U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

(Mark One)

[x] Quarterly report under Section 13 or 15(D) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2004

[ ] Transition report under Section 13 or 15(D) of the Exchange Act

For the transition period from _____ to _____

Commission file number 0-15888

IGENE Biotechnology, Inc.
(Exact name of Small Business Issuer as Specified in its Charter)

Maryland	52-1230461
(State or Other Jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

9110 Red Branch Road, Columbia, Maryland 21045-2024
(Address of Principal Executive Offices)

(410) 997-2599
(Issuer's Telephone Number, Including Area Code)

None
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Check whether the Issuer: (1) filed all reports required to be filed by Section 13 or 15(D) of the Exchange Act during the past 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 _____

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:
94,275,531 shares of common stock, par value $.01, as of May 12, 2004.

Transitional Small Business Disclosure Format (check one):

Yes _____ No x

FORM 10-QSB
IGENE Biotechnology, Inc.

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IGENE BIOTECHNOLOGY, INC.

QUARTERLY REPORT UNDER SECTION 13 OR 15(D)

OF THE SECURITIES EXCHANGE ACT OF 1934

PART I

FINANCIAL INFORMATION

IGENE Biotechnology, Inc. and Subsidiaries
Consolidated Balance Sheets

	March 31, 2004 (Unaudited)	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 183,551	$ 63,075
Accounts receivable	200,306	156,458
Due from Joint Venture	430,260	495,183
Prepaid expenses and other current assets	37,060	43,675
	851,177	758,391
OTHER ASSETS		
Property and equipment, net	144,119	148,931
Loans receivable from manufacturing agent	118,966	122,964
Investment in unconsolidated Joint Venture	10,717,506	11,391,506
Other assets	4,886	4,886
TOTAL ASSETS	$ 11,836,654	$ 12,426,678
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 220,357	$ 185,862
Equipment lease payable	571	1,498
TOTAL CURRENT LIABILITIES	220,928	187,360
LONG-TERM LIABILITIES		
Notes payable	5,842,767	5,842,767
Convertible debentures	4,814,212	4,814,212
Accrued interest	3,588,007	3,398,272
REDEEMABLE PREFERRED STOCK		
Carrying amount of redeemable preferred stock, 8% cumulative, convertible, voting, series A, $.01 par value per share. Stated value was $ 17.92 and $17.76, respectively. Authorized 1,312,500 shares, issued 25,605	458,970	454,745
Carrying amount of redeemable preferred stock, 8% cumulative, convertible, voting, series B, $.01 par value per share. Stated value was $8.96 and $8.80 respectively, per share. Authorized, issued and outstanding 187,500 shares.	1,680,000	1,650,000
TOTAL LIABILITIES	16,604,884	16,347,356
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock --- $.01 par value per share. Authorized 750,000,000 shares; issued and outstanding 93,722,769and 92,747,469 shares, respectively.	937,228	927,475
Additional paid-in capital	34,534,267	34,471,490
Deficit	(40,239,725)	(39,319,643)
TOTAL STOCKHOLDERS' DEFICIT	(4,768,230)	(3,920,678)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 11,836,654	$ 12,426,678

The accompanying notes are an integral part of the financial statements.

IGENE Biotechnology, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three months ended	
	March 31, 2004	March 31, 2003
REVENUE		
Sales - AstaXin®	$ ---	$ 310,782
Cost of sales - AstaXin®	---	(300,534)
GROSS PROFIT	---	10,247
OPERATING EXPENSES		
Marketing and selling	48,022	101,286
Research, development and pilot plant	208,410	155,397
General and administrative	149,878	141,939
Litigation expense	13,080	---
Less operating expenses reimbursed by Joint Venture	(363,044)	---
TOTAL OPERATING EXPENSES	56,346	398,622
OPERATING LOSS	(56,346)	(388,375)
EQUITY IN LOSS OF UNCONSOLIDATED SUBSIDIARY	(674,000)	---
INTEREST EXPENSE	(189,736)	(205,231)
NET LOSS FROM CONTINUING OPERATIONS	(920,082)	(593,606)
DISCONTINUED OPERATIONS		
Gain on disposal of discontinued operations	---	237,437
NET GAIN FROM DISCONTINUED OPERATIONS	---	237,437
NET LOSS	$ (920,082)	$ (356,169)
BASIC AND DILUTED NET LOSS PER COMMON SHARE FROM CONTINUING OPERATION	$ (0.01)	$ (0.01)
BASIC AND DILUTED NET LOSS PER COMMON SHARE FROM DISCONTINUED OPERATIONS	$ (0.00)	$ (0.00)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.01)	$ (0.01)

The accompanying notes are an integral part of the financial statements.

