

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, 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 December 7, 2001 the Registrant had 27,085,000 shares of Common Stock outstanding.

ENZO BIOCHEM, INC.

FORM 10-Q

October 31, 2001

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ENZO BIOCHEM, INC.
PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEET

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	October 31,	July
	2001	
	(unaudited)	

	(in	
	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 61,215	\$
58,671		
Accounts receivable, less allowance for doubtful accounts	24,142	
24,559		
Inventories	2,045	
2,020		
Deferred taxes	1,708	
1,708		
Prepaid taxes	---	
350		
Other	984	
1,132		
-----		----
Total current assets	90,094	
88,440		
Property and equipment, at cost, less accumulated depreciation and amortization	2,561	
2,671		
Cost in excess of fair value of net tangible assets acquired, less accumulated amortization	7,730	
7,823		
Deferred patent costs, less accumulated amortization	3,784	
3,865		
Other	134	
132		
-----		----
	\$ 104,303	\$
102,931		
=====	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
2,040	Trade accounts payable	\$ 1,035	\$
---	Income taxes payable	964	
251	Accrued legal fees	55	
322	Accrued payroll	328	
734	Other accrued expenses	519	
		-----	----
3,347	Total current liabilities	2,901	
	Deferred taxes	1,392	
675	Deferred liability	635	
	Stockholders' equity:		
	Preferred Stock, \$.01 par value; authorized 25,000,000 shares; no shares issued or outstanding		
271	Common Stock, \$.01 par value; authorized 75,000,000 shares; shares issued and outstanding; 27,084,400 shares at October 31, 2001 and 27,080,100, shares at July 31, 2001	271	
133,136	Additional paid-in capital	133,169	
(35,890)	Accumulated deficit	(34,065)	
		-----	----
97,517	Total stockholders' equity	99,375	
		-----	----
102,931		\$ 104,303	\$
		=====	

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Three Months Ended October 31,	
	2001	2000

	(In thousands, except per share data)	
<S>	<C>	<C>
Revenues:		
Research product revenues	\$ 6,103	\$ 5,365
Clinical laboratory services	8,770	8,494
	-----	-----
Total operating revenues	14,873	13,859
Costs and expenses:		
Cost of research product revenues	1,563	1,843
Cost of clinical laboratory services	2,767	2,075
Research and development expense	1,364	1,339
Selling expense	902	861
Provision for uncollectable accounts receivable	3,412	3,206
General and administrative expenses	2,221	2,399

	-----	-----
Total costs and expenses	12,229	11,723
	-----	-----
Income before interest income and provision for taxes on income	2,644	2,136
Interest income	499	851
	-----	-----
Income before provision for taxes on income	3,143	2,987
Provision for taxes on income	(1,318)	(1,314)
	-----	-----
Net income	\$ 1,825	\$ 1,673
	=====	=====
Net income per common share:		
Basic	\$.07	\$.06
	=====	=====
Diluted	\$.07	\$.06
	=====	=====
Denominator for per share calculation:		
Basic	27,085	26,935
	=====	=====
Diluted	27,953	28,316
	=====	=====

</TABLE>

See accompanying notes

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

<TABLE>
<CAPTION>

	Three Months Ended October 31,	
	2001	2000

	(In Thousands)	
	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 1,825	\$ 1,673
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	249	251
Amortization of costs in excess of fair value of tangible assets acquired	93	93
Amortization of deferred patent costs	195	180
Deferred income tax provision	---	506
Provision for uncollectable accounts receivable	3,412	3,206
Deferred liabilities	(40)	(32)
Changes in operating assets and liabilities:		
Accounts receivable before provision for uncollectable amounts	(2,995)	(2,783)
Inventories	(25)	50
Other assets	500	68
Trade accounts payable and other accrued expenses	(1,221)	(597)
Income taxes payable	964	342
Accrued payroll	5	(44)
Accrued legal fees	(196)	(409)
	-----	-----
Total adjustments	941	831
	-----	-----
Net cash provided by operating activities	2,766	2,504
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(139)	(288)
Patent costs deferred	(113)	(128)
Security deposits	(3)	---
	-----	-----

Net cash used in investing activities	(255)	(416)
	-----	-----
Cash flows from financing activities:		
Proceeds from exercise of stock options	33	421
	-----	-----
Net cash provided by financing activities	33	421
	-----	-----
Net increase in cash and cash equivalents	2,544	2,509
Cash and cash equivalents at the beginning of the year	58,671	51,027
	-----	-----
Cash and cash equivalents at the end of the period	\$ 61,215	\$ 53,536
	=====	=====

</TABLE>

See accompanying notes

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

1. The consolidated balance sheet as of October 31, 2001, the consolidated statements of operations for three months ended October 31, 2001 ("2002 Period") and 2000 ("2001 Period") and the consolidated statements of cash flows for the three months ended October 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 October 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 2001 Annual Report on Form 10-K. The results of operations for the three months ended October 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.

