

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 FORM 10-Q/A1

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
 SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended DECEMBER 31, 1995

Commission File No. 0-12957

ENZON, INC.
 (Exact name of registrant as specified in its charter)

DELAWARE
 (State or other jurisdiction of
 incorporation or organization)

22-2372868
 (IRS Employer
 Identification No.)

20 KINGSBRIDGE ROAD, PISCATAWAY, NEW JERSEY
 (Address of principal executive offices)

08854
 (Zip Code)

(908) 980-4500
 (Registrant's telephone number, including area code:)

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 was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

The number of shares of common stock, \$.01 par value, outstanding as of February 7, 1996 was 27,428,946 shares.

PART I FINANCIAL INFORMATION
 ITEM 1. FINANCIAL STATEMENTS

ENZON, INC. AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 December 31, 1995 and June 30, 1995

ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
	December 31, 1995 (unaudited)	June 30, 1995 *		December 31, 1995 (unaudited)	June 30, 1995 *
Current assets:			Current liabilities:		
Cash and cash equivalents	\$5,309,045	\$8,102,989	Accounts payable	\$2,483,176	\$1,561,968
Accounts receivable	2,775,147	2,362,277	Accrued expenses	3,414,892	4,045,302
Inventories	1,053,829	729,453	Other current liabilities due to Sanofi Winthrop	-	1,312,829
Other current assets	282,160	185,226	Total current liabilities	5,898,068	6,920,099
Total current assets	9,420,181	11,442,945	Accrued rent	1,001,350	1,006,508
Property and equipment	15,806,365	15,758,058	Royalty advance - RPR	2,747,986	2,955,841
Less accumulated depreciation and amortization	10,948,825	9,968,024	Other liabilities	2,937	4,076
	4,857,540	5,790,034	Commitments and contingencies	3,752,273	3,966,425
Other assets:			Stockholders' equity:		
Investments	78,616	78,616	Preferred stock-\$0.01 par value, authorized 3,000,000 shares:		
Other assets, net	55,952	46,627	issued and outstanding 109,000 shares at December 31, 1995 and June 30, 1995		
Patents, net	1,745,650	1,825,820	(liquidation preference \$25 per share aggregating \$2,725,000 at December 31, 1995)	1,090	1,090
	1,880,218	1,951,063			

			Common Stock-\$0.01 par value, authorized 40,000 shares; issued and outstanding 26,328,874 shares at December 31, 1995 and June 30, 1995		263,289	263,289
			Additional paid-in capital		111,740,179	111,494,180
			Accumulated deficit		(105,496,960)	(103,461,041)
			Total stockholders' equity		6,507,598	8,297,518
Total assets	\$16,157,939	\$19,184,042	Total liabilities and stockholders' equity		\$16,157,939	\$19,184,042

*Condensed from audited financial statements.
The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
Three Months and Six Months Ended December 31, 1995 and 1994
(Unaudited)

	Three months ended		Six months ended	
	December 31, 1995	December 31, 1994	December 31, 1995	December 31, 1994
Revenues				
Sales	\$2,541,976	\$2,102,147	\$5,351,024	\$4,159,324
Contract revenue	788,236	100,000	904,736	1,900,000
Total revenues	3,330,212	2,202,147	6,255,760	6,059,324
Costs and expenses				
Cost of sales	1,063,637	436,667	2,028,338	1,387,226
Research and development expenses	2,390,822	3,402,126	5,081,470	6,758,350
Selling, general and administrative expenses	1,404,350	1,872,380	2,676,320	3,819,717
Total costs and expenses	4,858,809	5,711,173	9,786,128	11,965,293
Operating loss	(1,528,597)	(3,509,026)	(3,530,368)	(5,905,969)
Other income (expense)				
Interest and dividend income	81,734	42,999	184,079	88,745
Interest expense	(4,263)	(818)	(10,952)	(3,588)
Other	1,318,379	39,238	1,321,322	685,584
Net loss	(\$132,747)	(\$3,427,607)	(\$2,035,919)	(\$5,135,228)
Net loss per common share	(\$0.01)	\$ (0.14)	(\$0.08)	(\$0.21)
Weighted average number of common shares outstanding during the period	26,328,874	25,156,485	26,328,874	24,940,527

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Six Months Ended December 31, 1995 and 1994
(Unaudited)

	Six months ended	
	December 31, 1995	December 31, 1994
Cash flows from operating activities:		
Net loss	(\$2,035,919)	(\$5,135,228)
Adjustment for decrease in liability recognized pursuant to Sanofi Winthrop Agreement	(1,312,829)	-
Adjustment for depreciation and amortization	1,060,971	1,314,897

Compensation expense for issuance of stock options	-	31,535
Reserve for shutdown of Enzon Labs Inc.	-	(75,601)
Gain on retirement of equipment	-	(37,968)
(Decrease) increase in accrued rent	(5,158)	98,650
Decrease in royalty advance - RPR	(207,855)	-
Changes in assets and liabilities	(243,836)	(1,285,428)
Net cash used in operating activities	(2,744,626)	(5,089,143)
Cash flows from investing activities:		
Capital expenditures	(48,307)	(211,321)
Proceeds from sale of equipment	-	830,225
Proceeds from cash surrender value of officers' life insurance	-	373,186
Net cash (used in) provided by investing activities	(48,307)	992,090
Cash flows from financing activities:		
Proceeds from issuance of common stock	-	1,733,042
Principal payments of obligations under capital leases	(1,011)	(12,712)
Net cash (used in) provided by financing activities	(1,011)	1,720,330
Net decrease in cash and cash equivalents	(2,793,944)	(2,376,723)
Cash and cash equivalents at beginning of period	8,102,989	5,731,461
Cash and cash equivalents at end of period	\$5,309,045	\$3,354,738

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

ENZON, INC. AND SUBSIDIARIES
Notes To Consolidated Condensed Financial Statements
(Unaudited)

(1) ORGANIZATION AND BASIS OF PRESENTATION

The unaudited consolidated condensed financial statements have been prepared from the books and records of Enzon, Inc. and subsidiaries in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results that may be expected for the year.