IGENE Biotechnology, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(Unaudited)

	Redeemable Preferred Stock (shares/amount)	
Balance at January 1, 2003	213,155	$ 1,947,774
Cumulative undeclared dividends on redeemable preferred stock	---	4,185
Exercise of employee stock options	---	---
Exercise of warrants	---	---
Net loss for the three months ended March 31, 2003	---	---
Balance at March 31, 2003	213,155	$ 1,951,959
Balance at January 1, 2004	213,105	$ 2,104,745
Cumulative undeclared dividends on redeemable preferred stock	---	34,225
Exercise of employee stock options	---	---
Exercise of warrants	---	---
Net loss for the three months ended March 31, 2004	---	---
Balance at March 31, 2004	213,105	$ 2,138,970

The accompanying notes are an integral part of the financial statements.

IGENE Biotechnology, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(Unaudited – Continued)

	Common Stock (shares/amount)		Additional Paid-in Capital	Deficit	Total Stockholders' Deficit
Balance at January 1, 2002	92,943,746	$ 929,437	$ 22,387,604	$ (37,120,502)	$ (13,803,461)
Cumulative undeclared dividends on redeemable preferred stock	---	---	(4,185)	---	(4,185)
Shares received and retired in ProBio Sale	(7,000,000)	(70,000)	(140,000)	---	(210,000)
Shares issued for manufacturing agreement	580,711	5,808	8,709	---	14,517
Net loss for the three months ended March 31, 2003	---	---	---	(356,169)	(356,169)
Balance at March 31, 2003	86,524,457	$ 865,245	$ 22,252,128	$ (37,476,671)	$ (14,359,298)
Balance at January 1, 2004	92,747,469	$ 927,475	$ 34,471,490	$ (39,319,643)	$ (3,920,678)
Cumulative undeclared dividends On redeemable preferred stock	---	---	(34,225)	---	(34,225)
Employee stock option exercise	300,000	3,000	15,500	---	18,500
Shares issued for manufacturing Agreement	675,300	6,753	81,502	---	88,255
Net loss for the three months ended March 31, 2004	---	---	---	(920,082)	(920,082)
Balance at March 31, 2004	93,722,769	$ 937,228	$ 34,534,267	$ (40,239,725)	$ (4,768,230)

The accompanying notes are an integral part of the financial statements.

IGENE Biotechnology, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31, 2004	March 31, 2003
Cash flows from operating activities		
Net loss	$ (920,082)	$ (356,169)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	4,812	5,892
Amortization	---	29,129
Manufacturing cost paid in shares of common stock	88,255	14,517
Equity in loss of unconsolidated joint venture	674,000	---
Decrease (increase) in:		
Accounts receivable	(39,850)	544,051
Due from Joint Venture	64,923	---
Inventory	---	(407,172)
Prepaid expenses and other current assets	6,615	(49,158)
Increase (decrease) in		
Accounts payable and accrued expenses	224,230	(260,910)
Net cash provided by (used in) operating activities	102,903	(479,820)
Cash flows from investing activities		
Net cash used in investing activities	---	---
Cash flows from financing activities		
Proceeds from borrowing	---	100,000
Repayment of equipment lease payable	(927)	---
Proceeds from exercise of employee stock options	18,500	---
Net cash provided by financing activities	17,573	100,000
Net increase (decrease) in cash and cash equivalents	120,476	(379,820)
Cash and cash equivalents at beginning of period	63,075	497,711
Cash and cash equivalents at end of period	$ 183,551	$ 117,891
Supplementary disclosure and cash flow information		
Cash paid for interest	$ ---	$ 141
Cash paid for income taxes	---	---

See Note (2) for non-cash investing and financing activities.

The accompanying notes are an integral part of the financial statements.

IGENE Biotechnology, Inc. and Subsidiary
Notes to Financial Statements

(1) Unaudited consolidated financial statements

The March 31, 2004, consolidated financial statements presented herein are unaudited, and in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of financial position, results of operation and cash flows. Such financial statements do not include all of the information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. This quarterly report on Form 10-QSB should be read in conjunction with Igene's Annual Report on Form 10-KSB for the year ended December 31, 2003.

