EZ EM INC
Form 10-Q
April 15, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 1, 2003

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 1-11479

E-Z-EM, Inc.

(Exact name of registrant as specified in its charter)

Delaware	11-1999504
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1111 Marcus Avenue, Lake Success, New York	11042
(Address of principal executive offices)	(Zip Code)

(516) 333-8230

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 |X| No |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes |_| No |X|

As of April 9, 2003, there were 10,098,288 shares of the issuer's common stock outstanding.

E-Z-EM, Inc. and Subsidiaries

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E-Z-EM, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	March 1, 2003 (unaudited)	June 1, 2002 (audited)
CURRENT ASSETS		
Cash and cash equivalents	$ 5,015	$ 8,019
Restricted cash	1,429	
Debt and equity securities	11,374	16,045
Accounts receivable, principally trade, net	22,080	17,721
Inventories	27,858	26,251
Other current assets	5,673	4,218
Total current assets	73,429	72,254
PROPERTY, PLANT AND EQUIPMENT - AT COST, less accumulated depreciation and amortization	21,908	19,187
GOODWILL, less accumulated amortization	388	377
INTANGIBLE ASSETS, less accumulated amortization	1,366	1,557
DEBT AND EQUITY SECURITIES	1,575	1,984
INVESTMENTS AT COST	900	600
OTHER ASSETS	6,897	6,322
	$106,463	$102,281

The accompanying notes are an integral part of these statements.

E-Z-EM, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 1, 2003 (unaudited)	June 1, 2002 (audited)
CURRENT LIABILITIES		
Notes payable	$ 633	$ 698
Current maturities of long-term debt	330	179
Accounts payable	6,524	6,841
Accrued liabilities	7,891	7,292
Accrued income taxes	214	498

Total current liabilities	15,592	15,508
LONG-TERM DEBT, less current maturities	3,516	327
OTHER NONCURRENT LIABILITIES	3,129	2,924
Total liabilities	22,237	18,759
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, par value $.10 per share - authorized, 1,000,000 shares; issued, none		
Common stock, par value $.10 per share - authorized, 16,000,000 shares; issued and outstanding 10,091,141 shares at March 1, 2003 and 9,985,705 shares at June 1, 2002 (excluding 483,648 shares held in treasury at June 1, 2002)	1,009	998
Additional paid-in capital	21,594	21,062
Retained earnings	64,250	63,723
Accumulated other comprehensive loss	(2,627)	(2,261)
Total stockholders' equity	84,226	83,522
	$ 106,463	$ 102,281

The accompanying notes are an integral part of these statements.

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E-Z-EM, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Thirteen weeks ended		Thirty-nine weeks ended	
	March 1, 2003	March 2, 2002	March 1, 2003	March 2, 2002
Net sales	$ 33,093	$ 30,646	$ 96,273	$ 88,916
Cost of goods sold	19,157	17,791	54,768	52,337
Gross profit	13,936	12,855	41,505	36,579

Operating expenses				
Selling and administrative	11,655	9,665	35,471	29,919
Asset impairment and facility closing costs		(40)	116	1,492
Research and development	1,806	1,542	5,053	4,682
Total operating expenses	13,461	11,167	40,640	36,093
Operating profit	475	1,688	865	486
Other income (expense)				
Interest income	56	73	191	344
Interest expense	(120)	(67)	(307)	(202)
Other, net	166	87	632	288
Earnings before income taxes	577	1,781	1,381	916
Income tax provision	297	624	854	1,038
NET EARNINGS (LOSS)	$ 280	$ 1,157	$ 527	$ (122)
Earnings (loss) per common share				
Basic	$ .03	$ .12	$ .05	$ (.01)
Diluted	$ .03	$ .11	$ .05	$ (.01)
Weighted average common shares				
Basic	10,081	9,824	10,031	9,831
Diluted	10,441	10,230	10,416	9,831

The accompanying notes are an integral part of these statements.

E-Z-EM, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

Thirty-nine weeks ended March 1, 2003
(unaudited)
(in thousands, except share data)

	Class A and Class B common stock	Common stock	Additional paid-in	Retaine

	Shares	Amount	Shares	Amount	capital	earning
Balance at June 1, 2002	9,985,705	$ 998			$21,062	$63,723
Exercise of stock options	22,962	2	89,150	$ 9	493	
Income tax benefits on stock options exercised					99	
Compensation related to stock option plans					4	
Issuance of stock			9,676	1	74	
Purchase of treasury stock	(16,352)	(1)			(138)	
Common stock recapitalization	(9,992,315)	(999)	9,992,315	999		
Net earnings						527
Unrealized holding loss on debt and equity securities						
Decrease in fair market value on interest rate swap						
Foreign currency translation adjustments						
Comprehensive income						
Balance at March 1, 2003	--	$ --	10,091,141	$1,009	$21,594	$64,250

The accompanying notes are an integral part of this statement.

E-Z-EM, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Thirty-nine weeks ended	
	March 1, 2003	March 2, 2002
Cash flows from operating activities:		
Net earnings (loss)	$ 527	$ (122)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	2,476	2,143
Impairment of long-lived assets	116	1,322
Provision for doubtful accounts	272	29
Deferred income tax provision	8	8
Other non-cash items	74	50
Changes in operating assets and liabilities		
Accounts receivable	(4,631)	3,085
Inventories	(1,607)	(3,669)
Other current assets	(1,316)	1,673

