 (unaudited)	July 31, 2000
	----- (in Thousands)	
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$53,536	\$51,027
Accounts receivable, less allowance for doubtful accounts	19,788	20,211
Inventories	1,749	1,799
Deferred taxes	2,502	3,008
Other	1,004	1,071
	-----	-----
Total current assets	78,579	77,116
Property and equipment, at cost, less accumulated depreciation and amortization	2,838	2,801
Cost in excess of fair value of net tangible assets acquired, less accumulated amortization	8,100	8,193
Deferred patent costs, less accumulated amortization	3,996	4,048
Other	126	127
	-----	-----
	\$93,639	\$92,285
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$884	\$1,470
Income taxes payable	718	376
Accrued legal fees	256	665
Accrued payroll	257	301
Other accrued expenses	801	812
	-----	-----
Total current liabilities	2,916	3,624
Deferred liability	764	796
Deferred taxes	689	689
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; 25,655,800 shares at October 31, 2000 and 25,583,700, shares at July 31, 2000	256	255
Additional paid-in capital	97,770	97,350
Accumulated deficit	(8,756)	(10,429)
	-----	-----
Total stockholders' equity	89,270	87,176
	-----	-----
	\$93,639	\$92,285
	=====	=====

</TABLE>
See accompanying notes

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CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

<TABLE>
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	Three Months Ended October 31,	
	2000	1999

	(In thousands, except per share data)	
<S>	<C>	<C>
Revenues:		
Research product revenues	\$5,365	\$4,332
Clinical laboratory services	8,494	7,280
	-----	-----
Total operating revenues	13,859	11,612
Costs and expenses:		
Cost of research product revenues	1,843	1,921
Cost of clinical laboratory services	2,075	2,057
Research and development expense	1,339	1,253
Selling expense	861	699
Provision for uncollectable accounts receivable	3,206	2,486
General and administrative expenses	2,399	2,146
	-----	-----
Total costs and expenses	11,723	10,562
	-----	-----
Income before interest income and (provision) for taxes on income		
	2,136	1,050
Interest income	851	564
	-----	-----
Income before (provision) for taxes on income	2,987	1,614
(Provision) for taxes on income	(1,314)	(97)
	-----	-----
Net income	\$1,673	\$1,517
	=====	=====
Net income per common share:		
Basic	\$.07	\$.06
	=====	=====
Diluted	\$.06	\$.06
	=====	=====
Denominator for per share calculation:		
Basic	25,652	25,079
	=====	=====
Diluted	26,968	26,679
	=====	=====

</TABLE>

See accompanying notes

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ENZO BIOCHEM, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended October 31,	
	2000	1999

	(In Thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$1,673	\$1,517
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	251	198
Amortization of costs in excess of fair value of tangible assets acquired	93	93
Amortization of deferred patent costs	180	171

Deferred income tax provision	506	---
Issuance of warrants as compensation for services performed		30
Provision for uncollectable accounts receivable	3,206	2,486
Deferred liabilities	(32)	(30)
Changes in operating assets and liabilities:		
Accounts receivable before provision for uncollectable amounts	(2,783)	(4,540)
Inventories	50	(45)
Other assets	68	227
Trade accounts payable and other accrued expenses	(597)	257
Income taxes payable	342	---
Accrued payroll	(44)	---
Accrued legal fees	(409)	---
	-----	-----
Net cash provided by operating activities	2,504	364
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(288)	(339)
Patent costs deferred	(128)	(108)
	-----	-----
Net cash used in investing activities	(416)	(447)
	-----	-----
Cash flows from financing activities:		
Proceeds from exercise of stock options	421	1,142
	-----	-----
Net cash provided by financing activities	421	1,142
	-----	-----
Net increase in cash and cash equivalents	2,509	1,059
Cash and cash equivalents at the beginning of the year	51,027	43,218
	-----	-----
Cash and cash equivalents at the end of the period	\$53,536	\$44,277
	=====	=====

</TABLE>

See accompanying notes

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ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2000
(Unaudited)

1. The consolidated balance sheet as of October 31, 2000, the consolidated statements of operations for three months ended October 31, 2000 ("2001 Period") and 1999 ("2000 Period") and the consolidated statements of cash flows for the three months ended October 31, 2000 and 1999 have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at October 31, 2000 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2000 Annual Report on Form 10-K. The results of operations for the three months ended October 31, 2000 are not necessarily indicative of the results that may be expected for the full year.

