U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB/A
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended June 30, 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 _______________ No ____x____

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 97,047,020 shares as of August 10, 2004.

Transitional Small Business Disclosure Format (check one):

Yes _______________ No ____x____

Explanatory Note:

As disclosed in the Notification of Late Filing filed by Igene Biotechnology, Inc. (the "Registrant") with the Commission on April 1, 2005 (the "Notification"), Berenson LLP ("Berenson"), the Registrant's independent registered public accounting firm, has questioned the Registrant's historical method of recording the value of its 50% interest in its joint venture with Tate & Lyle PLC (the "Joint Venture"), as reflected in the Registrant's previously issued consolidated financial statements contained in the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 2003 and consolidated interim financial statements contained in the Registrant's Quarterly Reports on Form 10-QSB for the quarterly periods ended March 31, 2004, June 30, 2003 and 2004, and September 30, 2003 and 2004 (collectively, the "Financial Statements").

As disclosed in the Notification, the Registrant contacted the Office of Chief Accountant of the Commission requesting further guidance on this accounting matter. The Registrant engaged in discussions with the Staff of the Commission relating to the accounting treatment of the Registrant's interest in the Joint Venture. The Commission advised the registrant that the historical accounting treatment was not appropriate. In a letter dated May 12, 2005, and received by the Company on the same date, Berenson notified the Registrant that the Financial Statements should no longer be relied upon because of errors in those Financial Statements. The Registrant is now in the process of correcting and restating the Financial Statements (the "Restatement"). The Registrant has filed restatements for the quarterly periods ended June 30, 2003 and September 30, 2003 and the annual report for the year ended December 31, 2003. The registrant plans to file the remainder of the restated Financial Statements as soon as is practicable after the necessary corrections have been made.

The historical Financial Statements filed with the Commission treated the Registrant's investment in the Joint Venture under the equity method of accounting as a one-line caption on its consolidated balance sheet and consolidated statement of operations with the excess of fair value of such investment in the Joint Venture over the historical cost basis of consideration paid for such investment reflected as an adjustment to additional paid-in capital.

The Restatement of the Financial Statements pertains primarily to the manner in which the Registrant recorded the investment in the Joint Venture in the Financial Statements. The Registrant has been advised that while the Registrant's investment in the Joint Venture has been correctly accounted for under the equity method of accounting as a one-line caption on its consolidated balance sheets and consolidated statements of operations, the Registrant's investment in the Joint Venture should have been recorded at an amount equal to the value of the Registrant's consideration contributed at the creation of the Joint Venture (not as the excess of fair value of the Registrant's investment in the Joint Venture over the historical cost basis). As a result, the investment in the Joint Venture should have been initially recorded with a value of $316,869; rather than the $12,300,000 initially recorded in the Financial Statements.

The Company can not recognize losses of the Joint Venture beyond its investment in the Joint Venture (including advances). As of the second quarter of 2004 the Company had an initial investment of and amounts due from the Joint Venture of $1,020,112. Igene's share of the loss through June 30, 2004 equaled $2,676,500, exceeding the total investment by $1,656,388. This excess loss, and all future losses incurred as a result of the Joint Venture, that are in excess of the Company's investment and advances, will be suspended until the point that the profits of the Joint Venture, if any, exceed the incurred losses.

As in the originally issued financial statements, the Company's preferred stock has been classified as liabilities in the restated financial statement in accordance with the Statement of Financial Accounting Standards No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("FASB 150"). However the amounts previously stated as dividends after the effective date of FASB 150, which was at the beginning of the third quarter of 2003, have been recharacterized as interest expense in the restated financial statements. The recharacterization increases interest expense by $34,225 and $37,058 for the three months and six months ended June 30, 2004, respectively.

For the convenience of the reader, this Form 10-QSB/A sets forth the Form 10-QSB originally filed with the SEC on August 14, 2004 (the "Form 10-QSB") in its entirety. However, this Form 10-QSB/A only amends and restates Items [1 and 2 of Part I] of the Form 10-QSB, in each case, solely as a result of, and to reflect the Restatement and no other information in the Form 10-QSB is amended hereby. The foregoing items have not been updated to reflect other events occurring after the original filing date of the Form 10-QSB or to modify or update those disclosures affected by subsequent events. In addition, pursuant to the rules of the SEC, Item 6 of Part II of the Form 10-QSB has been amended to contain currently-dated certifications from the Company's Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of the Company's Chief Executive Officer and Chief Financial Officer are attached to this Form 10-QSB/A as Exhibits 31(a), 31(b), 32(a) and 32(b).

Except for the foregoing amended information, this Form 10-QSB/A continues to speak as of the original filing date of the Form 10-QSB, and the Company has not updated the disclosure contained herein to reflect events that occurred at a later date. Other events occurring after the filing of the Form 10-QSB or other disclosures necessary to reflect subsequent events are addressed, or will be addressed, in subsequent filings with the SEC.

FORM 10-QSB/A
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

	June 30, 2004 (Unaudited) (Restated)	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 36,586	$ 63,075
Accounts receivable	102,333	156,458
Prepaid expenses and other current assets	30,499	43,675
	169,418	263,208
OTHER ASSETS		
Property and equipment, net	139,307	148,931
Loans receivable from manufacturing agent	118,965	122,964
Other assets	5,195	4,886
TOTAL ASSETS	$ 432,885	$ 539,989

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

IGENE Biotechnology, Inc. and Subsidiaries
Consolidated Balance Sheets
(continued)