Other assets	(638)	(629)
Accounts payable	(317)	2,040
Accrued liabilities	210	(272)
Accrued income taxes	(184)	158
Other noncurrent liabilities	174	(22)
Net cash provided by (used in) operating activities	(4,836)	5,794
Cash flows from investing activities:		
Additions to property, plant and equipment, net	(5,252)	(2,540)
Restricted cash for use in investing activities	(1,429)	
Purchase of intangible assets		(400)
Investments at cost	(300)	(600)
Available-for-sale securities		
Purchases	(82,390)	(64,780)
Proceeds from sale	87,061	61,965
Net cash used in investing activities	(2,310)	(6,355)
Cash flows from financing activities:		
Proceeds from issuance of debt	3,532	3,430
Repayments of debt	(309)	(3,322)
Proceeds from exercise of stock options	504	4
Purchase of treasury stock	(139)	(279)
Proceeds from issuance of stock in connection with the stock purchase plan	5	5
Net cash provided by (used in) financing activities	3,593	(162)

E-Z-EM, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(unaudited)
(in thousands)

	Thirty-nine weeks ended	
	March 1, 2003	March 1, 2002
Effect of exchange rate changes on cash and cash equivalents	$ 549	$ (400)
DECREASE IN CASH AND CASH EQUIVALENTS	(3,004)	(1,123)
Cash and cash equivalents		
Beginning of period	8,019	4,391

End of period	$ 5,015	$ 3,268
Supplemental disclosures of cash flow information:		
Cash paid (refunded) during the period for:		
Interest	$ 130	$ 56
Income taxes paid (refunded) (net of refunds of $3 in 2003 and payments of $599 in 2002, respectively)	$ 1,445	$ (346)

The accompanying notes are an integral part of these statements.

E-Z-EM, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 1, 2003 and March 2, 2002
(unaudited)

NOTE A - CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of March 1, 2003, the consolidated statement of stockholders' equity and comprehensive income for the period ended March 1, 2003, and the consolidated statements of operations and cash flows for the periods ended March 1, 2003 and March 2, 2002, have been prepared by the Company without audit. The consolidated balance sheet as of June 1, 2002 was derived from audited consolidated financial statements. In the opinion of management, all adjustments (which include only normally recurring adjustments) necessary to present fairly the financial position, changes in stockholders' equity and comprehensive income, results of operations and cash flows at March 1, 2003 (and for all periods presented) have been made.

Certain information and footnote disclosures, normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the fiscal 2002 Annual Report on Form 10-K filed by the Company on August 29, 2002. The results of operations for the periods ended March 1, 2003 and March 2, 2002 are not necessarily indicative of the operating results for the respective full years.

The consolidated financial statements include the accounts of E-Z-EM, Inc. ("E-Z-EM") and all 100%-owned subsidiaries (the "Company"). All significant intercompany balances and transactions have been eliminated.

NOTE B - EARNINGS PER COMMON SHARE

Basic earnings per share are based on the weighted average number of common shares outstanding without consideration of potential common stock. Diluted earnings per share are based on the weighted average number of common and potential common shares outstanding. The calculation takes into account the shares that may be issued upon exercise of stock options, reduced by the shares that may be repurchased with the funds received from the exercise, based on the average price during the period. Potential common shares were excluded from the diluted calculation for the thirty-nine weeks ended March 2, 2002, as their effects were anti-dilutive.

The following table sets forth the reconciliation of the weighted average number of common shares:

	Thirteen weeks ended		Thirty-nine weeks ended	
	March 1, 2003	March 2, 2002	March 1, 2003	March 2, 2002
	(in thousands)			
Basic	10,081	9,824	10,031	9,831
Effect of dilutive securities (stock options)	360	406	385	
Diluted	10,441	10,230	10,416	9,831

E-Z-EM, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 1, 2003 and March 2, 2002
(unaudited)

NOTE B - EARNINGS PER COMMON SHARE (continued)

Excluded from the calculation of earnings per common share, are options to purchase 452,155 shares of common stock for the thirteen and thirty-nine weeks ended March 1, 2003 and options to purchase 431,575 and 1,554,935 shares of common stock for the thirteen and thirty-nine weeks ended March 2, 2002, respectively, as their inclusion would be anti-dilutive. The range of exercise prices on the excluded options was $8.50 to $12.49 per share for the thirteen and thirty-nine weeks ended March 1, 2003, $7.40 to $12.49 per share for the thirteen weeks ended March 2, 2002 and $3.66 to $12.49 per share for the thirty-nine weeks ended March 2, 2002.

NOTE C - EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

As of June 2, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", while retaining many of the requirements of such statement. The adoption of this statement has had no effect on the Company's results of operations or financial position.

As of January 1, 2003, the Company adopted SFAS No. 146, "Accounting for

Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value when the liability is incurred. The adoption of this statement has had no effect on the Company's results of operations or financial position.

In December 2002, the Financial Accounting Standards Board ("FASB")issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002 and the interim disclosure provisions are effective for interim periods beginning after December 15, 2002. The Company currently plans to continue to apply the intrinsic-value based method to account for stock options and will comply with the new disclosure requirements beginning with its fiscal year ending May 31, 2003.

NOTE D - COMPREHENSIVE LOSS

The components of comprehensive income (loss), net of related tax, are as follows:

	Thirty-nine weeks ended	
	March 1, 2003	March 2, 2002
	(in thousands)	
Net earnings (loss)	$ 527	$ (122)
Unrealized holding gain (loss) on debt and equity securities	(477)	90
Decrease in fair value on interest rate swap	(245)	
Foreign currency translation adjustments	356	(528)
Comprehensive income (loss)	$ 161	$ (560)

The components of accumulated other comprehensive loss, net of related tax, are as follows:

	March 1, 2003	June 1, 2002
	(in thousands)	
Unrealized holding gain on debt and equity securities	$ 341	$ 818
Decrease in fair value on interest rate swap	(245)	
Cumulative translation adjustments	(2,723)	(3,079)
Accumulated other comprehensive loss	$(2,627)	$(2,261)

NOTE E - INVESTMENT AT COST

In August 2001, the Company acquired 240,000 shares of the Series B Convertible Preferred Stock, or approximately 5%, of PointDx, Inc. ("PointDx") for $600,000. PointDx, a Delaware corporation based in Winston-Salem, North Carolina, is an emerging medical technology company focused on the development of virtual colonoscopy software and structured reporting solutions for radiology. Virtual colonoscopy is an innovative technology which visualizes the colon using advanced CT imaging and 3-D computer reconstruction of that image data. The Company also acquired a three-year warrant to purchase an additional 120,000 shares of the Series B Convertible Preferred Stock at $2.50 per share, and the right to designate one nominee for the PointDx board of directors. The Company's investment in PointDx is accounted for by the cost method. In December 2002, the Company entered into an agreement with PointDx, and agreed to reduce the shares that can be purchased under the aforementioned warrant by 36,000.

