

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 January 31, 2001

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

As of March 7, 2001 the Registrant had 25,693,450 shares of Common Stock outstanding.

ENZO BIOCHEM, INC.

FORM 10-Q

January 31, 2001

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ENZO BIOCHEM, INC.
PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	January 31, 2001 (unaudited)	July 31, 2000

	(in Thousands)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$54,387	\$51,027
Accounts receivable, less allowance for doubtful accounts	20,809	20,211
Inventories	1,806	1,799
Deferred taxes	1,999	3,008
Other	1,602	1,071
	-----	-----
Total current assets	80,603	77,116
Property and equipment, at cost, less accumulated depreciation and amortization	2,867	2,801
Cost in excess of fair value of net tangible assets acquired, less accumulated amortization	8,008	8,193
Deferred patent costs, less accumulated amortization	3,914	4,048
Other	132	127
	-----	-----
	\$95,524	\$92,285
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$1,359	\$1,470
Income taxes payable	383	376
Accrued legal fees	265	665
Accrued payroll	345	301
Other accrued expenses	517	812
	-----	-----
Total current liabilities	2,869	3,624
Deferred liability	730	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; 26,974,920 shares at January 31, 2001 and 25,583,700, shares at July 31, 2000	269	255
Additional paid-in capital	130,432	97,350
Accumulated deficit	(39,465)	(10,429)
	-----	-----
Total stockholders' equity	91,236	87,176
	-----	-----
	\$95,524	\$92,285
	=====	=====

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Six Months Ended January 31, 2001	2000

	(In thousands, except per share data)	
<S>	<C>	<C>
Revenues:		
Research product revenues	\$10,606	\$8,487
Clinical laboratory services	17,129	14,689
	-----	-----
Total operating revenues	27,735	23,176
Costs and expenses:		
Cost of research product revenues	3,455	3,605
Cost of clinical laboratory services	4,500	4,000
Research and development expense	2,939	2,514
Selling expense	1,770	1,463
Provision for uncollectable accounts receivable	6,196	5,211
General and administrative expenses	4,800	4,366
	-----	-----
Total costs and expenses	23,660	21,159
	-----	-----
Income before interest income and provision for taxes on income	4,075	2,017
Interest income - net	1,713	1,172
	-----	-----
Income before provision for taxes on income	5,788	3,189
Provision for taxes on income	(2,550)	(152)
	-----	-----
Net income	\$3,238	\$3,037
	=====	=====
Net income per common share:		
Basic	\$.12	\$.12
	=====	=====
Diluted	\$.12	\$.11
	=====	=====
Denominator for per share calculation:		
Basic	26,972	26,334
	=====	=====
Diluted	28,089	27,929
	=====	=====

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Three Months Ended January 31, 2001	2000

	(In thousands, except per share data)	
<S>	<C>	<C>
Revenues:		
Research product revenues	\$5,241	\$4,155
Clinical laboratory services	8,635	7,409
	-----	-----
Total operating revenues	13,876	11,564
Costs and expenses:		
Cost of research product revenues	1,612	1,684
Cost of clinical laboratory services	2,425	1,943
Research and development expense	1,600	1,261
Selling expense	909	764
Provision for uncollectable accounts receivable	2,990	2,725
General and administrative expenses	2,401	2,220
	-----	-----
Total costs and expenses	11,937	10,597

Income before interest income and provision for taxes on income	1,939	967
Interest income - net	862	608
Income before provision for taxes on income	2,801	1,575
Provision for taxes on income	(1,236)	(55)
Net income	\$1,565	\$1,520
Net income per common share:		
Basic	\$.06	\$.06
Diluted	\$.06	\$.05
Denominator for per share calculation:		
Basic	26,954	26,300
Diluted	28,169	27,787

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Six Months Ended January 31, 2001	2000

	(In Thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$3,238	\$3,037
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	541	410
Amortization of costs in excess of fair value of tangible assets acquired	186	185
Amortization of deferred patent costs	360	342
Deferred income tax provision	1,009	---
Issuance of warrants as compensation for services performed	---	60
Provision for uncollectable accounts receivable	6,196	5,211
Other	75	(40)
Deferred liabilities	(65)	(50)
Changes in operating assets and liabilities:		
Accounts receivable before provision for uncollectable amounts	(6,793)	(7,671)
Inventories	(7)	(235)
Other assets	(530)	(144)
Trade accounts payable and other accrued expenses	(469)	145
Income taxes payable	7	(250)
Accrued payroll	44	---
Accrued legal fees	(400)	---
Total adjustments	154	(2,037)
Net cash provided by operating activities	3,392	\$1,000
Cash flows from investing activities:		
Capital expenditures	(622)	(481)
Patent costs deferred	(226)	(161)
Security deposit	(6)	---
Net cash used in investing activities	(854)	(642)
Cash flows from financing activities:		
Proceeds from exercise of stock options	822	2,965
Net cash provided by financing activities	822	2,965
Net increase in cash and cash equivalents	3,360	3,323
Cash and cash equivalents at the beginning of the year	51,027	43,218

