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UNITED GUARDIAN INC
Form 10QSB
May 09, 2003

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, 2003

_____ Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission File Number: 1-10526

UNITED-GUARDIAN, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware

11-1719724

(State or Other Jurisdiction of (I.R.S. Employer Identification No.)
Incorporation or Organization)

230 Marcus Boulevard., Hauppauge, New York 11788

(Address of Principal Executive Offices)

(631) 273-0900

(Issuer's Telephone Number, Including Area Code)

(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

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Cover Page 1 of 2 Pages

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports
required to be filed by Section 12, 13 or 15(d) of the Exchange Act after
the distribution of securities under a plan confirmed by a court.

Yes _____

No _____

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's
classes of common equity, as of the latest practicable date:

4,881,139

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UNITED-GUARDIAN, INC.

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Item 1. Financial Statements

UNITED-GUARDIAN, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	THREE MONTHS ENDED	
	MARCH 31,	
	2003	2002
	-----	-----
Revenue:		
Net sales	\$ 3,217,533	\$ 2,382,448
	-----	-----
Costs and expenses:		
Cost of sales	1,530,147	1,272,735
Operating Expenses	631,698	481,504
	-----	-----
	2,161,845	1,754,239
	-----	-----
Income from operations	1,055,688	628,209
Other income (expense):		
Investment income	39,241	49,624
Gain on sale of assets	500	79
	-----	-----
Income before income taxes	1,095,429	677,912
Provision for income taxes	392,000	240,000
	-----	-----
Net income	\$ 703,429	\$ 437,912
	=====	=====
Earnings per common share (basic and diluted)	\$ 0.14	\$ 0.09
	=====	=====
Weighted average shares - basic	4,881,139	4,870,795
	=====	=====
Weighted average shares - diluted	4,894,293	4,887,080
	=====	=====

See notes to financial statements.

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	MARCH 31, 2003	DECEMBER 31, 2002
ASSETS	(UNAUDITED)	(DERIVED FROM AUDITED FINANCIAL STATEMENTS)
Current assets:		
Cash and cash equivalents	\$ 4,131,774	\$ 3,184,599
Temporary investments	3,763,955	4,151,787
Marketable securities	844,923	882,243
Accounts receivable, net of allowance for doubtful accounts of \$25,500 at March 31, 2003 and December 31, 2002	1,169,936	704,560
Inventories	850,349	1,037,315
Prepaid expenses and other current assets	246,994	342,476
Deferred income taxes	299,687	297,774
	-----	-----
Total current assets	11,307,618	10,600,754
	-----	-----
Property, plant and equipment:		
Land	69,000	69,000
Factory equipment and fixtures	2,749,731	2,738,110
Building and improvements	2,053,697	2,045,588
Waste disposal system	133,532	133,532
	-----	-----
	5,005,960	4,986,230
Less: Accumulated depreciation	3,923,637	3,880,660
	-----	-----
	1,082,323	1,105,570
	-----	-----
Other assets:		
Processes and patents, net of accumulated amortization of \$981,439 and \$981,341 at March 31, 2003 and December 31, 2002, respectively	358	456
Other	748	700
	-----	-----
	1,106	1,156
	-----	-----
	\$12,391,047	\$11,707,480
	=====	=====

See notes to financial statements.

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	MARCH 31, 2003	DECEMBER 31, 2002
	----- (UNAUDITED)	----- (DERIVED FROM AUDITED FINANCIAL STATEMENTS)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Dividends payable	\$ -	\$ 488,114
Accounts payable	323,650	188,868
Accrued expenses	419,657	345,407
Taxes payable	262,433	-
	-----	-----
Total current liabilities	1,005,740	1,022,389
	-----	-----
Deferred income taxes	10,000	10,000
	-----	-----
Stockholders' equity:		
Common stock \$.10 par value; 10,000,000 shares authorized; 4,943.339 shares issued; 4,881,139 shares outstanding	494,334	494,334
Additional paid in capital	3,538,423	3,538,423
Accumulated other comprehensive loss	(58,989)	(55,776)
Retained earnings	7,761,169	7,057,740
Treasury stock, at cost; 62,200 shares	(359,630)	(359,630)
	-----	-----
Total stockholders' equity	11,375,307	10,675,091
	-----	-----
	\$ 12,391,047	\$ 11,707,480
	=====	=====

See notes to financial statements.