(2) Noncash investing and financing activities

During the three months ended March 31, 2004 and 2003, the Company recorded in each quarter dividends in arrears on 8% redeemable preferred stock cumulating at $.16 per share aggregating $34,225, which has been removed from paid-in capital and included in the carrying value of the redeemable preferred stock.

On March 18, 2003, the Company entered into a Joint Venture Agreement with Tate & Lyle Fermentation Products Ltd. ("Tate"). Pursuant to a Joint Venture Agreement, the Company and Tate agreed to form a joint venture (the "Joint Venture") to manufacture, market and sell Astaxanthin and derivative products throughout the world for all uses other than as a Nutraceutical or otherwise for direct human consumption. Tate contributed $24,600,000 in cash to the Joint Venture, while the Company has agreed to contribute to the Joint Venture its technology relating to the production of Astaxanthin and assets related thereto. These assets will continue to be used by the Joint Venture in the same manner as historically used by the Company. The Company and Tate each have a 50% ownership interest in the Joint Venture and equal representation on the Board of Directors of the Company. Unamortized production costs in the amount of $316,869 were contributed to the Joint Venture reducing the adjustment to additional paid in capital.

On February 4, 2003, Igene sold its subsidiary, ProBio, to Fermtech AS in exchange for aggregate consideration valued at approximately $343,000, consisting of 7,000,000 shares of Igene common stock that ProBio owned (including 2,000,000 shares that may be reissued to Fermtech as described below), valued for the purposes of the acquisition at $.03 per share, plus forgiveness of approximately $168,000 of debt that Igene owed to ProBio at the time of purchase in 2001. 1,000,000 of the escrowed shares of common stock were delivered to Fermtech. If Mr. Benjaminsen remains employed by Igene through February 2005, the remaining 1,000,000 escrowed shares will be released from escrow and delivered to Fermtech.

During the three months ended March 31, 2003, the Company extended scheduled repayment on demand notes of $6,043,659 and related accrued interest of $2,865,810 until March 31, 2006.

(3) Foreign Currency Translation and Transactions

Since the day-to-day operations of Igene's foreign subsidiary in Chile are dependent on the economic environment of Igene's currency, the financial position and results of operations of Igene's Chilean subsidiary are determined using Igene's reporting currency (US dollars) as the functional currency. All exchange gains and losses from remeasurement of monetary assets and liabilities that are not denominated in US dollars are recognized currently in income. These losses and gains occur primarily as a result of the effect of valuation of the Chilean Peso on Igene's accounts receivables, which are mostly denominated in Pesos.

(4) Joint Venture

On March 18, 2003, the Company entered into a Joint Venture Agreement with Tate & Lyle Fermentation Products Ltd. ("Tate"). Pursuant to a Joint Venture Agreement, the Company and Tate agreed to form a joint venture (the "Joint Venture") to manufacture, market and sell Astaxanthin and derivative products throughout the world for all uses other than as a Nutraceutical or otherwise for direct human consumption. Tate contributed $24,600,000 in cash to the Joint Venture, while the Company has agreed to contribute to the Joint Venture its technology relating to the production of Astaxanthin and assets related thereto. These assets will continue to be used by the Joint Venture in the same manner as historically used by the Company. The Company and Tate each have a 50% ownership interest in the Joint Venture and equal representation on the Board of Directors of the Joint Venture Company. Unamortized production costs in the amount of $316,869 were contributed to the Joint Venture reducing the adjustment to additional paid in capital.

The Joint Venture is accounted for under the equity method. Astaxanthin revenue is recorded on the books of the Joint Venture. Certain costs incurred by Igene are reimbursed by the Joint Venture. These reimbursements are reported as a contra amount in the Operating Expense section of the Igene's Consolidated Statements of Operations.

(5) Stockholders' Equity (Deficit)

As of March 31, 2004 and 2003, 426,210 and 427,310 shares, respectively, of authorized but unissued common stock were reserved for issue upon conversion of the Company's outstanding preferred stock.

As of March 31, 2004 and 2003, 74,486,000 shares of authorized but unissued common stock were reserved for distribution and exercise pursuant to the Company's Employee Stock Option Plans.

As of March 31, 2004, and 2003, 6,666,666 shares of authorized but unissued common stock were reserved for distribution and exercise pursuant to stock option agreements with past officers of the Company.

As of March 31, 2004 and 2003, 17,565,970 shares of authorized but unissued common stock were reserved for the conversion of outstanding convertible promissory notes held by directors of the Company in the aggregate amount of 1,082,500.