	June 30, 2004 (Unaudited) (Restated)	December 31, 2003
LIABILITIES, REDEEMABLE PREFERED STOCK AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 212,035	$ 185,862
Equipment lease payable	---	1,498
TOTAL CURRENT LIABILITIES	212,035	187,360
LONG-TERM LIABILITIES		
Notes payable	5,842,267	5,842,767
Convertible debentures	4,624,212	4,814,212
Accrued interest	3,800,899	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 $ 18.08 and $17.44, respectively. Authorized 1,312,500 shares, issued 18,509 and 25,605 respectively	334,643	454,745
Carrying amount of redeemable preferred stock, 8% cumulative, convertible, voting, series B, $.01 par value per share. Stated value $8.80 per share. Authorized, issued and outstanding zero and 187,500 shares, respectively, Redemption amount $1,500,000	---	1,650,000
TOTAL LIABILITIES	14,814,056	16,347,356
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock --- $.01 par value per share. Authorized 750,000,000 shares; issued and outstanding 98,003,270 and 92,747,469 shares, respectively.	980,033	927,475
Additional paid-in capital	24,843,659	22,556,553
Deficit	(40,204,863)	(39,291,395)
TOTAL STOCKHOLDERS' DEFICIT	(14,381,171)	(15,807,367)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 432,885	$ 539,989

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

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

	Three months ended		Six months ended	
	June 30, 2004 (Restated)	June 30, 2003	June 30, 2004 (Restated)	June 30, 2003
REVENUE				
Sales - AstaXin®	$ ---	$ 152,705	$ ---	$ 463,486
Cost of sales – AstaXin®	---	143,962	---	444,946
GROSS PROFIT	---	8,743	---	18,540
OPERATING EXPENSES				
Marketing and selling	161,245	118,569	209,267	219,855
Research, development and pilot plant	195,522	223,004	403,932	378,401
General and administrative	210,950	242,388	360,828	384,327
Litigation expense	27,500	---	40,580	---
Operating expenses reimbursed by Joint Venture	(380,131)	(564,381)	(743,175)	(564,381)
TOTAL OPERATING EXPENSES	215,086	19,580	271,432	418,202
OPERATING LOSS	(215,086)	(10,837)	(271,432)	(399,662)
EQUITY IN LOSS OF UNCONSOLIDATED SUB	(169,744)	(347,000)	(202,060)	(347,000)
INTEREST EXPENSE	(216,015)	(177,901)	(439,976)	(383,132)
NET LOSS FROM CONTINUING OPERATIONS	(600,845)	(535,738)	(913,468)	(1,129,794)
DISCONTINUED OPERATIONS				
Gain on disposal of discontinued operations	---	---	---	237,437
NET LOSS	$ (600,845)	$ (535,738)	$ (913,468)	$ (892,357)
BASIC AND DILUTED NET LOSS PER COMMON SHARE FROM CONTINUING OPERATIONS	$ (0.01)	(0.01)	$ (0.01)	(0.01)
BASIC AND DILUTED NET INCOME (LOSS) PER COMMON SHARE FROM DISCONTINUED OPERATIONS	$ (0.00)	(0.00)	$ (0.00)	(0.00)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.01)	(0.00)	$ (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	213,655	$1,947,774
Cumulative undeclared dividends on redeemable preferred stock	---	98,194
Conversion of preferred stock to common	(550)	(9,416)
Exercise of warrants	---	---
Net loss for the six months ended June 30, 2003	---	---
Balance at June 30, 2003	213,105	$2,036,552
Balance at January 1, 2004	213,105	$2,104,745
Cumulative undeclared dividends on redeemable preferred stock	---	37,058
Conversion of preferred stock to common	(194,596)	(1,807,160)
Exercise of warrants	---	---
Net loss for the six months ended June 30, 2004	---	---
Balance at June 30, 2004 (Restated)	18,509	$ 334,643

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, 2003	92,943,746	$ 929,437	$ 22,387,604	$(37,120,502)	$(13,803,461)
Cumulative undeclared dividends on redeemable preferred stock	---	---	(98,194)	---	(98,194)
Shares received and retired in ProBio Sale	(7,000,000)	(70,000)	(140,000)	---	(210,000)
Conversion of preferred stock to common	1,100	11	9,405	---	9,416
Shares issued for manufacturing agreement	1,130,023	11,301	33,436	---	44,737
Net loss for the six months ended June 30, 2003	---	---	---	(892,357)	(892,357)
Balance at June 30, 2003	87,074,869	$ 870,749	$ 22,192,251	$(38,012,859)	$(14,949,859)
Balance at January 1, 2004	92,747,469	$ 927,475	$ 22,556,553	$(39,291,395)	$(15,807,367)
Conversion of redeemable preferred stock	389,192	3,892	1,803,268	---	1,807,160
Shares issued for manufacturing agreement	1,361,609	13,616	171,263	---	184,879
Shares reissued for ProBio agreement	1,000,000	10,000	100,000	---	110,000
Conversion of ProBio debentures	1,900,000	19,000	171,000	---	190,000
Shares issued for payment of legal services	250,000	2,500	25,000	---	27,500
Conversion of Notes Payable	5,000	50	325	---	375
Exercise of employee stock options	350,000	3,500	16,250	---	19,750
Net loss for the six months ended June 30, 2004	---	---	---	(913,468)	(913,468)
Balance at June 30, 2004 (Restated)	98,003,270	$ 980,033	$ 24,843,659	$(40,204,863)	$(14,381,171)

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

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

	Six months ended June 30, 2004 (Restated)	Six months ended June 30, 2003
Cash flows from operating activities		
Net loss	$ (913,468)	$ (892,357)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	9,624	11,784
Amortization	---	54,729
Issuance of Shares to Fermtech per ProBio agreement	110,000	---
Manufacturing cost paid in shares of common stock	184,879	44,736
Issuance of common stock for legal services	27,500	---
Equity in loss of unconsolidated sub	202,060	347,000
Decrease (increase) in:		
Accounts receivable	58,125	373,067
Inventory	---	374,709
Prepaid expenses and other current assets	12,866	43,729
Increase (decrease) in:		
Accounts payable and accrued expenses	428,800	29,974
Net cash provided by operating activities	120,386	387,371
Cash flows from investing activities		
Advances to joint venture	(202,060)	(421,657)
Capital (expenditures) and sales	---	3,209
Net cash used in investing activities	(202,060)	(418,448)
Cash flows from financing activities		
Proceeds (repayment) from borrowing	(125)	(100,000)
Increase in preferred stock for cumulative dividends classified as interest	37,058	---
Payment of equipment lease	(1,498)	---
Proceeds from exercise of employee stock options	19,750	---
Net cash (used) provided by financing activities	55,185	(100,000)
Net decrease in cash and cash equivalents	(26,489)	(131,077)
Cash and cash equivalents at beginning of period	63,075	497,711
Cash and cash equivalents at end of period	$ 36,586	$ 366,634

