

UNITED STATES  
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, 1995

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)

(516-755-5500)

(Registrant's telephone number, including area code)

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

Common Stock, \$.01 par value	The American 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 8, 1995 the Registrant had 21,372,200 shares of Common Stock outstanding.

ENZO BIOCHEM, INC.

FORM 10-Q

October 31, 1995

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ENZO BIOCHEM, INC.  
PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>

CONSOLIDATED BALANCE SHEET

<CAPTION>

	October 31, 1995 (unaudited)	July 31, 1995 (unaudited)
	-----	-----
	(in thousands)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$15,465	\$11,068
Accounts receivable, less allowance for doubtful accounts	11,850	10,914
Current portion of note receivable - litigation settlement	5,000	5,000
Inventories	2,232	2,198
Other	767	1,077
	-----	-----
Total current assets	35,314	30,257
	-----	-----
Property and equipment, at cost, less accumulated depreciation and amortization	13,740	13,892
Long term portion of note receivable - litigation settlement	8,346	13,121
Cost in excess of fair value of net tangible assets acquired, less accumulated amortization	9,953	10,046
Deferred patent costs, less accumulated amortization	4,938	4,971
Other	167	171
	-----	-----
	\$72,458	\$72,458
	=====	=====

</TABLE>

<TABLE>

ENZO BIOCHEM, INC.  
LIABILITIES AND STOCKHOLDERS' EQUITY

<CAPTION>

	October 31, 1995 (unaudited)	July 31, 1995 (unaudited)
	-----	-----
	(in thousands)	
<S>	<C>	<C>
Current liabilities:		
Trade accounts payable	\$ 1,001	\$ 1,580
Accrued legal fees	856	922
Income taxes payable	272	1,074
Other accrued expenses	2,348	2,147
Current portion of long-term debt	31	32
Current portion of obligations under capital leases	45	53

Total current liabilities	4,553	5,808
Long-term debt	73	81
Obligations under capital lease	4,687	4,617
Other deferred liabilities	882	840
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: 21,372,200 shares at October 31, 1995 and 21,334,600 shares at July 31, 1995	214	213
Additional paid-in capital	81,851	81,605
Accumulated deficit	(19,802)	(20,706)
Total stockholders' equity	62,263	61,112
	\$72,458	\$72,458

<FN>

See accompanying notes

</TABLE>

<TABLE>

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

<CAPTION>

	Three Months Ended October 31,	
	1995	1994
	(In thousands, except per share data)	
	<C>	<C>
Revenues:		
Operating revenues	\$ 8,556	\$ 8,028
Costs and expenses:		
Cost of sales and diagnostic services	3,681	3,550
Research and development expenses	585	460
Selling expenses	605	600
Provision for uncollectible accounts receivable	770	532
General and administrative expenses	1,971	2,134
Settlement of litigation (net of legal fees)	--	(21,000)
	7,612	(13,724)
Income before interest and provision for income taxes	944	21,752
Interest income (expense) net	377	(2)
Income before provision for income taxes	1,321	21,750
Provision for taxes on income	(417)	(3,015)
Net income	\$ 904	\$18,735
Net income per share	\$ 0.04	\$ 0.86
Weighted average common shares	22,351	21,793

<FN>

See accompanying notes

</TABLE>

<TABLE>

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

<CAPTION>

	Three Months Ended October 31,	
	1995	1994
	(In thousands, except per share data)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 904	\$18,735
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	217	185
Amortization of cost in excess of fair value of tangible assets acquired	92	92
Amortization of deferred patent costs	120	120
Provision for uncollectible accounts receivable	770	532
Deferred income tax provision	--	3,000
Expenses related to leasehold	79	
Prepaid expenses converted into legal fees from previously issued stock	29	--
	2,211	22,664
Change in assets and liabilities:		
Note receivable - J&J settlement	4,775	(17,500)
Research contract receivable	--	6,500
Accounts receivable before provision for uncollectible amounts	(1,705)	(1,141)
Inventories	(34)	(70)
Prepaid expense	242	224
Trade accounts payable and other accrued expenses	(377)	(2,034)
Accrued legal fees	(66)	5,226
Income taxes payable	(802)	--
Accrued interest payable	--	6
Deferred liabilities	42	(109)
	2,075	(8,898)
Net cash provided by operating activities	\$ 4,286	\$13,766

</TABLE>

<TABLE>

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

<CAPTION>

	Three Months Ended October 31,	
	1995	1994
	(In thousands)	
<S>	<C>	<C>

Cash flows from investing activities:		
Capital expenditures	(62)	(264)
Patent costs deferred	(48)	(78)
	-----	-----
Net cash used by investing activities	(110)	(342)
	-----	-----
Cash flows from financing activities:		
Payments of amounts due to banks	--	(2,006)
Payments of obligations under capital lease	(25)	(19)
Proceeds from exercise of stock options	246	48
	-----	-----
Net cash provided by (used by) financing activities	221	(1,977)
	-----	-----
Net increase in cash and cash equivalents	4,397	11,447
Cash and cash equivalents at the beginning of the year	11,068	4,151
	-----	-----
Cash and cash equivalents at the end of the period	\$15,465	\$15,598
	=====	=====

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ENZO BIOCHEM, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
October 31, 1995  
(Unaudited)

1. The consolidated balance sheet as of October 31, 1995, the consolidated statement of operations for three months ended October 31, 1995 ("1996 Period") and 1994 ("1995 Period") and the consolidated statement of cash flows for the three months ended October 31, 1995 and 1994 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, 1995 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 1995 Annual Report on Form 10-K. The results of operations for the three months ended October 31, 1995 are not necessarily indicative of the results that may be expected for the full year.