As of March 31, 2004 and 2003, 66,427,651 shares of authorized but unissued common stock were reserved for the conversion of outstanding convertible promissory notes held by directors of the Company.

As of March 31, 2004 and 2003, 10,000,000 shares of authorized but unissued common stock were reserved for the conversion of outstanding convertible promissory notes issued as part of the purchase of ProBio.

As of March 31, 2004 and 2003, 205,266,073 and 198,016,073 shares, respectively, of authorized but unissued common stock were reserved for the exercise of outstanding warrants.

As of March 31, 2004 and 2003, 8,235,417 and 11,696,731 shares, respectively, of authorized but unissued common stock were reserved for issuance to the Company's contract manufacturer pursuant to the terms of the current manufacturing contract.

(6) Basic and diluted net loss per common share

Basic and diluted net loss per common share for the three-month periods ended March 31, 2004 and 2003 is based on 92,747,469 and 86,524,457, respectively, of weighted average common shares outstanding. For purposes of computing net loss per common share, the amount of net loss has been increased by cumulative undeclared dividends in arrears on preferred stock. No adjustment has been made for any common stock equivalents outstanding because their effects would be antidilutive.

(7) Income Taxes

The Company uses the liability method of accounting for income taxes as required by SFAS No. 109, "Accounting for Income Taxes". Under the liability method, deferred-tax assets and liabilities are determined based on differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities (i.e., temporary differences) and are measured at the enacted rates that will be in effect when these differences reverse. Deferred income taxes will be recognized when it is deemed more likely than not that the benefits of such deferred income taxes will be realized; accordingly, all net deferred income taxes have been eliminated by a valuation allowance.

(8) Uncertainty

Igene has incurred net losses in each year of its existence, aggregating approximately $40,200,000 from inception to March 31, 2004 and its liabilities and redeemable preferred stock exceeded its assets by approximately $4,768,000 at that date. These factors indicate that Igene may not be able to continue in existence unless it is able to raise additional capital and attain profitable operations.

The continuing successful marketing of Igene's product, AstaXin®, has permitted Igene the opportunity to attract additional capital through it's venture with Tate and Lyle. Igene began manufacturing and selling AstaXin® during 1998. Igene will aid the Joint Venture with the manufacturing process, but will focus on research and sales, attempting to increase sales and manufacturing levels. Igene believes this technology to be highly marketable. Igene hopes to continue increasing sales of AstaXin®, eventually achieving gross profits and, subsequently, profitable operations, although the achievement of these cannot be assured.

(9) Stock Based Compensation

The Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. No stock option based employee compensation cost is reflected in net income, as all options granted under the plan had an exercise price equal to the market value of the underlying common stock on the date of grant. The

(9) Stock Based Compensation (continued)

following table illustrates the effect on the net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure", to stock-based employee compensation for the periods ended March 31:

	2004	2003
Net loss:		
As reported	$ (920,082)	$ (356,169)
Less pro forma stock-based employee compensation expense determined under fair value based method net of related tax effects	(156,892)	(171,250)
Net loss per common share:	(1,076,974)	(527,419)
Net loss per Share:		
Basic - as reported	$ (0.01)	$ (0.01)
Basic - pro forma	$ (0.01)	$ (0.01)
Diluted - as reported	$ (0.01)	$ (0.01)
Diluted - pro forma	$ (0.01)	$ (0.01)

(10) Recent Accounting Pronouncements

In April 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". The Statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. There was no material impact on the Company's financial condition or results of operations upon adoption of this Statement.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both a liability and equity. It requires that an issuer classify certain financial instruments as a liability, although the financial instrument may previously have been classified as equity. This Statement is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The effect of adopting this pronouncement required the reclassification of $2.04 million of redeemable preferred stock as a liability as of December 31, 2003.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which explains identification of variable interest entities and the assessment of whether to consolidate these entities. FIN 46 requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among the involved parties. The provisions of FIN 46 are effective for all financial statements issued after January 1, 2003. The Company has no significant variable interests in any entities that would require disclosure or consolidation. The Company's investment in the Joint Venture does not meet the criteria of a variable interest entity under FIN 46.