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

<TABLE>
<CAPTION>

	Three Months Ended October 31, 2000	1999
	-----	-----
(In Thousands, except per share data)		

<S>

Numerator:

Net income for numerator for basic and diluted earnings
per common share

<C>

<C>

\$1,673
=====

\$1,517
=====

Denominator:		
Denominator for basic earnings per common equivalent share during the period	25,652	25,079
Effect of dilutive securities		
Employee and director stock options and warrants	1,316	1,600
	-----	-----
Denominator for diluted earnings per common equivalent share and assumed conversions	26,968	26,679
	=====	=====
Basic earnings per share	\$.07	\$.06
	=====	=====
Diluted earnings per share	\$.06	\$.06
	=====	=====

</TABLE>

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ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2000
(Unaudited)

Note 2 - Segment Information

The Company follows the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). 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 which 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 has not been included in the reportable segments below.

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

<TABLE>			
<CAPTION>			
	Research and Development		Clinical Reference
Laboratories			
	Three Months Ended October 31,		Three Months
Ended October 31,	2000	1999	2000
1999	----	----	----

Operating revenues:			
<S>	<C>	<C>	<C>
<C>			
Research product revenues	\$5,365	\$4,332	---

Clinical laboratory services	---	---	\$8,494
\$7,280			
Cost and expenses:			
Cost of research product revenues	1,843	1,921	---

Cost of clinical laboratory services	---	---	2,075
2,057			
Research and development expense	1,339	1,253	---

Interest income	---	---	---

Income before (provision for) taxes on income	\$1,903	\$851	\$1,052
\$702			

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<CAPTION>

	Other		Consolidated	
	Three Months Ended October 31,		Three Months Ended October	
31,	2000	1999	2000	1999
	----	----	----	----

Operating revenues:				
<S>	<C>	<C>	<C>	<C>
Research product revenues	---	---	\$5,365	
\$4,332				
Clinical laboratory services	---	---	\$8,494	
7,280				
Cost and expenses:				
Cost of research product revenues	---	---	1,843	1,921
Cost of clinical laboratory services	---	---	2,075	2,057
Research and development expense	---	---	1,339	1,253
Interest income	\$851	\$564	851	
564				
Income before (provision for) taxes on income	\$32	\$61	\$2,987	\$1,614
	===	===	=====	

</TABLE>

ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2000
(Unaudited)

Item 3. Legal Proceedings

In March 1993, the Company filed suit in the United States District Court for the District of Delaware charging patent infringement and acts of unfair competition against Calgene, Inc. and seeking a declaratory judgment of invalidity concerning Calgene's plant antisense patent. On February 9, 1994, the Company filed a second suit in the United States District Court for the District of Delaware charging Calgene with infringement of a second antisense patent owned by the Company. Calgene filed a counterclaim in the second Delaware action seeking a declaration that a third patent belonging to the Company is invalid. The two Delaware actions have been consolidated and were tried to the Court in April 1995. In addition, the Company filed suit on March 22, 1994 in the United States District Court for the Western District of Washington against Calgene and the Fred Hutchinson Cancer Research Center, alleging that the defendants had conspired to issue a false and misleading press release regarding a supposed "patent license" from Hutchinson to Calgene, and conspired to damage the Company's antisense patents by improperly using confidential information to challenge them in the Patent Office. The Complaint further charges that Hutchinson is infringing and inducing Calgene to infringe the Company's antisense patents. On February 2, 1996, the Delaware Court issued an opinion ruling against Enzo and in favor of Calgene, finding certain Enzo claims infringed, but the patent, as a whole not infringed, and finding the claims at issue invalid for lack of enablement. Calgene's patent was found valid (non-obvious) over the prior art. On February 29, 1996, the Delaware Court issued an Order withdrawing its February 2, 1996 Opinion. On April 3, 1997, the European Patent Office rejected Calgene's opposition that had been lodged against the Company's related European antisense patent, thereby upholding the patent's validity. On May 23, 1997, the Japanese Patent Office issued a related antisense patent owned by the Company.