Supplementary disclosure and cash flow information

Cash paid for interest	$ 24,347	$ 30,994
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 June 30, 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/A should be read in conjunction with Igene's Annual Report on Form 10-KSB/A for the year ended December 31, 2003.

(2) Nature of Operations

Igene Biotechnology, Inc. (the "Company") was incorporated under the laws of the State of Maryland on October 27, 1981 as "Industrial Genetics, Inc." Igene changed its name to "IGI Biotechnology, Inc." on August 17, 1983 and to "Igene Biotechnology, Inc." on April 14, 1986. Igene is located in Columbia, Maryland and is engaged in the business of industrial microbiology and related biotechnologies. As a result of the stock purchase, ProBio became our wholly-owned subsidiary. Igene has operational subsidiaries in Norway and Chile. IGENE Biotechnology, Inc. (the "Company") is engaged in the business of developing, marketing, and manufacturing specialty ingredients for human and animal nutrition. Igene was formed to develop, produce and market value-added specialty biochemical products. Igene is a supplier of natural astaxanthin, an essential nutrient in different feed applications and as a source of pigment for coloring farmed salmon species. Igene also supplies nutraceutical ingredients, as well as consumer ready health food supplements, including astaxanthin. Igene is focused on fermentation technology, pharmacology, nutrition and health in its marketing of products and applications worldwide.

Igene has devoted its resources to the development of proprietary processes to convert selected agricultural raw materials or feedstocks into commercially useful and cost effective products for the food, feed, flavor and agrochemical industries. In developing these processes and products, Igene has relied on the expertise and skills of its in-house scientific staff and, for special projects, various consultants.

In an effort to develop a dependable source of production, March 19, 2003, Tate & Lyle PLC and Igene Biotechnology, Inc. announced a 50:50 joint venture to produce AstaXin® for the aquaculture industry. Production will utilize Tate & Lyle's fermentation capability together with the unique technology developed by Igene. Part of Tate & Lyle's existing Selby, England, citric acid facility will be modified to include the production of 1,500 tons per annum of this product. Tate & Lyle's investment of $25 million includes certain of its facility assets currently used in citric acid production. Commercial production is expected to commence in the calendar year 2004.

(3) Noncash investing and financing activities

During the six months ended June 30, 2004, the 194,596 shares of redeemable preferred stock, with a recorded aggregate value of $1,807,160, were converted into 389,192 shares of common stock. This portion included the 8% Cumulative Convertible Preferred Stock, Series B and has relieved the company of this amount from long-term debt.

During the six months ended June 30, 2004, $190,000 of the $1,000,000 of Convertible Debentures issued as part of the 2001 ProBio purchase, were converted to common stock. These shares were converted at $.10 per share, for a total of 1,900,000 shares. These shares were issued and the notes cancelled. This relieved the Company of $190,000 of long-term debt.

During the six months ended June 30, 2004, 250,000 shares were issued to the Company's attorney as a bonus in connection with the settlement of the ADM matter. These shares were issued at an estimated value of $.11 per share, aggregating to $27,500. These costs were expensed in the second quarter as part of the ADM legal expense.

During the six months ended June 30, 2004, $500 of Notes Payable were converted using 5,000 warrants at $.075 per share. The notes and warrants were cancelled and 5,000 shares of common stock were issued.

During the six months ended June 30, 2004, 350,000 shares of common stock were issued as part of employee stock option exercises. The Company received $19,750 based on an average exercise price of $.056 per share.

During the six months ended June 30, 2004 and 2003, Fermic, Igene's manufacturing agent, earned 1,361,609 and 1,130,023 shares, respectively, of common stock as part of the manufacturing agreement. Fermic earns 2,250 shares of common stock for each kilogram pure Astaxanthin produced and delivered as part of the agreement. The average price is based on the market value of the shares at the time the product is produced. Fermic can earn up to 20,000,000 shares in total under the contract. The 1,361,609 shares were earned at an average price of $.135 per share for 2004, and 1,130,023 shares were earned at an average price of $.05 per share for 2003. Through June 30, 2004, 12,450,832 shares have been earned. Any shares earned by Fermic will be issued on a quarterly basis. Igene relied on Section 4(2) of the Securities Act of 1933, as amended, to issue the shares to Fermic without registration under that act. Igene relied on the representations and warranties of Fermic made in the manufacturing agreement in claiming the aforementioned exemption.

During the six months ended June 30, 2004 and 2003, the Company recorded in dividends in arrears on 8% redeemable preferred stock cumulating at $.32 per share aggregating to $37,058 and $98,149, respectively on preferred stock. The accrued interest is included in the carrying value of the redeemable preferred stock. In accordance with FASB 150, the dividends accrued in the third quarter 2003 and thereafter have been reclassified to interest expense. This reclassification increases interest expense by $37,058 for the six months ended June 30, 2004.

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 transferred 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. The value of the Company's investment in the Joint Venture has been recorded at an amount equal to the book value of the Registrant's consideration contributed at the creation of the Joint Venture. As the cost of the Company's technology and intellectual property has been previously expensed and has a carrying amount of zero, the investment in the Joint Venture has been initially recorded with a book value of $316,869, which represents the unamortized production costs contributed to the Joint Venture. In addition to the Company's initial investment in the Joint Venture, the Company has made $697,243 in advances to the Joint Venture and a $6,000 capital investment.