(11) Summary of Significant Activity of Joint Venture

The following statement displays the significant activity for the joint venture for the three-month period ended March 31, 2004. As shown below, 50% of the activity is recorded as part of Igene's Financial Statements as income from investment in Joint Venture:

	Three Months March 31, 2004
Net Sales	$ 1,144,000
Less: manufacturing cost	(1,863,000)
Gross Profit	(719,000)
Less: selling, general and administrative	(622,000)
Operating Loss	(1,341,000)
Interest Income	(7,000)
Loss before tax	$ (1,348,000)
50% equity interest Igene	$ (674,000)

IGENE Biotechnology, Inc. and Subsidiaries
Management's Discussion and Analysis of
Financial Condition and Results of Operations

CAUTIONARY STATEMENTS FOR PURPOSES OF "SAFE HARBOR PROVISIONS" OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

EXCEPT FOR HISTORICAL FACTS, ALL MATTERS DISCUSSED IN THIS REPORT, WHICH ARE FORWARD LOOKING, INVOLVE A HIGH DEGREE OF RISK AND UNCERTAINTY. CERTAIN STATEMENTS IN THIS REPORT SET FORTH MANAGEMENT'S INTENTIONS, PLANS, BELIEFS, EXPECTATIONS OR PREDICTIONS OF THE FUTURE BASED ON CURRENT FACTS AND ANALYSES. WHEN WE USE THE WORDS "BELIEVE," "EXPECT," "ANTICIPATE," "ESTIMATE," "INTEND" OR SIMILAR EXPRESSIONS, WE INTEND TO IDENTIFY FORWARD-LOOKING STATEMENTS. YOU SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE INDICATED IN SUCH STATEMENT, DUE TO A VARIETY OF FACTORS, RISKS AND UNCERTAINTIES. POTENTIAL RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO, COMPETITIVE PRESSURES FROM OTHER COMPANIES AND WITHIN THE BIOTECH INDUSTRY, ECONOMIC CONDITIONS IN THE COMPANY'S PRIMARY MARKETS, EXCHANGE RATE FLUCTUATIONS, REDUCED PRODUCT DEMAND, INCREASED COMPETITION, INABILITY TO PRODUCE REQUIRED CAPACITY, UNAVAILABILITY OF FINANCING, GOVERNMENT ACTION, WEATHER CONDITIONS AND OTHER UNCERTAINTIES.

Critical Accounting Policies

The preparation of our financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make judgments, assumptions and estimates that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ materially from those estimates. The following are critical accounting policies important to our financial condition and results presented in the financial statements and require management to make judgments and estimates that are inherently uncertain:

The Joint Venture inventories are stated at the lower of cost or market. Cost is determined using a weighted-average approach, which approximates the first-in first-out method. If the cost of the inventories exceeds their expected market value, provisions are recorded for the difference between the cost and the market value. Inventories consist of currently marketed products.

The Joint Venture recognizes revenue from product sales when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed and determinable, and collectibility is reasonably assured. Allowances are established for estimated uncollectible amounts, product returns and discounts.

The Joint Venture will enter into a lease of real property with an affiliate of Tate & Lyle in Selby, England upon which a new manufacturing facility will be constructed and operated by the Joint Venture. The Joint Venture is accounted for under the equity method of accounting as the Company has a 50% ownership interest.

Results of Operations

Sales and other revenue

As part of the Joint Venture agreement, all further sales are recognized through the venture company. Therefore, Igene recorded no sales of AstaXin® during the quarter ended March 31, 2004. Sales of AstaXin® during the quarter ended March 31, 2003, were $310,782. Sales have been limited in the past due to insufficient production quantity. As of June, 2003, Igene had sold its remaining inventory to the Joint Venture as part of the venture agreement. Management anticipates that the joint venture with Tate & Lyle will provide a more dependable product flow. However, there can be no assurance of the dependability of production, or that any increases in production or sales will occur, or that if they occur, they will be material.

Cost of sales and gross profit

As with Sales Revenue, future Cost of Sale and Gross Profit will be recognized through the Joint Venture. As a result, Igene reported no gross profit on sales of AstaXin® for the quarter ended March 31, 2004. Gross profit on sales of AstaXin® was $10,247 for the three month period ended March 31, 2003. Gross profit was 3% of sales for the three months ended March 31, 2003. The Company attributed the fall in gross profit to a combination of pricing pressure in the market and inefficiencies in production. Demand is expected to increase in customer usage and increases in our market share. Management expects that sales and gross profits may continue to be limited by the quantities of AstaXin® the Company is able to produce with its presently available capacity with its contract manufacturer, while the Joint Venture prepares to produce product. The Company believes that the lack of capacity should be alleviated as the joint venture plant begins production in 2004. Sales and gross profit growth, if any, may be limited unless augmented by these increases in production, as well as production efficiency resulting from process research and development. Management expects the level of gross profit to improve in the future as a percentage of sales, with expected increases in production efficiency realized from the Joint Venture with Tate & Lyle offsetting pricing competition, but can provide no assurances in that regard to future increased production or future increased margin.