On June 1, 1998, the U.S. District Court for the District of Delaware issued its final decision in the case. In its decision the District Court held two of the Company's three antisense patents invalid and not infringed. The District Court declined to act on Calgene's claim that the Company's third antisense patent was invalid, citing lack of evidence. The District Court further held that the Calgene antisense patent was not invalid. Enzo appealed the District Court's judgment to the U.S. Court of Appeals for the Federal Circuit and Calgene cross-appealed. On September 24, 1999, the Court of Appeals issued its decision,

rejecting Calgene's effort to invalidate Enzo's patent in genetic antisense technology, U.S. Patent No. 5,272,065, thus leaving it valid and standing. The Court of Appeals also clarified the District Court's judgment regarding two other of Enzo's genetic antisense patents (5,190,931 and 5,208,149), limiting judgment of invalidity only to the claims of the two patents which had been asserted against Calgene. The Court of Appeals remanded the case to the District Court for determination of whether the case was exceptional, which related to Calgene's claim for attorney fees. On October 7, 1999, Calgene filed a petition for rehearing directed to the Court of Appeal's disposition of Calgene's cross-appeal as to Enzo's '065 patent. The petition was denied on December 1, 1999. There can be no assurance that the Company will be successful in connection with Calgene's claim that the case is exceptional, which will be the subject of further proceedings in the District Court. However, even if the Company is not successful, management does not believe there will be a significant monetary impact.

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

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probes for the detection of the bacteria that causes gonorrhea. The case remains at an early stage. There can be no assurance that the Company will be successful in these proceedings. However, even if the Company is not successful, management does not believe that there will be a significant monetary impact.

Item 2- Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Company at October 31, 2000, had cash and cash equivalents of \$53.5 million an increase of \$2.5 from July 31, 2000. The Company had working capital of \$75.7 million at October 31, 2000 compared to \$73.5 million at July 31, 2000.

The Company's net income before taxes for the three months ended October 31, 2000 was \$3.0 million which includes depreciation and amortization aggregating approximately \$.5 million. The Company's positive cash flow from operations was sufficient to meet its current cash needs for the research and development programs and other investing activities. The increase in net cash provided by operating activities from the 2000 to the 2001 period was primarily due to a deferred income tax provision, a decrease in accounts receivable offset by a decrease in trade accounts payable and other accrued expenses.

Net cash provided by operating activities for the three month period ended October 31, 2000 was approximately \$2.5 million and as compared to net cash provided by operating activities of \$.4 million for the 2000 period. The increase in net cash provided by operating activities from the 2000 period to the 2001 period was primarily due to deferred income tax provision, a decrease in accounts receivable offset by a decrease in trade accounts payable and other accrued expenses.

Net cash provided by financing activities decreased by approximately \$.7 million from the 2000 period primarily as a result of the decrease in proceeds from the exercise of stock options.

Results of Operations

Three months ended October 31, 2000 compared with three months ended October 31, 1999

Revenues from operations for the three month period ended October 31, 2000 increased by \$2.2 million compared to revenues from operations for the three month period ended October 31, 1999. This increase was due to an increase of \$1.2 million in revenue from the clinical reference laboratory operation and an a increase of \$1.0 million of research product sales. The increase in research product sales resulted primarily from a increase in the sales from the Company's sales of labeling and detection reagents for the genomics and sequencing markets. The increase in revenues from the clinical reference laboratory operations resulted primarily from an increase in esoteric testing revenue.

Cost of sales decreased by approximately \$60,000 as a result of a decrease of \$78,000 in the cost of sales of research products from the Company's distribution agreements activities offset by an increase in the cost of clinical laboratory services of \$18,000.

Research and development expenses increased by approximately \$86,000 as a result of an increase in expenses associated with the research programs.

Selling expenses increased by approximately \$162,000 primarily due to an increase in expenses associated with the increase in revenues.

General and Administrative expenses increased by approximately \$253,000 primarily due to an increase in legal fees.

The provision for income taxes for the three months ended October 31, 2000 are based on the effective federal, state and local income taxes rates. The provision for income taxes for the three months ended October 31, 1999 are based on the alternative minimum tax method

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and current state and local income taxes provided relate primarily to taxes computed based upon capital.

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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, 2000

by: /s/ Shahram K. Rabbani

Chief Operating Officer,
Secretary and Treasurer

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