In February, 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 (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. The escrowed 2,000,000 shares were to be earned by Fermtech based upon Mr. Benjamin's continued employment with the Company. As Mr. Benjaminsen remained employed by Igene through 2003, 1,000,000 of the escrowed shares of common stock were delivered to Fermtech. These shares were expensed in the second quarter of 2004, as a marketing expense of $110,000. If Mr. Benjaminsen remains employed by Igene through 2004, the remaining 1,000,000 escrowed shares will be released from escrow and delivered to Fermtech.

During the six months ended June 30, 2003, the Company elected to extend repayment on demand notes of $6,043,659 and related accrued interest of $2,865,810 until March 31, 2006.

(4) 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 the parent's currency, the financial position and results of operations of Igene Chile 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 occurred primarily as a result of the effect of valuation of the Chilean Peso on Igene's accounts receivables, which are mostly denominated in Pesos.

(5) Joint Venture

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 transfer 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. The value of the Company's investment in the Joint Venture has been recorded at an amount equal to the book value of the Registrant's consideration contributed at the creation of the Joint Venture. As the cost of the Company's technology and intellectual property has been previously expensed and has a carrying amount of zero, the initial investment in the Joint Venture has been recorded with a book value of $316,869, which represents the unamortized production costs contributed to the Joint Venture. Added to this was a purchase of common stock in the new venture of $6,000.

As a result of the Joint Venture, the production, sales and marketing of Astaxanthin now takes place in the unconsolidated Joint Venture subsidiary. From inception on March 18, 2003 through June 30, 2004, Igene's portion of the Joint Venture's net loss was $2,676,500. The loss was a result of a 50% interest in the following: Gross profit from inception was a negative $1,999,000 on sales of $3,140,000, less manufacturing cost of $5,139,000. Selling and general and administrative expenses were $3,360,000 and interest income was $6,000. The resulting loss before tax was $5,353,000. Igene's 50% portion of the Joint Venture loss was $2,676,500.

Because the Company accounts for its investment in the Joint Venture under the equity method of accounting, it would ordinarily recognize as part of loss from equity the loss of it's 50% ownership portion of the loss of the Joint Venture. However, losses in the Joint Venture will be recognized only to the extent of the Investment in and Advances to the Joint Venture. Losses in excess of this amount will be suspended from recognition in the financial statement and carried forward to offset Igene's share of the Joint Venture's future income, if any. Igene does not expect to recognize income from the Joint Venture until all accumulated unrecognized losses have been eliminated.

At June 30, 2004, prior to the recognition of its portion of the Joint Venture loss, Igene's investment in the Joint Venture consisted of its $322,869 and its net advances to the Joint Venture amounted to $697,243, for a total of $1,020,112. For the year ended December 31, 2003, Igene recognized $818,052 of the $914,494 loss which existed as part of the Joint venture in that year. In the first quarter of 2004, Igene recognized losses to the extent of the increase in the advance $32,316, the March 31, 2004 balance of $850,368, less the December 31, 2003 balance of $818,052. For the three months ended June 30 2004, Igene will recognize a loss of $169,744 which is the extent of the increase in the advance for that period (the June 30, 2004 balance of $1,020,112 less the March 31, 2004 balance of $850,368). The remainder of the loss, which is $918,256 for the quarter, will be suspended. The cumulative suspended loss at June 30, 2004 is $1,656,388 and it will be carried forward to offset Igene's share of earnings from the Joint Venture, if any. The balance in the Advances to and Investment in Joint Venture account on the Company's financial statements is zero at June 30, 2004.

(6) Stockholders' Equity (Deficit)

As of June 30, 2004 and 2003, 37,018 and 52,310 shares, respectively, of authorized but unissued common stock were reserved for issue upon conversion of the Company's outstanding preferred stock.

As of June 30, 2004 and 2003, 74,354,500 and 74,604,500 shares, respectively, of authorized but unissued common stock were reserved for issue and exercise pursuant to the Company's Employee Stock Option Plans.

As of June 30, 2004 and 2003, 10,000,000 and 6,666,666 shares, respectively, of authorized but unissued common stock were reserved for distribution and exercise pursuant to a stock option agreement with past officers of the Company.

As of June 30, 2004 and 2003, 17,565,970 shares of authorized but unissued common stock were reserved for the conversion of outstanding convertible promissory notes in the aggregate amount of $1,082,500 held by directors of the Company.

As of June 30, 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 June 30, 2004 and 2003, 8,100,000 and 10,000,000 shares, respectively, 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 June 30, 2004 and 2003, 205,261,073 and 198,016,073 shares, respectively, of authorized but unissued common stock were reserved for the exercise of outstanding warrants.

As of June 30, 2004 and 2003, 7,549,168 and 10,566,708 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.

(7) Basic and diluted net loss per common share

Basic and diluted net loss per common share for the six-month periods ended June 30, 2004 and 2003, are based on 94,376,611 and 87,435,688 shares, respectively, of weighted average common shares outstanding. The same figures for the three month period then ended are based upon 95,821,138 and 86,525,557 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 in the amount of $98,194 for the six months ended June 30, 2003. No adjustment has been made for any common stock equivalents outstanding because their effects would be antidilutive.

(8) 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.

(9) Uncertainty

Igene has incurred net losses in each year of its existence, aggregating approximately $40,200,000 from inception to June 30, 2004 and its liabilities and redeemable preferred stock exceeded its assets by approximately $14,381,000 at that date. These factors indicate that Igene will 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 joint venture with Tate and Lyle. Igene began manufacturing and selling AstaXin® during 1998 and has continued to do so to date, 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.