No cost of sales for the quarter ended March 31, 2004 were recorded, as compared with cost of sales of $300,534, for the quarter ended March 31, 2003.

Marketing and selling expenses

For the quarters ended March 31, 2004 and 2003, Igene recorded Marketing Expense in the amount of $48,022 and $101,286, respectively, a decrease of $53,264 or 53%. As a result of the disposition of ProBio, Igene has reduced selling costs that were incurred as part of the combination, such as a larger sales force. In addition, the reduction of salable product currently available to Igene from its current manufacturer has caused a corresponding reduction in Marketing and Selling expense. As a result of the Joint Venture with Tate and Lyle, Igene is expecting an increase in salable product with a corresponding increase in sales costs at the point the new facility is in production. Additionally, as a result of the Joint Venture these expenses will be reimbursed to Igene by the Joint Venture. However no assurances can be made in regards to increased production from the new facility or the corresponding increase in selling costs.

Research, development and pilot plant expenses

For the quarter ended March 31, 2004 and 2003, Igene recorded research and development costs in the amount of $208,410 and $155,397, respectively, an increase of $53,013 or 34%. Costs increased in support of increasing the efficiency of the manufacturing process through experimentation in the Company's pilot plant, developing higher yielding strains of yeast and other improvements in the Company's AstaXin® technology. Igene is hoping this will lead to an increase in salable product at a reduced cost to Igene and the Joint Venture. However, no assurances can be made in that regard. These costs are currently funded through reimbursement from the Joint Venture.

Operating expenses

General and administrative expenses for the quarter ended March 31, 2004 and 2003 were $149,878 and $141,939 respectively, an increase of $7,939 or 6%. These costs are expected to remain constant, as Igene works to keep overhead costs at a reduced level and spend funds on research and development efforts. A portion of this cost is funded by reimbursement through the Joint Venture and the remainder will need to be funded through profitable operations or through contributions from directors; though neither of these can be assured.

Litigation expenses

Previously reported litigation (original lawsuit filed July 21, 1997, U.S. District Court, Baltimore, MD) between Archer Daniels Midland, Inc. ("ADM") and Igene, involving allegations of patent infringement and counterclaims concerning the theft of trade secrets, was resolved on September 29, 2003. Resolution of the dispute between ADM and Igene did not result in an unfavorable outcome to Igene. Igene will continue to make and sell its product, AstaXin®. The Company incurred $13,080 of litigation expenses for three months ended March 31, 2004. With the settlement of this matter no future costs associated with this matter are expected.

Expenses reimbursement by Joint Venture

As part of the Joint Venture agreement, costs incurred by Igene related to production, research and development, as well as those related to the marketing of AstaXin®, are considered costs of the joint venture and therefore are reimbursed by the Joint Venture. For the quarter ended March 31, 2004, costs reimbursed by the Joint Venture totaled $363,044. The costs covered $48,022 of marketing costs, $208,410 of research and development costs and $107,000 of general and administrative costs.

Interest expense

Interest expense for the quarters ended March 31, 2004 and 2003, was $189,736 and $205,231, respectively, a decrease of $15,495 or 8%. The interest expense was almost entirely composed of interest on the Company's long term financing from its directors and other stockholders, and interest on the Company's subordinated debenture in both periods. The decrease is due to the conversion by holders of long term debt to equity, through the use of warrant exercise.

Equity in earnings of unconsolidated subsidiary

The following statement displays the significant activity for the joint venture for the three-month period ended March 31, 2004. As shown below 50% of the activity is recorded as part of Igene's Financial Statements as income from investment in Joint Venture:

	Three Months March 31, 2004
Net Sales	$ 1,144,000
Less: manufacturing cost	(1,863,000)
Gross Profit	(719,000)
Less: selling, general and administrative	(622,000)
Operating Loss	(1,341,000)
Interest Income	(7,000)
Loss before tax	$ (1,348,000)
50% equity interest Igene	$ (674,000)

As a result of the Joint Venture, the production, sales and marketing of AstaXin® now takes place through the unconsolidated Joint Venture subsidiary. For the quarter ended March 31, 2004, Igene's portion of the Joint Venture loss was $674,000. The loss was a result of a 50% interest in the following: Gross profit (loss) for the quarter was $(719,000) on sales of $1,144,000, less manufacturing cost of $1,863,000. Selling and general and administrative expenses for the period were $622,000 and interest income (expense) was $(7,000). The resulting loss before tax was $1,348,000. For the quarter ended March 31, 2004, Igene's 50% portion of the Joint Venture loss was $674,000.