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UNITED-GUARDIAN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

THREE MONTHS ENDED
March 31,

2003 2002

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Cash flows provided by operating activities:		
Net income	\$ 703,429	\$ 437,912
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization	51,075	67,424
Amortization of bond premium	3,060	3,026
Net gain on sale of equipment	(500)	(79)
(Increase) decrease in assets:		
Accounts receivable	(465,376)	(84,380)
Inventories	186,966	(48,312)
Prepaid expense and other assets	95,434	119,421
Increase (decrease) in liabilities:		
Accounts payable	134,782	49,244
Accrued expenses and taxes payable	336,683	74,382
Net cash provided by operating activities	1,045,553	618,638
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(27,730)	(56,911)
Proceeds from sale of equipment	500	14,500
Net change in temporary investments	387,832	(49,014)
Proceeds from sale of marketable securities	30,000	-
Purchase of marketable securities	(866)	(819)
Net cash provided by (used in) investing activities	389,736	(92,244)
Cash flows from financing activities:		
Proceeds from exercise of stock options	-	4,125
Dividends paid	(488,114)	(487,044)
Net cash used in financing activities	(488,114)	(482,919)
Net increase in cash and cash equivalents	947,175	43,475
Cash and cash equivalents at beginning of period	3,184,599	1,599,857
Cash and cash equivalents at end of period	\$ 4,131,774	\$ 1,643,332

See notes to financial statements.

UNITED-GUARDIAN, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 2003 and the results of operations and cash flows for the three months ended March 31, 2003 and 2002. The accounting policies followed by the Company are set forth in the Company's financial statements included in its December 31, 2002

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Annual Report to Shareholders.

2. The results of operations for the three months ended March 31, 2003 and 2002 are not necessarily indicative of the results to be expected for the full year.

3. Stock-Based Compensation: At March 31, 2003, the Company had two stock-based employee compensation plans. As permitted under SFAS NO. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, which amended SFAS NO. 123 Accounting for Stock-Based Compensation, United-Guardian has elected to continue to follow the intrinsic value method in accounting for its stock-based employee compensation arrangement as defined by Accounting Principle Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees, and related interpretations including Financial Accounting Standards Board Interpretation No. 44, Accounting for Certain Transactions involving Stock Compensation, an interpretation of APB No. 25. 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 to stock-based employee compensation.

	Three months ended March 31,	
	2003	2002
	-----	-----
Reported net income	\$703,429	\$636,116
Stock-based employee compensation expense included in reported net income, net of related tax effects	0	0
Stock-based employee compensation determined under the fair value based method, net of related tax effect	(7,216)	0
	-----	-----
Pro forma net income	\$696,213	\$636,116
	=====	=====
Earnings per share(basic and diluted)		
As reported	\$.14	\$.09
Pro forma	\$.14	\$.09

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4. Inventories

Inventories consist of the following:	March 31, 2003	December 31, 2002
	-----	-----
Raw materials and work in process	\$ 387,365	\$ 222,997
Finished products and fine chemicals	462,984	814,318
	-----	-----
	\$ 850,349	\$1,037,315
	=====	=====

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5. For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Cash payments for taxes were \$345 and \$1,077 for the three months ended March 31, 2003 and 2002, respectively.

6. Comprehensive Income (Loss)

The components of comprehensive income (loss) are as follows:

	Three months ended March 31,	
	2003	2002
Net income	\$703,429	\$437,912
Other comprehensive income (loss)		
Unrealized loss on marketable securities	(5,126)	(1,120)
Net unrealized loss	(5,126)	(1,120)
Income tax benefit on comprehensive loss	(1,913)	(1,362)
Other comprehensive income (loss)	(3,213)	242
Comprehensive income	\$700,216	\$438,154

Accumulated other comprehensive income is comprised of unrealized gains and losses on marketable securities, net of the related tax effect.

7. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share at March 31, 2003 and 2002.

	2003	2002
Numerator:		
Net income	\$ 703,429	\$ 437,912
Denominator:		
Denominator for basic earnings per share (weighted average shares)	4,881,139	4,870,795
Effect of dilutive securities:		
Employee stock options	13,154	16,285

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Denominator for diluted earnings per share (adjusted weighted-average shares) and assumed conversions	4,894,293 =====	4,887,080 =====
Basic and diluted earnings per share	\$ 0.14 =====	\$ 0.09 =====

Options to purchase 8,500 shares of the company's common stock have been excluded from the computation of diluted earnings per share in the three months ended March 31, 2003 as their inclusion would be antidilutive.

8. The Company has the following two reportable business segments: Guardian Laboratories and Eastern Chemical. The Guardian segment conducts research, development and manufacturing of pharmaceuticals, cosmetics, products and proprietary specialty chemical products. The Eastern segment distributes fine chemicals, solutions, dyes and reagents.

The accounting policies used to develop segment information correspond to those described in the summary of significant accounting policies as set forth in the December 31, 2002 Annual Report. Segment earnings or loss is based on earnings or loss from operations before income taxes. The reportable segments are distinct business units operating in different industries. They are separately managed, with separate marketing and distribution systems. The following information about the two segments is for the three months ended March 31, 2003 and 2002.