(2) NET LOSS PER COMMON SHARE

Net loss per common share is based on net loss for the relevant period, adjusted for cumulative undeclared preferred stock dividends of \$109,000 for the six months ended December 31, 1995 and 1994, and \$55,000 for the three months ended December 31, 1995 and 1994, divided by the weighted average number of shares issued and outstanding during the period. Stock options, warrants and common stock issuable upon conversion of the preferred stock are not reflected as their effect would be antidilutive for both primary and fully diluted earnings per share computations. The total number of shares issued to former shareholders of Enzon Labs Inc. (formerly known as Genex Corporation), which was acquired on October 31, 1991, have been included in the weighted average number of outstanding shares, as if all shares had been issued on October 31, 1991, the date of acquisition.

(3) INVENTORIES

The composition of inventories at December 31, 1995 and June 30, 1995 is as follows:

December 31, June 30,

1995

1995

Raw materials	\$467,000	\$398,000
Work in process	459,000	134,000
Finished goods	128,000	260,000
	\$1,054,000	\$792,000

(4) CASH FLOW INFORMATION

The Company considers all highly liquid securities with original maturities of three months or less to be cash equivalents. Cash payments for interest were approximately \$11,000 and \$1,000 for the six months ended December 31, 1995 and 1994, respectively. There were no income tax payments made for the six months ended December 31, 1995 and 1994. As part of the commission due to the real estate broker in connection with the termination of the lease at 40 Kingsbridge Road, the Company issued 150,000 five-year warrants to purchase the Company's Common Stock at \$2.50 per share during the six months ended December 31, 1995. This transaction is a non-cash financing activity.

ENZON, INC. AND SUBSIDIARIES

Notes To Consolidated Condensed Financial Statements, Continued (Unaudited)

(5) NON-QUALIFIED STOCK OPTION PLAN

During the six months ended December 31, 1995, the Company issued 550,000 stock options at an average exercise price of \$3.42 under the Company's Non-Qualified Stock Option Plan (the "Plan"), of which 180,000 were granted to executive officers of the Company. None of the options granted during the period are exercisable as of December 31, 1995. All options were granted with exercise prices that equalled or exceeded the fair market value of the underlying stock on the date of grant.

On December 5, 1995, the stockholders voted to amend the Plan to increase the number of shares reserved for issuance to 6,200,000.

(6) RESTRUCTURING EXPENSE

During the quarter ended March 31, 1995, the Company recorded a restructuring charge related to a workforce reduction and the termination of one of its facility leases. As of June 30, 1995, approximately \$758,000 of the restructuring charge was unpaid and recorded in accrued expenses in the Consolidated Condensed Balance Sheet. During the six months ended December 31, 1995, the Company paid the remaining \$758,000, the majority of which represented fees due the Company's real estate broker in connection with the termination of the lease.

(7) OTHER INCOME

During the quarter ended December 31, 1995, the Company recognized as other income approximately \$1,313,000, representing the unused portion of an advance received under a development and license agreement with Sanofi Winthrop, Inc. ("Sanofi"). During October 1995, the Company learned that Sanofi intended to cease development of PEG-SOD (Dismutec) due to the product's failure to show a statistically significant difference between the treatment group and the control group in a pivotal Phase III trial. Due, in part, to this product failure, the Company believes it has no further obligations under its agreement with Sanofi with respect to the \$1,313,000 advance and therefore, the Company has reversed the amount due Sanofi previously recorded as a current liability.

(8) SUBSEQUENT EVENT

On January 31, 1996, the Company completed a private placement (the "Private Placement") of Common Stock and Series B Convertible Preferred Stock ("Convertible Preferred Stock"), resulting in gross proceeds of \$7,000,000, with an institutional investor pursuant to Regulation D of the Securities Act of 1933, as amended. The Company issued 1,094,890 shares of Common Stock for \$3,000,000, raising the outstanding common shares to 27,423,764 and 40,000 shares of Convertible Preferred Stock for \$4,000,000. The Company also issued five-year warrants (the "Warrants") to purchase 638,686 shares of Common Stock at \$4.11 per share. The Convertible Preferred Stock is convertible commencing

70 days after issuance. The conversion price for the Convertible Preferred Stock is 80% of the market price for the five consecutive trading days ending one trading day prior to the date of the conversion notice and the stated value is \$100 per share. The Convertible Preferred Stock will not pay a dividend. In connection with the Private Placement, the Company agreed to register on a Registration Statement on Form S-3 the Common Stock issued, the shares of Common Stock underlying the Convertible Preferred Stock, the shares of Common Stock underlying the Warrants and certain shares of Common Stock issuable in the event the Company does not comply with certain of its obligations under the agreements. The issuance of the Private Placement stock and warrants would not have changed the net loss per common share reported for the three and six months ended December 31, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENZON, INC.
(Registrant)

Date: February 23, 1996

By: /s/ _____
Peter G. Tombros
President and Chief Executive
Officer

By: /s/ _____
Kenneth J. Zuerblis
Vice President, Finance and
Chief Executive Officer