(10) Stock Based Compensation

The Company accounts for its stock based compensation 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 following table illustrates the effect on 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 three and six months ended June 30:

	Three months ended		Six months ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Net loss:				
As reported	$ (600,845)	$(535,738)	$ (913,468)	$ (829,357)
Less pro forma stock-based employee compensation expense determined under fair value based method net of related tax effects	(156,892)	(159,578)	(330,447)	(264,162)
Net loss	$ (757,737)	$(695,316)	$(1,243,915)	$(1,156,519)
Net loss per Share:				
Basic - as reported	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Basic - pro forma	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Diluted - as reported	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Diluted - pro forma	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

(11) Recent Accounting Pronouncements

In April 2003, the Financial Accounting Standards Board ("FASB") issued Statements 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". This 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 Financial Accounting Standards Board ("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 liabilities 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 $.3 million of redeemable preferred stock as a liability as of June 30, 2004.

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 the entities. FIN 46 requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risk among the involved parties. The provisions of FIN 46 are effective for all financial statements issued after January 1, 2003. The Company had no significant variable interest in any entities which 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.

(12) Summary of Significant Activity of Joint Venture

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 transfer 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. The value of the Company's investment in the Joint Venture has been recorded at an amount equal to the book value of the Registrant's consideration contributed at the creation of the Joint Venture. As the cost of the Company's technology and intellectual property has been previously expensed and has a carrying amount of zero, the initial investment in the Joint Venture has been recorded with a book value of $316,869, which represents the unamortized production costs contributed to the Joint Venture. Added to this was a purchase of common stock in the new venture of $6,000.

As a result of the Joint Venture, the production, sales and marketing of Astaxanthin now takes place in the unconsolidated Joint Venture subsidiary. From inception on March 18, 2003 through March 31, 2004, Igene's portion of the Joint Venture's net loss was $2,676,500. The loss was a result of a 50% interest in the following: Gross profit from inception was a negative $1,999,000 on sales of $3,140,000, less manufacturing cost of $5,139,000. Selling and general and administrative expenses were $3,360,000 and interest income was $6,000. The resulting loss before tax was $5,353,000. Igene's 50% portion of the Joint Venture loss was $2,676,500.

Because the Company accounts for its investment in the Joint Venture under the equity method of accounting, it would ordinarily recognize as part of loss from equity the loss of it's 50% ownership portion of the loss of the Joint Venture. However, losses in the Joint Venture will be recognized only to the extent of the Investment in and Advances to the Joint Venture. Losses in excess of this amount will be suspended from recognition in the financial statement and carried forward to offset Igene's share of the Joint Venture's future income, if any. The Company's cumulative suspended loss from the Joint Venture is $1,656,388 at June 30, 2004.

At June 30, 2004, prior to the recognition of its portion of the Joint Venture loss, Igene's investment in the Joint Venture consisted of its $322,869 and its net advances to the Joint Venture amounted to $697,243, for a total of $1,020,112. For the year ended December 31, 2003, Igene recognized $818,052 of the $914,494 loss which existed as part of the Joint venture in that year. In the first quarter of 2004, Igene recognized losses to the extent of the increase in the advance $32,316, the March 31, 2004 balance of $850,368, less the December 31, 2003 balance of $818,052. For the three months ended June 30 2004, Igene recognized a loss to the extent of the increase in the advance for that period, $169,744 (the June 30, 2004 balance of $1,020,112 less the March 31, 2004 balance of $850,368). The remainder of the loss, which is $918,256 will be suspended. The Company's cumulative suspended loss at June 30, 2004 is $1,656,388 and will be carried forward to offset Igene's share of earnings from the Joint Venture, if any. The balance in the Advances to and Investment in Joint Venture account on the Company's financial statements is zero at June 30, 2004.

The following statement displays the significant activity for the joint venture from the initial investment at March 18, 2003 in the Joint Venture through June 30, 2004. As shown 50% of the activity is recorded as part of Igene's Financial Statements as income from investment in Joint Venture:

	June 30, 2004 (Unaudited)
ASSETS	
CURRENT ASSETS	
Account Receivable	$ 1,028,000
Inventory	112,000
	1,140,000
OTHER ASSETS	
Fixed Assets Receivable	21,614,000
Intellectual property	24,614,000
TOTAL ASSETS	$ 47,368,000
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 3,263,000
Working capital loan	224,000
TOTAL LIABILITIES	3,487,000
Equity	43,881,000
TOTAL LIABILITIES AND EQUITY	$ 47,368,000

Notes to Consolidated Financial Statements
IGENE Biotechnology, Inc. and Subsidiaries
(continued)

	Period from March 18,2003 (initial investment) to June 30, 2004 (unaudited)
Net Sales	$ 3,140,000
Less: manufacturing cost	(5,139,000)
Gross Profit (Loss)	(1,999,000)
Less: selling, general and administrative	(3,360,000)
Operating Loss	(5,359,000)
Interest Income	6,000
Net Loss	$ (5,353,000)
Igene's 50% equity interest in the net loss	$ (2,676,500)
Igene's Investment in and Advances to the Joint Venture	(1,020,112)
Igene's suspended loss at June 30, 2005	$ (1,656,388)

The following statement displays the significant activity for the Joint Venture for the three and six month ended June 30, 2004. As shown, 50% of the activity is recorded as part of Igene's Financial Statements as income from investment in Joint Venture:

	Three Months Ended June 30, 2004	Six Months Ended June 30, 2004
Net Sales	$ 862,000	$ 2,006,000
Less: manufacturing cost	(2,125,000)	(3,998,000)
Gross Profit (Loss)	(1,263,000)	(1,982,000)
Less: selling, general and admin	(910,000)	(1,532,000)
Operating Loss	(2,173,000)	(3,514,000)
Interest Expense	(3,000)	(10,000)
Loss before tax	$ (2,176,000)	$ (3,524,000)
50% equity interest Igene	$ (1,088,000)	$ (1,762,000)
Igene's additional Investment in and Advances to the Joint Venture	(169,744)	(202,060)
Igene's incremental suspended loss for period	$ (918,256)	$ (1,559,940)

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.