NOTE F - ASSET IMPAIRMENT CHARGES

During the thirteen weeks ended December 1, 2001, the Company adopted a plan, which was approved by the Board of Directors, to close a facility owned by its wholly-owned Japanese subsidiary in December 2001. The facility was principally used to manufacture liquid barium sulfate formulations for sale in the Japanese market. The facility lacked the necessary manufacturing throughput to justify its continued existence. In connection with this plan, the Company recorded a $1,532,000 charge to operations during the thirteen weeks ended December 1, 2001 within the E-Z-EM operating segment. During the thirteen weeks ended March 2, 2002, such charge was reduced by $40,000 to $1,492,000 as a result of favorable changes in foreign currency translation. The components of this $1,492,000 charge consist of i) a $1,272,000 write-down of property, plant and equipment to management's estimate of their fair market value, based upon the anticipated proceeds to be received upon sale, ii) severance costs of $125,000, iii) refurbishing costs of $64,000, relating to a leased warehousing facility, and iv) a provision for inventory reserves of $31,000. During the thirteen weeks ended November 30, 2002, the Company recorded an additional write-down of property of $116,000 to management's current estimate of its fair market value, based upon the anticipated proceeds to be received upon sale.

NOTE G - INVENTORIES

Inventories consist of the following:

	March 1, 2003	June 1, 2002
	(in thousands)	
Finished goods	$15,150	$13,939
Work in process	2,112	2,237
Raw materials	10,596	10,075
	$27,858	$26,251

NOTE H - LONG-TERM DEBT

In September 2002, the Company closed on the financing for the expansion of the AngioDynamics headquarters and manufacturing facility in Queensbury, New York. The expansion will be principally financed with Industrial Revenue Bonds (the "Bonds") issued by the Warren and Washington Counties Industrial Development Agency (the "Agency") aggregating $3,500,000. The Bonds are issued under a Trust Agreement by and between the Agency and a bank, as trustee (the "Trustee"). The proceeds of the Bonds will be advanced, as construction occurs, pursuant to a Building Loan Agreement by and among the Agency, the Trustee, a second bank (the "Bank") and the Company. As of March 1, 2003, the advances aggregated $2,071,000 with the remaining proceeds of $1,429,000 classified as restricted cash. The Bonds, which bear interest at a variable rate (1.30% per annum at March 1, 2003), require quarterly interest payments and quarterly principal payments ranging from $25,000 to $65,000

NOTE H - LONG-TERM DEBT (continued)

through May 2022. In connection with the issuance of the Bonds, the Company entered into a Letter of Credit and Reimbursement Agreement with the Bank for approximately $3,575,000 to support principal and interest payments of the Bonds and requires payment of an annual fee on the remaining balance ranging from 1% to 1.9%, depending on financial results achieved. The Company also entered into a Remarketing Agreement, pursuant to which the Remarketing Agent will use its best efforts to arrange for a sale in the secondary market of such Bonds. The Remarketing Agreement provides for the payment of an annual fee of .1% of the remaining balance.

The Reimbursement Agreement contains certain financial covenants, relating to fixed charge coverage and interest coverage, as defined. Amounts borrowed under the Agreement are collateralized by substantially all of the assets of AngioDynamics.

In accordance with SFAS No. 133, "Accounting for Derivatives and Hedging Activities", as amended, the Company recognized its interest rate swap agreement in the consolidated financial statements at fair value. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in stockholders' equity as a component of accumulated other comprehensive income (loss) depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value or cash flow hedge. Generally, the changes in the fair value of derivatives accounted for as fair value hedges are recorded in income along with the portions of the changes in the fair value of hedged items that relate to the hedged risks. Changes in the fair value of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in accumulated other comprehensive income (loss). Changes in the fair values for derivatives not qualifying as hedges are reported in income.

The Company entered into an interest rate swap agreement with the Bank, effective September 2002, with an initial notional amount of $3,500,000 to limit the effect of increases in the interest rates on its variable rate debt. The swap agreement, which qualifies as an effective hedge under SFAS No. 133, is a contract to exchange floating interest rate payments for fixed interest payments periodically over the life of the agreement without the exchange of the underlying notional amounts. The effect of this swap agreement is to limit the interest rate exposure to 4.45% of the Company's debt under its agreement with the Agency. Since the swap agreement is classified as a cash flow hedge, the fair value of $389,000 has been recorded as a component of accrued liabilities, and accumulated other comprehensive loss has been increased by $245,000, net of tax benefit, with no impact on earnings. Amounts to be paid or received under the swap agreement are accrued as interest rates change and are recognized over the life of the swap agreement as an adjustment to interest expense.

