

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 April 30, 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
(State or Other Jurisdiction of Incorporation or Organization) 13-2866202
(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 June 1, 2001 the Registrant had 26,982,100 shares of Common Stock outstanding.

ENZO BIOCHEM, INC.

FORM 10-Q

April 30, 2001

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ENZO BIOCHEM, INC.
PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	April 30, 2001 (unaudited)	July 31, 2000 (unaudited)
	(in Thousands)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 56,484	\$ 51,027
Accounts receivable, less allowance for doubtful accounts	22,782	20,211
Inventories	1,839	1,799
Deferred taxes	800	3,008
Other	1,077	1,071
Total current assets	82,982	77,116
Property and equipment, at cost, less accumulated depreciation and amortization	2,723	2,801
Cost in excess of fair value of net tangible assets acquired, less accumulated amortization	7,915	8,193
Deferred patent costs, less accumulated amortization	3,935	4,048
Other	137	127
	\$ 97,692	\$ 92,285
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 1,336	\$ 1,470
Income taxes payable	247	376
Accrued legal fees	175	665
Accrued payroll	240	301
Other accrued expenses	725	812
Total current liabilities	2,723	3,624
Deferred liability	706	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; 26,974,900 shares at April 30, 2001 and 25,583,700, shares at July 31, 2000	270	255
Additional paid-in capital	130,908	97,350
Accumulated deficit	(37,604)	(10,429)
Total stockholders' equity	93,574	87,176
	\$ 97,692	\$ 92,285
	=====	=====

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Nine Months Ended April 30,	
	2001	2000

	(In thousands, except per share data)	
<S>	<C>	<C>
Revenues:		
Research product revenues	\$16,710	\$13,204
Clinical laboratory services	26,226	22,551
	-----	-----
Total operating revenues	42,936	35,755
Costs and expenses:		
Cost of research product revenues	4,947	5,386
Cost of clinical laboratory services	7,310	6,206
Research and development expense	4,688	3,917
Selling expense	2,798	2,202
Provision for uncollectable accounts receivable	9,234	8,144
General and administrative expenses	7,251	6,485
	-----	-----
Total costs and expenses	36,228	32,340
	-----	-----
Income before interest income and provision for taxes on income		
	6,708	3,415
Interest income - net	2,415	1,807
	-----	-----
Income before provision for taxes on income	9,123	5,222
Provision for taxes on income	(4,024)	(182)
	-----	-----
Net income	\$5,099	\$5,040
	=====	=====
Net income per common share:		
Basic	\$.19	\$.19
	=====	=====
Diluted	\$.18	\$.18
	=====	=====
Denominator for per share calculation:		
Basic	26,969	26,359
	=====	=====
Diluted	28,079	27,895
	=====	=====

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Three Months Ended April 30,	
	2001	2000

	(In thousands, except per share data)	

<S>	<C>	<C>
Revenues:		
Research product revenues	\$6,104	\$4,717
Clinical laboratory services	9,097	7,862
	-----	-----
Total operating revenues	15,201	12,579
Costs and expenses:		
Cost of research product revenues	1,492	1,781
Cost of clinical laboratory services	2,810	2,206
Research and development expense	1,749	1,403
Selling expense	1,028	739
Provision for uncollectable accounts receivable	3,038	2,933
General and administrative expenses	2,451	2,119
	-----	-----
Total costs and expenses	12,568	11,181
Income before interest income and provision for taxes on income		
	2,633	1,398
Interest income - net	702	635
	-----	-----
Income before provision for taxes on income	3,335	2,033
Provision for taxes on income	(1,474)	(30)
	-----	-----
Net income	\$1,861	\$2,003
	=====	=====
Net income per common share:		
Basic	\$.07	\$.08
	=====	=====
Diluted	\$.07	\$.07
	=====	=====
Denominator for per share calculation:		
Basic	26,999	26,338
	=====	=====
Diluted	27,899	27,854
	=====	=====

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Nine Months Ended April 30,	
	2001	2000

	(In Thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 5,099	\$ 5,040
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	820	608
Amortization of costs in excess of fair value of tangible assets acquired	278	278
Amortization of deferred patent costs	540	517
Deferred tax	2,208	
Issuance of warrants as compensation for services performed	--	90
Provision for uncollectable accounts receivable	9,234	8,144
Provision for 401k expense - Paid in company stock	150	140
Other	194	(3)
Changes in operating assets and liabilities:		
Accounts receivable before provision for uncollectable amounts	(11,805)	(12,628)
Inventories	(40)	(145)
Other assets	(5)	(37)
Trade accounts payable and other accrued expenses	(358)	(183)