Cash and cash equivalents at the end of the period

\$54,387
=====

\$46,541
=====

</TABLE>

See accompanying notes

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ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2001
(Unaudited)

1. The consolidated balance sheet as of January 31, 2001, the consolidated statements of operations for the three and six months ended January 31, 2001 ("2001 Period") and 2000 ("2000 Period") and the consolidated statements of cash flows for the six months ended January 31, 2001 and 2000 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 January 31, 2001 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 six months ended January 31, 2001 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.

	Six Months Ended January 31,		Three Months Ended January	
	2001	2000	2001	2000

31,				

	(In Thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Numerator:				
Net income for numerator for basic and diluted earnings per common share	\$3,238	\$3,037	\$1,565	\$1,520
Denominator:				
Denominator for basic earnings per common equivalent share during the period	26,972	26,334	26,954	26,300
Effect of dilutive securities				
Employee and director stock options and warrants	1,117	1,595	1,215	1,487
	-----	-----	-----	-----
Denominator for diluted earnings per common equivalent share and assumed conversions	28,089	27,929	28,169	27,787
	=====	=====	=====	=====
Basic earnings per share	\$.12	\$.12	\$.06	\$.06
Diluted earnings per share	\$.12	\$.11	\$.06	\$.05

</TABLE>

The Company declared a 5% stock dividend on January 16, 2001 payable March 20, 2001 to shareholders of record as of February 27, 2001. The shares and per share data have been adjusted to retroactively reflect this stock dividend. The Company recorded a charge to accumulated deficit and a credit to common stock and additional paid in capital in the amount of \$32,274,000, which reflects the fair value of the dividend on the date of declaration.

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ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2001
(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:

	Research and Development		Clinical Reference Laboratories	
	Six Months Ended January 31, 2001	2000	Six Months Ended January 31, 2001	2000
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues	\$10,606	\$8,487		
Clinical laboratory services			\$17,129	\$14,689
Cost and expenses:				
Cost of research product revenues	\$3,455	3,605		
Cost of clinical laboratory services			\$4,500	4,000
Research and development expense	2,939	2,514		---
Interest income				
Income before provision for taxes on income	\$3,401	\$1,555	\$2,121	\$1,510

<CAPTION>

	Other		Consolidated	
	Six Months Ended January 31, 2001	2000	Six Months Ended January 31, 2001	2000
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues			\$10,606	\$8,487
Clinical laboratory services			17,129	14,689
Cost and expenses:				
Cost of research product revenues			3,455	3,605
Cost of clinical laboratory services			4,500	4,000
Research and development expense			2,939	2,514
Interest income	1,713	1,172	1,713	1,172
Income before provision for taxes on income	\$266	\$124	\$5,788	\$3,189

</TABLE>

<TABLE>

	Three Months Ended January 31, 2001		Three Months Ended January 31, 2000	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues	\$5,241	\$4,155		
Clinical laboratory services			\$8,635	\$7,409
Cost and expenses:				
Cost of research product revenues	1,612	1,684		
Cost of clinical laboratory services			2,425	1,943
Research and development expense	1,600	1,261		

Interest income

Income before provision for taxes on income	\$1,498	\$704	\$1,069	\$808
	=====	=====	=====	=====

</TABLE>

[RESTUBBED TABLE]

<TABLE>

<CAPTION>

	Three Months Ended January 31,		Three Months Ended January 31,	
	2001	2000	2001	2000
	----	----	----	----
-				
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues			\$5,241	\$4,155
Clinical laboratory services			8,635	\$7,409
Cost and expenses:				
Cost of research product revenues			1,612	1,684
Cost of clinical laboratory services			2,425	1,943
Research and development expense			1,600	1,261
Interest income	\$862	\$608	862	608
Income before provision for taxes on income	\$234	\$63	\$2,801	\$1,575
	=====	=====	=====	=====

</TABLE>

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ENZO BIOCHEM, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 January 31, 2001
 (Unaudited)