NOTE I - COMMON STOCK

Under the 1983 and 1984 Stock Option Plans, options for 112,112 shares were exercised at prices ranges from $3.66 to $6.50 per share, options for 28,084 shares were forfeited at prices ranging from $4.22 to $12.49 per share, and no options were granted or expired during the thirty-nine weeks ended March 1, 2003. Under the 1997 AngioDynamics Stock Option Plan, options for 1.19 shares were forfeited at $40,000 per share, and no options were granted, exercised or expired during the thirty-nine weeks ended March 1, 2003.

During July 2002, the Company concluded a program to repurchase 500,000 shares of its Class A and Class B common stock. In aggregate, the Company repurchased 53,706 shares of Class A common stock and 446,294 shares of Class B common stock for approximately $3,548,000, of which 847 shares of Class A common stock and 15,505 shares of Class B common stock for approximately $139,000 were repurchased during the first quarter of fiscal 2003. Effective August 15, 2002, the Company retired all treasury shares. In March 2003, the Board of Directors authorized the repurchase of up to 300,000 shares of the Company's common stock at an aggregate purchase price of up to $3,000,000.

On October 22, 2002, the Company completed the previously announced plan to combine its two former classes of common stock (Class A and Class B) into a single, newly created class of common stock. The transaction was effected by merging a newly formed subsidiary into E-Z-EM, with E-Z-EM continuing as the surviving corporation in the merger. As a result of this merger: each outstanding Class A share and each outstanding Class B share was converted into one share of a newly created class of common stock of the Company; the super-majority voting requirements contained in the Company's certificate of incorporation, relating to the former Class A shares, were eliminated and are not applicable to the Company's new class of common stock; each holder of common stock now has one vote per share; and all matters brought before the stockholders of the Company, other than the removal of directors, are now determined by a majority vote.

At June 1, 2002, the outstanding shares of Class A and Class B common stock were 4,002,188 and 5,983,517, respectively (excluding 52,859 shares of Class A common stock and 430,789 shares of Class B common stock held in treasury at June 1, 2002).

NOTE J - OPERATING SEGMENTS

The Company is engaged in the manufacture and distribution of a wide variety of products which are classified into two operating segments: E-Z-EM products, formerly called the Diagnostic products operating segment, and AngioDynamics products. E-Z-EM products include X-ray fluoroscopy products, CT imaging products, virtual colonoscopy products, specialty diagnostic tests, and accessory medical products and devices. The E-Z-EM segment also includes third-party contract manufacturing of diagnostic contrast agents, pharmaceuticals, non-prescription healthcare products and defense decontaminants. AngioDynamics products include angiographic products and accessories, image-guided vascular access products, dialysis products, thrombolytic products, PTA dilation catheters, biliary stents, and drainage

NOTE J - OPERATING SEGMENTS (continued)

products used in the interventional radiology marketplace.

The Company's chief operating decision maker utilizes operating segment net earnings (loss) information in assessing performance and making overall operating decisions and resource allocations. Information about the Company's segments is as follows:

	Thirteen weeks ended		Thirty-nine weeks	
	March 1, 2003	March 2, 2002	March 1, 2003	Mar 2
		(in thousands)		
Net sales to external customers				
E-Z-EM products	$ 23,271	$ 22,893	$ 69,782	$ 6
AngioDynamics products	9,822	7,753	26,491	2
Total net sales to external customers	$ 33,093	$ 30,646	$ 96,273	$ 8
Intersegment net sales				
AngioDynamics products	$ 281	$ 381	$ 708	$
Total intersegment net sales	$ 281	$ 381	$ 708	$
Operating profit (loss)				
E-Z-EM products	$ (387)	$ 1,071	$ (1,391)	$ (
AngioDynamics products	836	650	2,190	
Eliminations	26	(33)	66	
Total operating profit (loss)	$ 475	$ 1,688	$ 865	$
Net earnings (loss)(1)				
E-Z-EM products	$ (286)	$ 844	$ (861)	$
AngioDynamics products	540	346	1,322	
Eliminations	26	(33)	66	
Total net earnings (loss)	$ 280	$ 1,157	$ 527	$

	March 1, 2003	Jun 2
	(in thousands)	
Assets		
E-Z-EM products	$109,879	$11
AngioDynamics products	25,252	2
Eliminations	(28,668)	(2
Total assets	$106,463	$10

(1) Effective June 2, 2002 and for fiscal 2003, E-Z-EM's loans to AngioDynamics are non-interest bearing. For the thirteen and thirty-nine weeks ended March 2, 2002, interest charges on such loans were $215,000 and $647,000, respectively.

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

Quarters ended March 1, 2003 and March 2, 2002

The Company's quarters ended March 1, 2003 and March 2, 2002 both represent thirteen weeks.

Results of Operations

Segment Overview

The Company operates in two industry segments: E-Z-EM products and AngioDynamics products. The E-Z-EM operating segment includes X-ray fluoroscopy products, CT imaging products, virtual colonoscopy products, specialty diagnostic tests, and accessory medical products and devices. The E-Z-EM segment also includes third-party contract manufacturing of diagnostic contrast agents, pharmaceuticals, non-prescription healthcare products and defense decontaminants. The AngioDynamics operating segment includes angiographic products and accessories, image-guided vascular access products, dialysis products, thrombolytic products, PTA dilation catheters, biliary stents, and drainage products used in the interventional radiology marketplace.