<TABLE>
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	Three Months Ended October 31, 2001	2000

	(In Thousands, except per share data)	
	<C>	<C>
<S>		
Numerator:		
Net income for numerator for basic and diluted earnings per common share	\$ 1,825	\$ 1,673
	=====	=====
Denominator:		
Denominator for basic earnings per common equivalent share during the period	27,085	26,935
Effect of dilutive securities		
Employee and director stock options and warrants	868	1,381
	-----	-----
Denominator for diluted earnings per common equivalent share and assumed conversions	27,953	28,316
	=====	=====
Basic earnings per share	\$.07	\$.06
	=====	=====
Diluted earnings per share	\$.07	\$.06
	=====	=====

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

Note 2 - Segment Information

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>
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	Research and Development		Clinical Reference Laboratories	
	Three Months Ended October 31, 2001	2000	Three Months Ended October 31, 2001	2000

<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues	\$6,103	\$5,365	---	---
Clinical laboratory services	---	---	\$8,770	\$8,494
Cost and expenses:				
Cost of research product revenues	1,563	1,843	---	---
Cost of clinical laboratory services		---	2,767	2,075
Research and development expense	1,364	1,339	---	---
Interest income	---	---	---	---
Income (loss) before provision for taxes on income	\$3,117	\$1,903	\$327	\$1,052
	=====	=====	=====	=====

<CAPTION>

	Other		Consolidated	
	Three Months Ended October 31, 2001	2000	Three Months Ended October 31, 2001	2000

<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Research product revenues			\$6,103	\$5,365
Clinical laboratory services			\$8,770	\$8,494
Cost and expenses:				
Cost of research product revenues			1,563	1,843
Cost of clinical laboratory services			2,767	2,075
Research and development expense			1,364	1,339

Interest income	\$499	\$851	499	851
Income (loss) before provision for taxes on income	\$ (301)	\$32	\$3,143	\$2,987
	=====	=====	=====	=====

</TABLE>

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

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

Liquidity and Capital Resources

At October 31, 2001, our cash and cash equivalents totaled \$61.2 million, an increase of \$2.5 million from July 31, 2001. We had working capital of \$87.2 million at October 31, 2001 compared to \$85.1 million at July 31, 2001.

Net cash provided by operating activities for the period ended October 31, 2001 was approximately \$2.8 million and as compared to net cash provided by operating activities of \$2.5 million for the period ended October 31, 2000. The increase in net cash provided by operating activities from 2000 to 2001 period was primarily due to an increase in net income and a reduction in other assets.

Net cash used in investing activities decreased by approximately \$.2 million from 2001 period, primarily as a result of an decrease in capital expenditures.

Net cash provided by financing activities decreased by approximately \$.4 million from 2001 period primarily as a result of the decrease 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

Results of Operations

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

Revenues from operations for the period ended October 31, 2001 were \$14.9 million which represents an increase of \$1.0 million over revenues from operations for the period ended October 31, 2000. This increase was due to an increase of \$.3 million in revenues from our clinical reference laboratory operations and an increase of \$.7 million in revenues from research product sales over revenues for such activities. The increase in revenues from the clinical laboratory operations resulted primarily from an increase in volume of esoteric testing and from an increase in doctor accounts being serviced. The increase in research product sales resulted primarily from and an increase in direct sales of research products of labeling and detection reagents for the genomics and sequencing markets.

The cost of clinical laboratory services increased by \$.7 million primarily due to an increase in direct operating expenses based on the increased sales volume of testing. In addition, the cost of sales for research products decreased by \$.3 million as a result of a change in the revenue mix from two of the Company's non-exclusive distribution agreements.

Our provision for uncollectible accounts receivable increased by \$.2 million, primarily due to an increase in revenue from the clinical reference laboratory.

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General and Administrative expenses decreased by approximately \$.2 million as a result of a decrease in legal fees.

Interest income, decreased by \$.4 million as a result of a decrease in interest rates.

For the periods ending October 31, 2001 and 2000 we recorded a provision for

income taxes of \$1.3 million which was based on the combined effective federal, state and local income tax rates.

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. In September 1999, the U.S. Court of Appeals for the Federal Circuit affirmed the decision of the district court. On August 10, 2001, the case was dismissed pursuant to stipulation of the parties, with each party to bear its own costs and attorneys' fees. No significant adverse monetary impact to the Company occurred.

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.

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, 2001

by: /s/ Shahram K. Rabbani

Chief Operating Officer,
Secretary and Treasurer