Income taxes payable	(129)	(300)
Accrued payroll	(61)	--
Accrued legal fees	(490)	--
	-----	-----
Total adjustments	536	(3,519)
	-----	-----
Net cash provided by operating activities	\$ 5,635	\$ 1,521
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(756)	(568)
Patent costs deferred	(427)	(351)
Security deposit	(10)	(2)
	-----	-----
Net cash used in investing activities	(1,193)	(921)
	-----	-----
Cash flows from financing activities:		
Proceeds from exercise of stock options	1,015	3,842
	-----	-----
Net cash provided by financing activities	1,015	3,842
	-----	-----
Net increase in cash and cash equivalents	5,457	4,442
Cash and cash equivalents at the beginning of the year	51,027	43,218
	-----	-----
Cash and cash equivalents at the end of the period	\$ 56,484	\$ 47,660
	=====	=====

</TABLE>

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ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2001
(Unaudited)

1. The consolidated balance sheet as of April 30, 2001, the consolidated statements of operations for the three and nine months ended April 30, 2001 ("2001 Period") and 2000 ("2000 Period") and the consolidated statements of cash flows for the nine months ended April 30, 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 April 30, 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 nine months ended April 30, 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.

<TABLE>
<CAPTION>

	Nine Months Ended April 30, 2001	2000	Three Months Ended April 30, 2001	2000
	-----	-----	-----	-----
	(In Thousands, except per share data)			
	<C>	<C>	<C>	<C>
<S>				
Numerator:				
Net income for numerator for basic and diluted earnings per common share	\$5,099	\$5,040	\$1,861	\$2,003
Denominator:				
Denominator for basic earnings per common equivalent share during the period	26,969	26,359	26,999	26,338
Effect of dilutive securities				
Employee and director stock options and warrants	1,110	1,536	900	1,516
	-----	-----	-----	-----
Denominator for diluted earnings per common equivalent share and assumed conversions	28,079	27,895	27,899	27,854

	=====	=====	=====	=====
Basic earnings per share	\$.19	\$.19	\$.07	\$.08
	=====	=====	=====	=====
Diluted earnings per share	\$.18	\$.18	\$.07	\$.07
	=====	=====	=====	=====

</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
April 30, 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:

<TABLE>
<CAPTION>

	Research and Development		Clinical Reference Laboratories	
	Nine Months Ended April 30, 2001	Nine Months Ended April 30, 2000	Nine Months Ended April 30, 2001	Nine Months Ended April 30, 2000
	-----	-----	-----	-----
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues	\$ 16,710	\$ 13,204	--	--
Clinical laboratory services	--	--	\$ 26,226	\$ 22,551
Cost and expenses:				
Cost of research product revenues	4,947	5,386	--	--
Cost of clinical laboratory services	--	--	7,310	6,206
Research and development expense	4,688	3,917	--	--
Interest income		--		--
Income before provision for taxes on income	\$ 5,711	\$ 2,838	\$ 3,124	\$ 2,287
	=====	=====	=====	=====

<CAPTION>

	Other		Consolidated	
	Nine Months Ended April 30, 2001	Nine Months Ended April 30, 2000	Nine Months Ended April 30, 2001	Nine Months Ended April 30, 2000
	-----	-----	-----	-----
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Operating revenues:				

Research product revenues	--	--	\$ 16,710	\$ 13,204
Clinical laboratory services	--	--	26,226	22,551
Cost and expenses:				
Cost of research product revenues	--	--	4,947	5,386
Cost of clinical laboratory services	--	--	7,310	6,206
Research and development expense	--	--	4,688	3,917
Interest income	2,485	1,807	2,485	1,807
Income before provision for taxes on income	\$ 288	\$ 97	\$ 9,123	\$ 5,222
	=====	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	Research and Development		Clinical Reference Laboratories	
	Three Months Ended April 30, 2001	Three Months Ended April 30, 2000	Three Months Ended April 30, 2001	Three Months Ended April 30, 2000
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues	\$ 6,104	\$ 4,717	--	--
Clinical laboratory services	--	--	\$ 9,097	\$ 7,862
Cost and expenses:				
Cost of research product revenues	1,492	1,781	--	--
Cost of clinical laboratory services	--	--	2,810	2,206
Research and development expense	1,749	1,403	--	--
Interest income	--	--	--	--
Income before provision for taxes on income	\$ 2,310	\$ 1,283	\$ 998	\$ 777
	=====	=====	=====	=====