	E-Z-EM	AngioDynamics	Eliminations
		(in thousands)	
Quarter ended March 1, 2003			
Unaffiliated customer sales	$ 23,271	$9,822	--
Intersegment sales	--	281	($281)
Gross profit	8,842	5,068	26
Operating profit (loss)	(387)	836	26
Quarter ended March 2, 2002			
Unaffiliated customer sales	$ 22,893	$7,753	--
Intersegment sales	--	381	($381)
Gross profit (loss)	9,072	3,816	(33)
Operating profit (loss)	1,071	650	(33)

E-Z-EM Products

E-Z-EM segment operating results for the current quarter declined by $1,458,000 from the comparable quarter of the prior year due primarily to increased operating expenses and lower gross profit. Net sales increased 2%, or $378,000, due primarily to increased sales of CT imaging contrast and injector systems of $1,421,000, partially offset by decreased sales of contract manufacturing products of $755,000 and specialty diagnostic tests of $295,000. Price increases had minimal effect on net sales for the current quarter. Gross profit expressed as a percentage of net sales decreased to 38% for the current quarter from 40% for the comparable period of the prior year due primarily to unfavorable changes in sales product mix and reduced contract manufacturing throughput at the Company's Canadian subsidiary. Operating expenses increased $1,228,000 due to: i) increased selling and marketing infrastructure and promotional activities to support the Company's CT injector and virtual colonoscopy businesses, ii) increased administrative and research and development costs, and iii) increased severance costs of $182,000.

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AngioDynamics Products

AngioDynamics segment operating profit for the current quarter improved by $186,000 from the comparable quarter of the prior year due to increased sales and improved gross profit, partially offset by increased operating expenses. Net sales increased 27%, or $2,069,000, due primarily to increased sales of dialysis products of $903,000, PTA dilation catheters of $196,000, image-guided vascular access products of $173,000 and angiographic products of $102,000. Sales of the ELVSTM endovascular laser venous system, used in the treatment of varicose veins and introduced in the second quarter of the current fiscal year, contributed to the increase in sales by $704,000. Price increases had minimal effect on net sales for the current quarter. Gross profit expressed as a percentage of net sales improved to 50% for the current quarter from 47% for the comparable quarter of the prior year due primarily to improved manufacturing efficiencies at the Company's Queensbury, New York facility, lower freight costs and decreased provision for inventory reserves of $53,000. The improved manufacturing efficiencies, resulted, in large part, from increased automation in the manufacture of angiographic catheters, WorkhorseTM PTA balloon catheters and biliary stent assembly. Operating expenses increased $1,066,000 due, in large part, to the continued expansion of the domestic sales force, investment in new product introductions and increased administrative and research and development expenses.

Consolidated Results of Operations

For the quarter ended March 1, 2003, the Company reported net earnings of $280,000, or $.03 per common share on both a basic and diluted basis, respectively, compared to net earnings of $1,157,000, or $.12 and $.11 per common share on a basic and diluted basis, for the comparable period of last year. Results for the current quarter were adversely affected by increased operating expenses in both industry segments, partially offset by increased sales and improved gross profit in the AngioDynamics segment.

Net sales of $33,093,000 for the quarter ended March 1, 2003 increased 8%, or $2,447,000, compared to the quarter ended March 2, 2002 due to increased sales of AngioDynamics products of $2,069,000 and E-Z-EM products of $378,000, which resulted from the factors previously disclosed in the segment overview. Price increases had minimal effect on net sales for the current quarter. Net sales in international markets, including direct exports from the U.S., decreased 9%, or $823,000, for the current quarter from the comparable period of last year due primarily to decreased sales of contract manufacturing products of $755,000.

Gross profit expressed as a percentage of net sales was 42% for both the current quarter and the comparable quarter of the prior year. Improved gross profit in the AngioDynamics segment offset somewhat lower gross profit in the E-Z-EM segment. These changes in gross profit resulted from the factors previously disclosed in the segment overview. The Company's third fiscal quarters traditionally have fewer production days than the other fiscal quarters, resulting in somewhat lower gross profit percentages in such quarters.

Selling and administrative ("S&A") expenses were $11,655,000 for the quarter ended March 1, 2003 compared to $9,665,000 for the quarter ended March 2, 2002. This increase of $1,990,000, or 21%, for the current quarter was due to increased E-Z-EM S&A expenses of $1,001,000 and increased AngioDynamics S&A expenses of $989,000, which resulted from the factors previously disclosed in the segment overview.

Research and development ("R&D") expenditures increased 17% for the current quarter to $1,806,000, or 5% of net sales, from $1,542,000, or 5% of net sales, for the comparable quarter of the prior year. This increase was due to increased spending relating to virtual colonoscopy projects of $194,000 and AngioDynamics projects of $77,000. Of the R&D expenditures for the current quarter,

approximately 33% relate to X-ray fluoroscopy and CT imaging projects, 33% to AngioDynamics projects, 19% to virtual colonoscopy projects, 12% to general regulatory costs and 3% to all other projects. R&D expenditures are expected to continue at approximately current levels.

Other income, net of other expenses, totaled $102,000 of income for the current quarter compared to $93,000 of income for the quarter ended March 2, 2002. Improved foreign currency gains and losses of $161,000 were almost entirely offset by a gain on the sale of an equity security of $83,000 during the comparable quarter of the prior year, increased interest expense of $53,000 and decreased interest income of $17,000.

For the quarter ended March 1, 2003, the Company's effective tax rate of 51% differed from the Federal statutory tax rate of 34% due primarily to the fact that the Company did not provide for the tax benefit on losses incurred in a foreign jurisdiction, since it is more likely than not that such benefits will not be realized, and non-deductible expenses. The Company's effective tax rate of 35% for the quarter ended March 2, 2002 differed from the Federal statutory tax rate of 34% due primarily to the fact that the Company did not provide for the tax benefit on losses in a foreign jurisdiction, since, at that time, it was more likely than not that such benefits would not be realized, and non-deductible expenses, partially offset by the reversal of an over accrual established in the previous year.

Nine months ended March 1, 2003 and March 2, 2002

The Company's nine months ended March 1, 2003 and March 2, 2002 both represent thirty-nine weeks.