Overview of Financial Position

During the six-month periods ended June 30, 2004 and 2003, in addition to the Joint Venture discussed in more detail below, the following actions materially affected the Company's financial position.

- During the six months ended June 30, 2004, 194,596 shares of redeemable preferred stock, with a recorded aggregate value of $1,807,160, were converted into 389,192 shares of common stock. This portion included the 8% Cumulative Convertible Preferred Stock, Series B preferred securities and has relieved the company of this amount from long-term debt.

- During the six months ended June 30, 2004, $190,000 dollars of the $1,000,000 of Convertible Debentures issued as part of the 2001 ProBio purchase, were converted to common stock. These shares were converted at $.10 per share, for a total of 1,900,000 shares. These shares were issued and the notes cancelled, which relieved the Company of $190,000, of long-term debt.

- Increases in accounts payables and accrued expenses of $428,800 and decreases in accounts receivable of $58,125 were sources of cash. These were reduced by increases due from Joint Venture of $202,060.

- The carrying value of redeemable preferred stock was increased for $37,058 in 2004 and $98,149 in 2003, reflecting cumulative unpaid dividends on redeemable preferred stock.

- Proceeds of employee stock options provided $19,750 in cash flows.

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 June 30, 2004, total dividends in arrears on Igene's preferred stock total $186,571 ($10.08 per share) and are included in the carrying value of the redeemable preferred stock.

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 investment in the Joint Venture is accounted for under the equity method whereby the Company's 50% ownership percentage in the Joint Venture's equity is reflected as an asset and the changes in the Joint Venture's equity as a result of its operations is reflected in the company's consolidated statement of operations subject to certain limitations. Igene's share of losses in the Joint Venture will be recognized only to the extent of Igene's consideration paid for it's initial investment in the Joint Venture and any net advances Igene has made to the Joint Venture. Losses in excess of this amount will be suspended from recognition in the financial statement and carried forward to offset Igene's share of the Joint Venture future income, if any. Income in the future, if any, will only be recognized once all previously deferred losses have been exhausted. The Company evaluates its investment in the Joint Venture for impairment, as it does for all other assets. The accounting policies followed by the Joint Venture are in conformity with accounting principals generally accepted in the United States of America.

The Joint Venture's 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 entered into a lease of real property with an affiliate of Tate & Lyle in Selby, England upon which the new manufacturing facility is being constructed and operated by the Joint Venture.

Results of Operations

Sales and other revenue

As part of the Joint Venture agreement, all further sales are recognized through the joint venture. Therefore, Igene recorded no sales of AstaXin® during the six months ended June 30, 2004. Sales of AstaXin® during the quarter ended 2003 were $152,705 and for the six–month period ended June 30, 2003 were $463,486. Sales activity for the Joint Venture are report below. Sales have been limited in the past quarters due to insufficient production quantity. As of June 30, 2003, Igene had sold the remaining inventory in the Company's possession to the Joint Venture per the Joint 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 sales will occur, or that they will be material.

Cost of sales and gross profit

As with sales revenue, future cost of sales and gross profits will be recognized through the Joint Venture company. Igene reported no gross profit on sales of AstaXin® for the six months ended June 30, 2004. Gross profit on sales of AstaXin® was $8,743 for the quarter ended June 30, 2003 and was $18,540 for the six month period ended June 30, 2003. Gross profit was 4% of sales for the six months ended June 30, 2003. The Company attributes this modest gross profit to a combination of pricing pressure in the market and inefficiencies in production.

Management expects the level of gross profit to improve in the future as a percentage of sales. Demand is expected to increase as the Company increases customer usage and market share. Management expects the level of gross profit to improve with expected increases in production efficiency received from the Joint Venture with Tate & Lyle offsetting pricing competition, but can provide no assurances as to future increased production or gross profit.

Cost of sales for the quarter ended June 30, 2003, was $143,962. Cost of sales for quarter ended June 30, 2004 was $0.

Marketing and selling expenses

For the quarters ended June 30, 2004 and 2003, Igene recorded marketing and selling expense in the amount of $161,245 and $118,569, respectively, an increase of $42,676 or 36%. For the six months ended June 30, 2004 and 2003, Igene recorded marketing and selling expense in the amount of $209,267 and $219,855, respectively, a decrease of $10,588 or 5%. As a result of the disposition of it's ProBio subsidiary in February 2003, Igene had expected reduced marketing and selling costs incurred as part of the prior combination with ProBio, such as increased sales force. In addition, the reduction of salable product currently available to Igene from its current manufacturer was expected to cause a corresponding reduction in marketing and selling expense. The current period marketing and selling expense increased as a result of recognizing the expense associated with the shares issued to Fermtech. As Mr. Benjaminsen remained employed by Igene through 2003, 1,000,000 of the escrowed shares of common stock were delivered to Fermtech. A marketing and selling expense of $110,000 was recognized in the second quarter as a result of the issuance of the shares of common stock. If Mr. Benjaminsen remains employed by Igene through 2004, the remaining 1,000,000 escrowed shares will be released from escrow and delivered to Fermtech. As a result of the Joint Venture with Tate and Lyle, Igene is expecting an increase in salable product with a corresponding increase in marketing and sales costs at the point the new facility increases its level of production. Additionally, as a result of the Joint Venture, these expenses are reimbursed to Igene. However, no assurances can be made in regards to increased production from the new facility nor with regard to the corresponding increase in marketing and selling costs.