Disposition of ProBio Subsidiary

As reported in the Current Report on Form 8-K filed February 20, 2003, the Company, in an effort to focus on and grow its core business, disposed of all 10,000 of the issued and outstanding shares of capital stock of its former subsidiary, ProBio Nutraceuticals, AS, a Norwegian corporation. Fermtech AS, a joint stock company incorporated in the Kingdom of Norway and owned equally by our then chief executive officer, Stein Ulve and our then-chief marketing officer, Per Benjaminsen, purchased the shares of ProBio. Mr. Ulve resigned as CEO and director of Igene and Mr. Benjaminsen no longer acts as our chief marketing officer, effective December 31, 2002, though Mr. Benjaminsen has maintained a position with Igene.

The amount of consideration paid for the ProBio stock was determined through arms-length negotiations between Igene management, on behalf of Igene, and Mr. Ulve, on behalf of Fermtech. The principles followed in determining the amount paid for the ProBio shares involved a consideration of ProBio's cash flow, cash position, revenue and revenue prospects.

Gain on Disposition

Igene sold ProBio to Fermtech AS in exchange for aggregate consideration valued at approximately $343,000, consisting of 7,000,000 shares of Igene common stock that was owned by ProBio (including 2,000,000 shares that were placed into escrow and may be reissued to Fermtech as described below), valued for the purposes of the acquisition at $.03 per share, plus forgiveness of approximately $168,000 of debt that Igene owed to ProBio at the time of purchase in 2001. 1,000,000 of the escrowed shares of common stock were delivered to Fermtech. If Mr. Benjaminsen remains employed by Igene through February 2005, the remaining 1,000,000 escrowed shares will be released from escrow and delivered to Fermtech. Gain on disposal during the first quarter of 2003 was $237,427. This gain was a one-time occurrence as a result of the disposition of the assets and liabilities associated with ProBio.

Net loss and basic and diluted net loss per common share

As a result of the foregoing, the Company reported net losses of $920,082 and $356,169, respectively, for the quarters ended March 31, 2004 and 2003, an increase in loss of $563,913 or 158%. This represents a loss of $.01 per basic and diluted common share in each of the quarters ended March 31, 2004 and 2003. The weighted average number of shares of common stock outstanding of 92,747,469 and 86,524,457for the quarters ended March 31, 2004 and 2003, respectively, has increased by 4,391,537 shares. This resulted from the weighted average adjustments of the following transactions: the issuance of 3,750,00 shares of common stock in exercise of warrants, 2,880,607 shares issued to the manufacturer as part of the agreement, 166,666 shares issued to Mr. Hiu and Mr. Monahan in lieu of compensation, and 100,000 shares issued as part of employee stock option exercises.

Financial Position

During the three-month periods ended March 31, 2004 and 2003, in addition to the joint venture previously discussed, the following actions also materially affected the Company's financial position:

- Increases in accounts payable and accrued expense for the quarter ended March 31, 2004 of $224,230 and decreases in funds due from the Joint Venture of $64,923 were sources of cash; these were slightly offset by a $39,850 increase in accounts receivable as a use of cash;
- Proceeds of employee stock options provided $18,500 in cash flows; and
- The carrying value of redeemable preferred stock was increased and paid-in capital available to common shareholders was decreased by $34,225 in 2004 and $4,185 in 2003, reflecting cumulative unpaid dividends on redeemable preferred stock.

In December 1988, as part of an overall effort to contain costs and conserve working capital, Igene suspended payment of the quarterly dividend on its preferred stock. Resumption of the dividend will require significant improvements in cash flow. Unpaid dividends cumulate for future payment or addition to the liquidation preference or redemption value of the preferred stock. As of March 31, 2004, total dividends in arrears on Igene's preferred stock total $254,001 ($9.92 per share) and are included in the carrying value of the redeemable preferred stock.

Liquidity and Capital Resources

Historically, Igene has been funded primarily by equity contributions and loans from stockholders. As of March 31, 2004, Igene had working capital of $630,249, and cash and cash equivalents of $183,551. Currently Igene is also funded by research and development reimbursements from the Joint Venture.