Results of Operations

Segment Overview

	E-Z-EM	AngioDynamics	Eliminations
		(in thousands)	
Nine months ended March 1, 2003			
Unaffiliated customer sales	$ 69,782	$26,491	--
Intersegment sales	--	708	($708)
Gross profit	27,410	14,029	66
Operating profit (loss)	(1,391)	2,190	66
Nine months ended March 2, 2002			
Unaffiliated customer sales	$ 67,200	$21,716	--
Intersegment sales	--	764	($764)
Gross profit (loss)	25,678	10,933	(32)
Operating profit (loss)	(1,113)	1,631	(32)

E-Z-EM Products

E-Z-EM segment operating losses for the current period increased by $278,000 from the comparable period of the prior year. The operating results for the comparable period of the prior year were adversely affected by a $1,492,000 charge to operations resulting from the December 2001 closing of a Japanese facility. During the current period, the Company recorded an additional charge to operations of $116,000 relating to the closing of this facility. Excluding the effect of the Japanese facility closing, E-Z-EM segment operating losses increased by $1,654,000 due to increased operating expenses, partially offset by increased sales and improved gross profit. Net sales increased 4%, or $2,582,000, due primarily to increased sales of CT imaging contrast and injector systems of $3,669,000, partially offset by decreased sales of X-ray fluoroscopy

products of $1,207,000. Price increases had minimal effect on net sales for the current period. Gross profit expressed as a percentage of net sales improved to 39% for the current period from 38% for the comparable period of the prior year due primarily to favorable changes in sales product mix, lower freight costs and commission revenue of $388,000 earned in the current period. Excluding the aforementioned facility closing costs, operating expenses increased $3,386,000 due to: i) increased selling and marketing infrastructure and promotional activities to support the Company's CT injector and virtual colonoscopy businesses; ii) costs associated with the Company's common stock recapitalization of $698,000; and iii) increased severance costs of $483,000.

AngioDynamics Products

AngioDynamics segment operating profit improved by $559,000 in the current period from the comparable period of the prior year due to increased sales and improved gross profit, partially offset by increased operating expenses. Net sales increased 22%, or $4,775,000, due primarily to increased sales of dialysis products of $2,289,000, image-guided vascular access products of $619,000, PTA dilation catheters of $536,000 and angiographic products of $388,000. Sales of the ELVSTM endovascular laser venous system contributed to the increase in sales by $933,000. Price increases had minimal effect on net sales for the current period. Gross profit expressed as a percentage of net sales improved to 52% for the current period from 49% for the comparable period of the prior year due primarily to improved manufacturing efficiencies at the Company's Queensbury facility, favorable changes in sales product mix, lower freight costs and decreased provision for inventory reserves of $200,000. The improved manufacturing efficiencies, resulted, in large part, from increased automation in the manufacture of angiographic catheters, WorkhorseTM PTA balloon catheters and biliary stent assembly. Operating expenses increased $2,537,000 due, in large part, to the continued expansion of the domestic sales force, investment in new product introductions and increased administrative and research and development expenses.

Consolidated Results of Operations

For the nine months ended March 1, 2003, the Company reported net earnings of $527,000, or $.05 per common share on both a basic and diluted basis, compared to a net loss of $122,000, or ($.01) per common share on both a basic and diluted basis for the comparable period of last year. Results for the current period were favorably affected by increased sales and improved gross profit in both industry segments, partially offset by increased operating expenses in both industry segments. Results for the current period were adversely affected by an additional charge of $116,000, or $.01 per basic share, to close a Japanese facility. Results for the comparable period of the prior year were adversely affected by a charge of $1,492,000, or $.15 per basic share, to close the Japanese facility. Excluding the effect of the Japanese facility closing, net earnings declined by $727,000, or $.07 per basic share.

Net sales of $96,273,000 for the nine months ended March 1, 2003 increased 8%, or $7,357,000, compared to the nine months ended March 2, 2002 due to increased sales of AngioDynamics products of $4,775,000 and E-Z-EM products of $2,582,000, which resulted from the factors previously disclosed in the segment overview. Price increases had minimal effect on net sales for the current period. Net sales in international markets, including direct exports from the U.S., decreased $110,000, for the current period from the comparable period of last year due to decreased sales of contract manufacturing products of $497,000, specialty diagnostic tests of $259,000 and X-ray fluoroscopy products of $250,000, partially offset by increased sales of CT imaging contrast and injector systems of $704,000.

Gross profit expressed as a percentage of net sales increased to 43% for the current period from 41% for the comparable period of the prior year due to

improved gross profit in both the AngioDynamics and E-Z-EM segments, which resulted from the factors previously disclosed in the segment overview.

S&A expenses were $35,471,000 for the nine months ended March 1, 2003 compared to $29,919,000 for the nine months ended March 2, 2002. This increase of $5,552,000, or 19%, for the current period was due to increased E-Z-EM S&A expenses of $3,442,000 and increased AngioDynamics S&A expenses of $2,110,000, which resulted from the factors previously disclosed in the segment overview.

R&D expenditures increased 8% for the current period to $5,053,000, or 5% of net sales, from $4,682,000, or 5% of net sales, for the comparable prior year period. This increase was due to increased spending relating to AngioDynamics projects. Of the R&D expenditures for the current period, approximately 39% relate to X-ray fluoroscopy and CT imaging projects, 35% to AngioDynamics projects, 14% to general regulatory costs, 10% to virtual colonoscopy projects and 2% to all other projects.

Other income, net of other expenses, totaled $516,000 of income for the current period compared to $430,000 of income for the comparable period of last year. Increased foreign currency gains of $420,000 were partially offset by decreased interest income of $153,000, resulting, in large part, from lower interest rates, increased interest expense of $105,000 and a gain on the sale of an equity security of $83,000 during the comparable period of the prior year.