Research, development and pilot plant expenses

For the quarter ended June 30, 2004 and 2003, Igene recorded research and development costs in the amount of $195,522 and $223,004, respectively, a decrease of $27,482 or 12%. For the six months ended June 30, 2004 and 2003, Igene recorded research and development costs in the amount of $403,932 and $378,401, respectively, an increase of $25,531 or 7%. These costs are expected to remain relatively constant 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 June 30, 2004 and 2003 were $210,950 and $242,388 respectively, a decrease of $31,438 or 13%. General and administrative expenses for the six months ended June 30, 2004 and 2003 were $360,828 and $384,327 respectively, a decrease of $23,499 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 $27,500 of litigation expenses for the three months ended June 30, 2004, and $40,580 for the six months ended June 30, 2004. During the six months ended June 30, 2004, 250,000 shares were issued to the Company attorney, as a bonus in connection with the settlement of the ADM matter. These shares were issued at an estimated value of $.11 per share, aggregating $27,500. These costs were expensed in the second quarter as part of the litigation expense. With the settlement of this matter, the related costs are expected to cease.

Interest expense

Interest expense for the quarters ended June 30, 2004 and 2003 was $216,015 and $177,901, respectively, an increase of $38,114 or 21%. For the six months ended June 30, 2004 and 2003, interest expense was $439,976 and $383,132, respectively, an increase of $56,844 or 15% 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. It is expected this number may decrease due to the conversions by holders of long term debt to equity. This increase is due mainly to the $37,058 in cumulative dividends accrued from preferred stock which was recorded as interest expense

Equity in earnings of unconsolidated subsidiary

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 transfer 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. The value of the Company's investment in the Joint Venture has been recorded at an amount equal to the book value of the Registrant's consideration contributed at the creation of the Joint Venture. As the cost of the company's technology and intellectual property has been previously expensed and has a carrying amount of zero, the investment in the Joint Venture has been recorded with a book value of $316,869, which represents the unamortized production costs contributed to the Joint Venture. Added to this was a purchase of common stock in the new venture of $6,000.

As a result of the Joint Venture, the production, sales and marketing of Astaxanthin now takes place in the unconsolidated Joint Venture subsidiary. From inception on March 18, 2003 through March 31, 2004, Igene's portion of the Joint Venture's net loss was $2,676,500. The loss was a result of a 50% interest in the following: Gross profit from inception was a negative $1,999,000 on sales of $3,140,000, less manufacturing cost of $5,139,000. Selling and general and administrative expenses were $3,360,000 and interest income was $6,000. The resulting loss before tax was $5,353,000. Igene's 50% portion of the Joint Venture loss was $2,676,500.

Because the Company accounts for its investment in the Joint Venture under the equity method of accounting, it would ordinarily recognize as part of loss from equity the loss of it's 50% ownership portion of the loss of the Joint Venture. However, losses in the Joint Venture will be recognized only to the extent of the Investment in and Advances to the Joint Venture. Losses in excess of this amount will be suspended from recognition in the financial statement and carried forward to offset Igene's share of the Joint Venture's future income, if any.

At June 30, 2004, prior to the recognition of its portion of the Joint Venture loss, Igene's investment in the Joint Venture consisted of its $322,869 and its net advances to the Joint Venture amounted to $697,243, for a total of $1,020,112. For the year ended December 31, 2003, Igene recognized $818,052 of the $914,494 loss which existed as part of the Joint venture in that year. In the first quarter of 2004, Igene recognized losses to the extent of the increase in the advance $32,316, the March 31, 2004 balance of $850,368, less the December 31, 2003 balance of $818,052. For the three months ended June 30 2004, Igene recognized a loss to the extent of the increase in the advance for that period, $169,744 (the June 30, 2004 balance of $1,020,112 less the March 31, 2004 balance of $850,368). The remainder of the loss, which is $918,256 will be suspended. The Company's cumulative suspended loss at June 30, 2004 is $1,656,388 and will be carried forward to offset Igene's share of earnings from the Joint Venture, if any. The balance in the Advances to and Investment in Joint Venture account on the Company's financial statements is zero at June 30, 2004.

The following statement displays the significant activity from the joint venture for the initial investment at March 18, 2003 in the Joint Venture through June 30, 2004. As shown 50% of the activity is recorded as part of Igene's Financial Statements as income from investment in Joint Venture:

	June 30, 2004 (Unaudited)
ASSETS	
CURRENT ASSETS	
Account Receivable	$ 1,028,000
Inventory	112,000
	1,140,000
OTHER ASSETS	
Fixed Assets Receivable	21,614,000
Intellectual property	24,614,000
TOTAL ASSETS	$ 47,368,000
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 3,263,000
Working capital loan	224,000
TOTAL LIABILITIES	3,487,000
Equity	43,881,000
TOTAL LIABILITIES AND EQUITY	$ 47,368,000

	Period from March 18, 2003 (initial investment) to June 30, 2004 (unaudited)
Net Sales	$ 3,140,000
Less: manufacturing cost	(5,139,000)
Gross Profit (Loss)	(1,999,000)
Less: selling, general and administrative	(3,360,000)
Operating Loss	(5,359,000)
Interest Income	6,000
Net Loss	$ (5,353,000)
Igene's 50% equity interest in the net loss	$ (2,676,500)
Igene's Investment in and Advances to the Joint Venture	(1,020,112)
Igene's suspended loss	$ (1,656,388)

IGENE Biotechnology, Inc. and Subsidiaries
Management's Discussion and Analysis of
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(continued)

The following statement displays the significant activity for the Joint Venture for the three and six month ended June 30, 2004. As shown, 50% of the activity is recorded as part of Igene's Financial Statements as income from investment in Joint Venture:

	Three Months Ended June 30, 2004	Six Months Ended June 30, 2004
Net Sales	$ 862,000	$ 2,006,000
Less: manufacturing cost	(2,125,000)	(3,998,000)
Gross Profit (Loss)	(1,263,000)	(1,982,000)
Less: selling, general and admin	(910,000)	(1,532,000)
Operating Loss	(2,173,000)	(3,514,000)
Interest Expense	(3,000)	(10,000)
Loss before tax	$ (2,176,000)	$ (3,524,000)
50% equity interest Igene	$ (1,088,000)	$ (1,762,000)
Igene's additional Investment in and Advances to the Joint Venture	(169,744)	(202,060)
Igene's incremental suspended loss for period	$ (918,256)	$ (1,559,940)

Disposition of ProBio Subsidiary

As reported on Form 8-K filed on 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. Effective December 31, 2002, Mr. Ulve resigned as CEO and director of Igene and Mr. Benjaminsen ceased acting as our chief marketing officer, though Mr. Benjaminsen has maintained a position with Igene.