<CAPTION>

	Other		Consolidated	
	Three Months Ended April 30, 2001	Three Months Ended April 30, 2000	Three Months Ended April 30, 2001	Three Months Ended April 30, 2000
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues	--	--	\$ 6,104	\$ 4,717
Clinical laboratory services	--	--	9,097	7,862
Cost and expenses:				
Cost of research product revenues	--	--	1,492	1,781
Cost of clinical laboratory services	--	--	2,810	2,206
Research and development expense	--	--	1,749	1,403
Interest income	772	635	772	635
Income before provision for taxes on income	\$ 27	\$ (27)	\$ 3,335	\$ 2,033
	=====	=====	=====	=====

</TABLE>

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ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2001
(Unaudited)

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

Liquidity and Capital Resources

The Company at April 30, 2001, had cash and cash equivalents of \$56.5 million an increase of \$5.5 million from July 31, 2000. The Company had working capital of \$80.3 million at April 30, 2001 compared to \$73.5 million at July 31,

2000.

The Company's net income for the nine months ended April 30, 2001 was \$5.1 million which includes depreciation and amortization aggregating approximately \$1.6 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.

Net cash provided by operating activities for the nine month period ended April 30, 2001 was approximately \$5.6 million and as compared to net cash provided by operating activities of \$1.5 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 a decrease in other accrued liabilities.

Net cash used in investing activities increased by approximately \$272,000 as a result of an increase in capital expenditures and patent costs deferred.

Net cash provided by financing activities decreased by approximately \$2.8 million from the 2000 period primarily as a result of the decrease in proceeds from the exercise of stock options.

Results of Operations

Nine months ended April 30, 2001 compared with nine months ended April 30, 2000

Revenues from operations for the nine months period ended April 30, 2001 increased by \$7.2 million compared to revenues from operations for the nine month period ended April 30, 2000. This increase was due to an increase of \$3.7 million in revenue from the clinical reference laboratory operation and an increase of \$3.5 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 \$665,000 as a result of an increase of \$1,104,000 in the expenses related to the services of the clinical laboratory offset by a decrease of \$439,000 in the cost of sales of research products from the Company's distribution agreements activities.

Research and development expenses increased by approximately \$771,000 as a result of an increase in expenses associated with the research programs.

Selling expenses increased by approximately \$596,000 primarily due to an increase in costs associated with the increase in revenue.

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Provision for uncollectable accounts receivable increased due to the increase in revenue at the clinical reference laboratory.

General and Administrative expenses increased by approximately \$766,000 primarily due to an increase in legal fees.

The provision for income taxes for the nine months ended April 30, 2001 were based on the combined effective federal, state and local income tax rates of 44%. The provision for income taxes for the nine months ended April 30, 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.

Results of Operations

Three months ended April 30, 2001 compared with three months ended April 30, 2000

Revenues from operations for the three month period ended April 30, 2001 increased by \$2.6 million compared to revenues from operations for the nine month period ended April 30, 2000. This increase was due to an increase of \$1.2 million in revenue from the clinical reference laboratory operation and an increase of \$1.4 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 \$315,000 as a result of an increase of \$604,000 in the expenses related to the services of the clinical laboratory offset by a decrease of \$289,000 in the cost of sales of research products from the Company's distribution agreements activities.

Research and development expenses increased by approximately \$346,000 as a result of an increase in expenses associated with the research programs.

Selling expenses increased by approximately \$289,000 primarily due to an increase in costs associated with the increase in revenue.

Provision for uncollectable accounts receivable increased due to the increase in revenue at the clinical reference laboratory.

General and Administrative expenses increased by approximately \$332,000 primarily due to an increase in legal fees.

The provision for income taxes for the three months ended April 30, 2001 were based on the combined effective federal, state and local income taxes rates of 44%. The provision for income taxes for the three months ended April 30, 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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PART II - Other Information

Item 1. Legal Proceedings

In 1993, the Company filed suit in U.S. district court against Calgene, Inc., alleging that Calgene's "Flavr Savr" tomato infringed several of the Company's patents concerning antisense technology. After a trial, the district court ruled against the Company, ruling that claims of these patents were invalid and not infringed. The Company appealed from the district court's decision in this regard, and Calgene cross-appealed from the district court's denial of Calgene's request for attorneys fees it incurred in defending the Company's suit. In September 1999, the U.S. Court of Appeals for the Federal Circuit issued a decision in the appeal. 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 adverse 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 gonorrhoea. 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 adverse monetary impact.

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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: June 1, 2001

by: /s/ Shahram K. Rabbani

Chief Operating Officer,
Secretary and Treasurer