2. On October 19, 1994 the Company executed a settlement agreement with Johnson & Johnson, Inc. in the aggregate amount of \$35.0 million pursuant to which the Company received \$15.0 million, and a promissory note requiring Johnson & Johnson and its subsidiary, Ortho Diagnostics, Inc., to pay \$5.0 million a year for each of the four successive anniversaries of said date. These future payments are recorded at net present value discounted using an interest rate of 5.25%. Pursuant to the terms of the settlement, all of the Company's grants, licenses and intellectual property have been returned to the Company in totality.

3. 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, Inc.'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 has 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. The parties are awaiting the Court's decision. 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. There can be no assurance that the Company will be successful in any of the foregoing matters or that Calgene, Inc. and/or Hutchinson will not be successful. However, even if the Company is not successful, management does not believe there will be a significant monetary impact.

4. Effective December 1, 1985, the Company entered into an agreement with the City of New York to lease, over a fifty-year term, a six-story building located

in New York City. During 1992 this lease was renegotiated. The Company has recorded the fair market value of the real property in the amount of \$3,000,000 as a capital lease obligation due in installments through 2036. Financing for the renovation and equipping of such facility came principally from the Company's own funds. The Company is carrying the capital leasehold interest at its estimated fair market value.

5. In April, 1994, the Company signed a non-exclusive worldwide distribution and supply agreement with Boehringer Mannheim Biochemicals. During fiscal 1995 similar agreements were signed with Amersham International and with Dako A/S. In September 1995, a fourth agreement was concluded with VWR Scientific Products (acquired from Baxter Healthcare). Under the terms of these agreements, the distributor companies sell to the global medical research market, a broad range of biochemical products and reagents manufactured and supplied by Enzo. The agreements include products based on nonradioactive DNA probe technology and include products that were developed and marketed by these companies prior to the agreement, as well as products developed by Enzo, all of which are covered by Enzo patents. The agreements extend for the life of the last patent to expire for products involved.

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

Liquidity and Capital Resources

Net cash provided by operating activities decreased by approximately \$9,500,000 for the three months ended October 31, 1995 compared with three months ended October 31, 1994 as a result of a decrease in the proceeds from the J&J settlement offset by changes in operating assets and liabilities.

Net cash used from financing activities increased by approximately \$2,198,000 primarily from the proceeds of stock options of \$200,000 offset by the pay down of bank debt from the prior year. The Company's internal source of cash generated by operations in addition to the proceeds from the J&J settlement was sufficient to meet the Company's needs for investing and other financing activities. At October 31, 1995 the Company had working capital of approximately \$30,761,000.

On October 19, 1994 the Company executed a settlement agreement with Johnson & Johnson, Inc. pursuant to which the Company received \$15.0 million and a promissory note requiring Johnson & Johnson and its subsidiary, Ortho Diagnostics, Inc., to pay \$5.0 million a year for each of the four successive anniversaries of said date. These future payments are recorded at net present value discounted using an interest rate of 5.25%. Pursuant to the terms of the settlement, all of the Company's grants, licenses and intellectual property have been returned to the Company in totality.

Effective December 1, 1985, the Company entered into an agreement with the City of New York to lease, over a fifty-year term, a six-story building located in New York City. During 1992 this lease was renegotiated. The Company has recorded the fair market value of the real property in the amount of \$3,000,000 as a capital lease obligation due in installments through 2036. Financing for the renovation and equipping of such facility came principally from the Company's own funds. The Company has decided to carry the capital leasehold interest at its estimated fair market value.

Results of Operations

Three months ended October 31, 1995 compared with three months ended October 31, 1994

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For the three months ended October 31, 1995 revenues at the clinical reference laboratory increased by \$112,000 due to an increase in the volume of screening tests. Sales of research products increased by \$416,000, primarily from the Company's non-exclusive agreements to distribute the Company's products.

Cost of sales increased by approximately \$131,000 primarily due to increased revenues from research products related to the non-exclusive distribution agreements.

The provision for uncollectible accounts receivable increased by \$238,000 primarily from a decrease in reimbursements from third party payers at the clinical reference laboratory operations.

Research and development expenses increased by approximately \$125,000 as a result of an increase in research programs.

The provision for taxes decreased approximately \$2,600,000 primarily due to a reduction of income resulting from the prior year litigation settlement.

The decrease in general and administrative expenses of \$163,000 was primarily due to the decrease in legal fees.

#### SIGNATURES

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

ENZO BIOCHEM, INC.  
(registrant)

Date: December 13, 1995

By: /s/ Barry W. Weiner

-----  
Barry W. Weiner, Executive  
Vice President-Secretary



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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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