For the nine months ended March 1, 2003, the Company's unusually high effective tax rate of 62% differed from the Federal statutory tax rate of 34% due to non-deductible expenses, resulting, in large part, from the Company's common stock recapitalization. For the nine months ended March 2, 2002, the Company's unusually high effective tax rate of 113% differed from the Federal statutory tax rate of 34% due primarily to the fact that the Company did not provide for the tax benefit on losses incurred in certain foreign jurisdictions, since, at that time, it was more likely than not that such benefits would not be realized, and non-deductible expenses.

Liquidity and Capital Resources

For the nine months ended March 1, 2003, capital expenditures (excluding the AngioDynamics facility expansion discussed below), an equity investment at cost and the purchase of treasury stock were funded by cash reserves. The Company's policy has been to fund capital requirements without incurring significant debt. However, the Company did elect to externally finance the AngioDynamics facility expansion. At March 1, 2003, debt (notes payable, current maturities of long-term debt and long-term debt) was $4,479,000 (including $3,430,000 relating to the financing of the AngioDynamics facility expansion), as compared to $1,204,000 at June 1, 2002. The Company has available $2,148,000 under two bank lines of credit, of which no amounts were outstanding at March 1, 2003.

At March 1, 2003, approximately $16,389,000, or 15%, of the Company's assets consisted of short-term debt and equity securities and cash and cash equivalents. The current ratio was 4.71 to 1, with net working capital of $57,837,000, at March 1, 2003, as compared to a current ratio of 4.66 to 1, with net working capital of $56,746,000, at June 1, 2002. The Company believes that its cash reserves as of March 1, 2003, cash generated from operations and existing lines of credit will provide sufficient liquidity to meet its currently foreseeable short-term operating requirements.

During fiscal 2003, the Company began the expansion of the AngioDynamics headquarters and manufacturing facility in Queensbury, New York, and, as of March 1, 2003, had expended approximately $2,297,000 on this project. The Company expects this expansion to cost approximately $3,500,000, most of which will be expended in fiscal 2003. This expansion is being financed principally with Industrial Revenue Bonds (the "Bonds") issued by the Warren and Washington

Counties Industrial Development Agency (the "Agency") aggregating $3,500,000. The proceeds of the Bonds will be advanced, as construction occurs, pursuant to a Building Loan Agreement by and among the Agency, the Trustee, a second bank (the "Bank") and the Company. As of March 1, 2003, the advances aggregated $2,071,000 with the remaining proceeds of $1,429,000 classified as restricted cash. The Bonds, which bear interest at a variable rate, require quarterly interest payments and quarterly principal payments ranging from $25,000 to $65,000 through May 2022. The Company entered into an interest rate swap with the Bank to convert the variable rate to a fixed interest rate of 4.45% per annum. The principal payments on the Bonds are secured by a letter of credit with the Bank.

During July 2002, the Company concluded a program to repurchase 500,000 shares of its Class A and Class B common stock. In aggregate, the Company repurchased 53,706 shares of Class A common stock and 446,294 shares of Class B common stock for approximately $3,548,000, of which 847 shares of Class A common stock and 15,505 shares of Class B common stock for approximately $139,000 were repurchased during the first quarter of fiscal 2003. Effective August 15, 2002, the Company retired all treasury shares. In March 2003, the Board of Directors authorized the repurchase of up to 300,000 shares of the Company's common stock at an aggregate purchase price of up to $3,000,000.

Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are intended to be covered by the safe harbors created thereby. Words such as "expects", "intends", "anticipates", "plans", "believes", "seeks", "estimates", or variations of such words and similar expressions are intended to identify such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, the ability of the Company to develop its products, market acceptance of virtual colonoscopy as a new imaging procedure, future actions by the U.S. Food and Drug Administration or other regulatory agencies, results of pending or future clinical trials, overall economic conditions, general market conditions, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations, and competition, including alternative procedures which continue to replace traditional fluoroscopic procedures. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

Critical Accounting Policies

The Company's significant accounting policies are summarized in Note A to the Consolidated Financial Statements included in the Company's fiscal 2002 Annual Report on Form 10-K. While all these significant accounting policies impact its financial condition and results of operations, the Company views certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on the Company's financial statements and require management to use greater degree of judgment and/or estimates. Actual results may differ from those estimates.

The Company believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on the Company's consolidated results of operations,

financial position or liquidity for the periods presented in this report. The accounting policies identified as critical are as follows:

Revenue Recognition - The Company recognizes revenues in accordance with generally accepted accounting principles as outlined in Staff Accounting Bulletin No. 101, which requires that four basic criteria be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) product delivery, including customer acceptance, has occurred or services have been rendered; (3) the price is fixed or determinable; and (4) collectibility is reasonably assured. Decisions relative to criteria (4) regarding collectibility are based upon management judgments and should conditions change in the future and cause management to determine this criteria is not met, the Company's recognized results may be affected. The Company recognizes revenues as products are shipped, which is when title passes to customers.

Allowance for Doubtful Accounts - The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by a review of their current credit information. The Company continuously monitors agings, collections and payments from customers and a provision for estimated credit losses is maintained based upon its historical experience and any specific customer collection issues that have been identified. While such credit losses have historically been within the Company's expectations and the provisions established, the Company cannot guarantee that the same credit loss rates will be experienced in the future. Concentration risk exists relative to the Company's accounts receivable, as 26% of the Company's total accounts receivable balance at March 1, 2003 is concentrated in one distributor. While the accounts receivable related to this distributor may be significant, the Company does not believe the credit loss risk to be significant given the consistent payment history of this distributor.

Income Taxes - In preparing the Company's financial statements, income tax expense is calculated for each of the jurisdictions in which the Company operates. This process involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes that are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability (based primarily on the Company's ability to generate future taxable income), and where recovery is unlikely, a valuation allowance is established and a corresponding additional tax expense is recorded in the Company's statement of earnings. In the event that actual results differ from the Company's estimates given changes in assumptions, the provision for income taxes could be materially impacted.