Cash provided by (used in) operating activities during the three-month period ended March 31, 2004 and 2003, amounted to $102,903 and $(479,820), respectively.

No cash was provided by or used in investing activities for the three-month period ended March 31, 2004 and 2003.

Cash provided by financing activities was $175,073 during the first quarter of 2004, this was due to employee stock options exercised for $18,500, less repayment of lease payable. During the three months ended March 31, 2003 $100,000 was provided by financing activities consisting of notes from directors.

Over the next twelve months, Igene believes it will need additional working capital. Igene hopes to achieve profits from sales of AstaXin® through the Joint Venture. This funding is expected to be received from the new venture with Tate & Lyle. However, there can be no assurance that projected profits, if any, from sales, or additional funding from the Joint Venture will be sufficient for Igene to fund its continued operations.

The Company does not believe that inflation had a significant impact on its operations during the three-month periods ended March 31, 2004 and 2003.

Item 3. Controls and Procedures

As of the end of the most recently completed fiscal quarter, the Company's management, with the participation of the principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, and has concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure and are effective to ensure that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There were no changes in Igene's internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

IGENE Biotechnology, Inc.
PART II
OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

Limitation on Payment of Dividends

Dividends on Common Stock are currently prohibited because of the preferential rights of holders of Preferred Stock. The Company has paid no cash dividends on its Common Stock in the past and does not intend to declare or pay any dividends on its Common stock in the foreseeable future.

Item 3. Defaults Upon Senior Securities.

In December 1988, as part of an overall effort to contain costs and conserve working capital, the Company suspended payment of the quarterly dividend on its preferred stock. Resumption of the dividend will require significant improvements in cash flow. Unpaid dividends cumulate for future payment or addition to the liquidation preference or redemption value of the preferred stock. As of March 31, 2004, total dividends in arrears on the Company's preferred stock total $254,001 ($9.92 per share) and are included in the carrying value of the redeemable preferred stock.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 3.1 – Articles of Incorporation of the Registrant, as amended to date, constituting Exhibit 3.1 to Registration Statement No. 333-41581 on Form SB-2 are hereby incorporated herein by reference.

Exhibit 3.2 – By-Laws of the Registrant, constituting Exhibit 3.2 to the Registrant's Registration Statement No. 33-5441 on Form S-1, are hereby incorporated herein by reference.

Exhibit 31(a) – Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)

Exhibit 31(b) – Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)

Exhibit 32(a) – Certification of Chief Executive Officer pursuant to 18 U.S.C. SECTION 1350.

Exhibit 32(b) – Certification of Chief Financial Officer pursuant to 18 U.S.C. SECTION 1350.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IGENE Biotechnology, Inc.
(Registrant)

Date May 14, 2004 By /s/STEPHEN F. HIU
STEPHEN F. HIU
President

Date May 14, 2004 By /s/EDWARD J. WEISBERGER
EDWARD J. WEISBERGER
Chief Financial Officer

EXHIBIT INDEX

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Exhibit 32(a) – Certification of Chief Executive Officer pursuant to 18 U.S.C. SECTION 1350.

Exhibit 32(b) – Certification of Chief Financial Officer pursuant to 18 U.S.C. SECTION 1350.

Exhibit 31(a)

CERTIFICATIONS

I, Stephen F. Hiu, certify that:

1. I have reviewed this quarterly report on Form 10Q-SB of IGENE Biotechnology, Inc.;

2. Based on my knowledge, this 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 report;

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 14, 2004

STEPHEN F. HIU

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/s/ STEPHEN F. HIU
President

Exhibit 31(b)

CERTIFICATIONS

I, Edward J. Weisberger, certify that:

1. I have reviewed this quarterly report on Form 10Q-SB of IGENE Biotechnology, Inc.;

2. Based on my knowledge, this 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 report;

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

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

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 14, 2004

EDWARD J. WEISBERGER

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/s/ EDWARD J. WEISBERGER
Chief Financial Officer

Exhibit 32(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the IGENE Biotechnology, Inc. (the "Company") Quarterly Report on Form 10-QSB for the period ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen F. Hiu, President of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2004

By: /s/ STEPHEN F. HIU
STEPHEN F. HIU
President

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the IGENE Biotechnology, Inc. (the "Company") Quarterly Report on Form 10-QSB for the period ended March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward J. Weisberger, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2004

By: /s/EDWARD J. WEISBERGER
EDWARD J. WEISBERGER
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.