The amount of consideration paid for ProBio 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 consideration of ProBio's cash flow, cash position, revenue and revenue prospects.

The equipment and other physical property disposed of belonging to ProBio included inventory, personal computers, a web site and trademark, other office equipment and furniture, and accounts receivables and accounts payables related to nutraceuticals. For the nine months ended September 30, 2002, the net operating loss of the division being sold as ProBio was $340,632, on sales of $1,555,014, and is reflected on the September 30, 2002 income statement of Igene as a loss from discontinued operations.

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. As Mr. Benjaminsen remained employed by Igene through 2003, 1,000,000 of the escrowed shares of common stock were delivered to Fermtech. These shares were expensed in the second quarter of 2004, as a marketing expense of $110,000. If Mr. Benjaminsen remains employed by Igene through 2004, 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 $600,845 and $535,738, respectively, for the quarters ended June 30, 2004 and 2003, an increase in the loss of $65,107 or 12%. This represents a loss of $.01 per basic and diluted common share in the quarters ended June 30, 2004 and 2003. The weighted average number of shares of common stock outstanding of 94,376,611 and 86,692,223, for the quarters ended June 30, 2004 and 2003, respectively, increased by 7,684,388 shares. This resulted from the weighted average adjustments of the following transactions: the issuance of 1,905,000 shares issued in conversion of debentures, 389,192 shares of common stock in conversion of preferred stock, 3,017,543 shares issued to the manufacturer as part of the agreement, 1,000,000 shares issued to Fermtech as part of the ProBio disposition agreement, and 450,000 shares issued as part of employee stock option exercises, and 250,000 shares issued as a bonus to the Company attorney in the ADM matter.

Liquidity and Capital Resources

Historically, Igene has been funded primarily by equity contributions and loans from stockholders. As of June 30, 2004, Igene had working capital of $42,617, and cash and cash equivalents of $36,586. Currently Igene is also funded by research and development reimbursements from the Joint Venture.

Cash provided by operating activities during the six-month period ended June 30, 2004 and 2003 amounted to $120,386 and $387,371, respectively, a decrease in cash provided of $266,985.

Cash used by investing activities during the six-month period ended June 30, 2004 and 2003 amounted to $202,060 and $418,448, respectively, a decrease of $216,388, from reductions in advances to the joint venture.

Cash was used by financing activities in repayment of loans in the amount of $100,000 for the six-month period ended June 30, 2003, as opposed to the $55,185 provided by financing activities for the six-month period ended June 30, 2004. Financing activities consisted primarily of employee stock option plan purchases and increases in preferred stock for cumulative dividends classified as interest.

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 has had a significant impact on its operations during the six-month periods ended June 30, 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 Small Business Issuer Purchases of Equity Securities.

During the six months ended June 30, 2004, 250,000 shares were issued to the Company's attorney as a bonus in connection with the settlement of the ADM matter. These shares were issued at an estimated value of $.11 per share, aggregating to $27,500. These costs were expensed in the second quarter as part of the ADM legal expense.

In February, 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 (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. The escrowed 2,000,000 shares were to be earned by Fermtech based upon Mr. Benjamin's continued employment with the Company. As Mr. Benjaminsen remained employed by Igene through 2003, 1,000,000 of the escrowed shares of common stock were delivered to Fermtech. These shares were expensed in the second quarter of 2004, as a marketing expense of $110,000. If Mr. Benjaminsen remains employed by Igene through 2004, the remaining 1,000,000 escrowed shares will be released from escrow and delivered to Fermtech.

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 June 30, 2004, total dividends in arrears on the Company's preferred stock total $186,571 ($10.08 per share) and are included in the carrying value of the redeemable preferred stock.

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

At the annual meeting of stockholders held on June 8, 2004, the following matter was submitted for a stockholders' vote and was approved by the requisite number of votes: the election of five directors of the Company. The directors nominees were Stephen F. Hiu, Thomas L. Kempner, Michael G. Kimelman, Sidney R. Knafel, and Patrick F. Monahan.

Results of the voting were as follows:

	Votes Votes For	Against or Withheld	Votes Abstained	Broker Non-Votes
(1) Election of Directors				
Stephen F. Hiu	73,185,546	98,950	---	---
Thomas L. Kempner	73,185,546	98,950	---	---
Michael G. Kimelman	73,185,546	98,950	---	---
Sidney R. Knafel	73,185,546	98,950	---	---
Patrick F. Monahan	73,185,546	98,950	---	---

Item 6. Exhibits

(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 incorporated herein by reference.

Exhibit 3.2 – Bylaws 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 September 28, 2005 By /s/STEPHEN F. HIU
STEPHEN F. HIU
President

Date September 28, 2005 By /s/EDWARD J. WEISBERGER
EDWARD J. WEISBERGER
Chief Financial Officer

EXHIBIT INDEX

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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 10 QSB/A 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: September 28, 2005

/s/ STEPHEN F. HIU

STEPHEN F. HIU
President

Exhibit 31(b)

CERTIFICATIONS

I, Edward J. Weisberger, certify that:

1. I have reviewed this quarterly report on Form 10-QSB/A 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: September 28, 2005

/s/ EDWARD J. WEISBERGER

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/A for the period ended June 30, 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: September 28, 2005

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/A for the period ended June 30, 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: September 28, 2005

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.