Item 3. Legal Proceedings

In September 1999, the U.S. Court of Appeals for the Federal Circuit issued a decision in a patent infringement case brought by the Company against Calgene, Inc., concerning antisense technology. Among other aspects of its decision, the Court of Appeals remanded the case to the District Court for a determination of whether the case was exceptional, which related to Calgene's claim for attorney fees. There can be no assurance that the Company will be successful in connection with Calgene's claim that the case is exceptional. 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 probes for the detection of the bacteria that causes gonorrhea. On January 26, 2001, the court granted the defendants' motion for summary judgment that the Company's patent is invalid. The grant of summary judgment is being appealed to the Court of Appeals for the Federal Circuit. The appeal proceedings are 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 January 31, 2001, had cash and cash equivalents of \$54.4 million an increase of \$3.4 million from July 31, 2000. The Company had working capital of \$77.7 million at January 31, 2001 compared to \$73.5 million at July 31, 2000.

The Company's net income for the six months ended January 31, 2001 was \$3.2 million which includes depreciation and amortization aggregating approximately \$1.1million. 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.

Net cash provided by operating activities for the six month period ended January 31, 2001 was approximately \$3.4 million and as compared to net

cash provided by operating activities of \$1.0 million for the 2000 period. 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 net decrease in the change in accounts receivable offset by an increase in other assets.

Net cash used in investing activities increased by approximately \$212,000 as a result of an increase in capital expenditures.

Net cash provided by financing activities decreased by approximately \$2.1 million from the 2000 period primarily as a result of the decrease in proceeds from the exercise of stock options.

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Results of Operations

Six months ended January 31, 2001 compared with six months ended January 31, 2000

Revenues from operations for the six month period ended January 31, 2001 increased by \$4.5 million compared to revenues from operations for the six month period ended January 31, 2000. This increase was due to an increase of \$2.4 million in revenue from the clinical reference laboratory operation and an increase of \$2.1 million of research product sales. The increase in research product sales resulted primarily from an 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 and from an increase in accounts being serviced.

Cost of sales increased by approximately \$350,000 as a result of an increase in the cost of clinical laboratory services of \$500,000 offset by a decrease of \$150,000 in the cost of sales of research products from the Company's distribution agreements activities.

Research and development expenses increased by approximately \$425,000 as a result of an increase in expenses associated with the research programs.

Selling expenses increased by approximately \$307,000 primarily due to an increase in costs associated with the increase in revenue.

General and Administrative expenses increased by approximately \$434,000 primarily due to an increase in legal fees.

The provision for income taxes for the six months ended January 31, 2001 were based on the effective federal, state and local income based tax rates. The provision for income taxes for the six months ended January 31, 2000 are base on the alternative minimum tax method and current state and local income taxes provided relate primarily to taxes computed based upon capital.

Results of Operations

Three months ended January 31, 2001 compared with three months ended January 31, 2000

Revenues from operations for the three month period ended January 31, 2001 increased by \$2.3 million compared to revenues from operations for the six month period ended January 31, 2000. This increase was due to an increase of \$1.2 million in revenue from the clinical reference laboratory operation and an increase of \$1.1 million of research product sales. The increase in research product sales resulted primarily from an 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 and from an increase in accounts being serviced.

Cost of sales increased by approximately \$410,000 as a result of an increase in the cost of clinical laboratory services of \$482,000 offset by a decrease of \$72,000 in the cost of sales of research products from the Company's distribution agreements activities.

Research and development expenses increased by approximately \$339,000 result of an increase in expenses associated with the research programs.

Selling expenses increased by approximately \$145,000 primarily due to an increase in costs associated with the increase in revenue.

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General and Administrative expenses increased by approximately \$181,000 primarily due to an increase in legal fees.

The provision for income taxes for the three months ended January 31, 2001 were based on the effective federal, state and local income taxes rates. The provision for income taxes for the three months ended January 31, 2000 are based on the alternative minimum tax method and current state and local income

taxes provided relate primarily to taxes computed based upon capital.

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Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- (a) The Annual Meeting of Stockholders was held on January 16, 2001
- (b) The following matters were voted upon and the results were as follows:
 - (1) Shahram Rabbani was nominated by management and elected to serve as director until the next Annual Meeting of Stockholders or until his successors are elected and shall qualify. The Stockholders voted 22,696,200 shares in the affirmative for Shahram Rabbani and 1,951,716 shares withheld.
 - (2) The stockholders voted 24,358,599 shares in the affirmative with respect to the ratification of Ernst & Young LLP as the Company's independent auditors for the fiscal year ended July 31, 2001 and 255,079 shares against and 34,238 shares abstained.

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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: March 12, 2001

by: /s/ Shahram K. Rabbani

Chief Operating Officer,
Secretary and Treasurer

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