Inventories - The Company values its inventory at the lower of the actual cost to purchase and/or manufacture (on the first-in, first-out method) or the current estimated market value of the inventory. On an ongoing basis, inventory quantities on hand are reviewed and an analysis of the provision for excess and obsolete inventory is performed based primarily on product expiration dating and the Company's estimated sales forecast of product demand, which is based on sales history and anticipated future demand. The Company's estimates of future product demand may prove to be inaccurate, in which case the Company may have understated or overstated the provision required for excess and obsolete inventory. Therefore, although every effort is made to ensure the accuracy of the Company's forecasts of future product demand, any significant unanticipated changes in demand could have a significant impact on the value of the Company's inventory and reported operating results.

Property, Plant and Equipment - Property, plant and equipment are depreciated principally using the straight-line method over the estimated useful lives of the assets. Useful lives are based on management's estimates of the period over which the asset will generate revenue. Any change in conditions that would cause management to change its estimate as to the useful lives of a group or class of assets may significantly impact the Company's depreciation expense on a prospective basis.

Effects of Recently Issued Accounting Pronouncements

As of June 2, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", while retaining many of the requirements of such statement. The adoption of this statement has had no effect on the Company's results of operations or financial position.

As of January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value when the liability is incurred. The adoption of this statement has had no effect on the Company's results of operations or financial position.

In December 2002, the Financial Accounting Standards Board ("FASB")issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002 and the interim disclosure provisions are effective for interim periods beginning after December 15, 2002. The Company currently plans to continue to apply the intrinsic-value based method to account for stock options and will comply with the new disclosure requirements beginning with its fiscal year ending May 31, 2003.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in foreign currency exchange rates and, to a much lesser extent, interest rates on investments and financing, which could impact results of operations and financial position. While the Company entered into an interest rate swap with a bank to limit its exposure to interest rate change market risk on its variable interest rate financing, it does not currently engage in any other hedging or other market risk management tools. There have been no material changes with respect to market risk previously disclosed in the fiscal 2002 Annual Report on Form 10-K.

Foreign Currency Exchange Rate Risk

The financial reporting of the Company's international subsidiaries is denominated in currencies other than the U.S. dollar. Since the functional currency of the Company's international subsidiaries is the local currency, foreign currency translation adjustments are accumulated as a component of accumulated other comprehensive loss in stockholders' equity. Assuming a hypothetical aggregate change in the exchange rates of foreign currencies versus the U.S. dollar of 10% at March 1, 2003, the Company's assets and liabilities

would increase or decrease by $2,416,000 and $557,000, respectively, and the Company's net sales and net earnings would increase or decrease by $2,245,000 and $83,000, respectively, on an annual basis.

The Company also maintains intercompany balances and loans receivable with subsidiaries with different local currencies. These amounts are at risk of foreign exchange losses if exchange rates fluctuate. Assuming a hypothetical aggregate change in the exchange rates of foreign currencies versus the U.S. dollar of 10% at March 1, 2003, net earnings would be favorably or unfavorably impacted by approximately $538,000 on an annual basis.

Interest Rate Risk

The Company is exposed to interest rate change market risk with respect to its investments in tax-free municipal bonds in the amount of $11,360,000. The bonds bear interest at a floating rate established weekly. For the nine months ended March 1, 2003, the after-tax interest rate on the bonds approximated 1.4%. Each 100 basis point (1%) fluctuation in interest rates will increase or decrease interest income on the bonds by approximately $114,000 on an annual basis.

As the Company's principal amount of fixed interest rate financing approximated $1,049,000 at March 1, 2003, a change in interest rates would not materially impact results of operations or financial position. At March 1, 2003, the Company maintained variable interest rate financing in connection with the AngioDynamics facility expansion of approximately $3,430,000, and has limited its exposure to interest rate change market risk by entering into an interest rate swap agreement with a bank, that converts the variable rate to a fixed interest rate of 4.45% per annum.

Item 4. Controls and Procedures

Within the 90 days prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information, relating to the Company (including its consolidated subsidiaries), required to be included in the Company's periodic Securities and Exchange Commission filings. No significant changes were made in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are those controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

E-Z-EM, Inc. and Subsidiaries

Part II: Other Information

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities and Use of Proceeds

On January 1, 2003, the Company issued 1,000 shares of common stock to a director, George P. Ward. Such shares were issued in consideration for services rendered as a director and were issued pursuant to Section 4(2) of the Securities Act of 1933. The basis upon which the exemption is claimed is that the issued shares were made only to a director of the Company.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

No.	Description	Page
99.1	Certification Pursuant to Title 18, United States Code, Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Anthony A. Lombardo)	29
99.2	Certification Pursuant to Title 18, United States Code, Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Dennis J. Curtin)	30

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 1, 2003.

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.

E-Z-EM, Inc.
(Registrant)

Date April 15, 2003 /s/ Anthony A. Lombardo
Anthony A. Lombardo, President, Chief Executive Officer and Director

Date April 15, 2003 /s/ Dennis J. Curtin
Dennis J. Curtin, Senior Vice President - Chief Financial Officer (Principal Financial and Chief Accounting Officer)

CERTIFICATIONS

I, Anthony A. Lombardo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of E-Z-EM, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date April 15, 2003

/s/ Anthony A. Lombardo

Anthony A. Lombardo, President,
Chief Executive Officer and Director

CERTIFICATIONS

I, Dennis J. Curtin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of E-Z-EM, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in

Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date April 15, 2003

/s/ Dennis J. Curtin

Dennis J. Curtin, Senior Vice
President - Chief Financial Officer