	2003			Three months ended March 31,
	GUARDIAN	EASTERN	TOTAL	GUARDIAN
Revenues from external customers	\$ 2,895,975	\$ 321,558	\$ 3,217,533	\$ 2,097,851
Depreciation and amortization	20,196	-	20,196	36,179
Segment income (loss) before income tax expense (benefit)	1,113,714	(10,776)	1,102,938	673,908
Segment assets	2,244,340	361,631	2,605,971	2,402,146
Capital expenditure	16,833	-	16,833	9,983

Reconciliation to Consolidated Amounts

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Income before income taxes	

Total income for reportable segments	\$ 1,102,938
Other income, net	39,741
Corporate headquarters expense	(47,250)

Consolidated income before income taxes	\$ 1,095,429 =====
Assets	

Total assets for reportable segments	\$ 2,605,971
Corporate headquarters	9,785,076

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Total consolidated assets -----
\$12,391,047
=====

Other significant items

	2003		Three months ended March 31,	
	Segment Totals	Corporate	Consolidated Totals	Segment Totals
Capital expenditures	16,833	10,897	27,730	9,983
Depreciation and amortization	20,196	33,939	54,135	36,179

Geographic Information

	2003		Three months ended March 31,	
	Revenues	Long-Lived Assets	Revenues	L
United States	\$ 1,598,340	\$ 1,082,681	\$ 1,112,804	\$
France	408,028		435,357	
Other countries	1,211,165		834,287	
	-----	-----	-----	-----
	\$ 3,217,533	\$ 1,082,681	\$ 2,382,448	\$
	=====	=====	=====	=====

Major Customers

Customer A (Guardian)	\$ 1,477,024	\$ 694,187
Customer B (Guardian)	329,132	354,415
All other customers	1,411,377	1,333,846
	-----	-----
	\$ 3,217,533	\$ 2,382,448
	=====	=====

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses accounting for restructuring and similar costs. SFAS No. 146 supersedes previous accounting guidance, principally Emerging Issues Task Force Issue No. 94-3. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. Accordingly SFAS No. 146 may affect the timing of recognizing future restructuring costs as well as the amount recognized. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. Management believes that the adoption of SFAS No. 146 did not have a material impact on its results of operations or financial position.

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

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FORWARD LOOKING STATEMENTS

Statements made in this Form 10-QSB which are not purely historical are forward-looking statements with respect to the goals, plans, objectives, intentions, expectations, financial condition, results of operations, future performance and business of the Company. Forward-looking statements may be identified by the use of such words as "believes," "may," "will," "should," "intends," "plans," "estimates," or "anticipates" or other similar expressions.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond our control) could cause actual results to differ materially from those set forth in the forward-looking statements. In addition to those specific risks and uncertainties set forth in the Company's reports currently on file with the SEC, some other factors that may affect the future results of operations of the Company are: the development of products that may be superior to the those of the Company; changes in the quality or composition of the Company's products; lack of market acceptance of the Company's products; the Company's ability to develop new products; general economic or industry conditions; intellectual property rights; changes in interest rates; new legislation or regulatory requirements; conditions of the securities markets; the Company's ability to raise capital; changes in accounting principals, policies or guidelines; financial or political instability; acts of war or terrorism; and other economic, competitive, governmental, regulatory and technical factors that may affect the Company's operations, products, services and prices.

Accordingly, results actually achieved may differ materially from those anticipated as a result of such forward-looking statements, and those statements speak only as of the date they are made. The Company does not undertake, and specifically disclaims, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

OVERVIEW

The Company is a Delaware corporation that operates in two business segments. Its Guardian Laboratories Division ("Guardian") conducts research, product development, manufacturing and marketing of cosmetic ingredients, personal and health care products, pharmaceuticals, and specialty industrial

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products. The products manufactured by Guardian are marketed through marketing partners, distributors, direct advertising, mailings, and trade exhibitions. Its most important personal care product line is its LUBRAJEL(R) line of water based moisturizing and lubricating gels. It also sells two pharmaceutical products, which are distributed primarily through drug wholesalers and surgical supply houses. There are also indirect sales to the Veteran's Administration and other government agencies, and to some hospitals and physicians.

While the Company does have competition in the marketplace for some of its products, many of its products or processes are either unique in their field or have some unique characteristics, and therefore are not in direct competition with the products or processes of other pharmaceutical, chemical, or health care companies. Guardian's research and development department is actively working on the development of new products to expand the Company's personal care line.

The Company has been issued many patents and trademarks, and intends whenever possible to make efforts to obtain patents in connection with its product development program.

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The Company's Eastern Chemical subsidiary distributes an extensive line of fine organic chemicals, research chemicals, test solutions, indicators, dyes and reagents. Eastern's products are marketed through advertising in trade publications and direct mailings and are sold both to distributors and directly to users for use in a wide variety of applications. Since the Company's business activities and marketing efforts over the past several years have focused increasingly on the Guardian division, which the Company believes has greater growth potential, the Company is in the process of reducing Eastern's inventory levels in order to make the subsidiary more marketable in the event the Company decides to sell the Eastern operation at some future date.

Products manufactured by the Company are marketed worldwide through its extensive marketing and distribution arrangements. Approximately half of the Company's sales are to foreign customers.

The following discussion and analysis covers material changes in the financial condition of the Company since year end December 31, 2002, and a comparison of the results of operations for the three month periods ended March 31, 2003 and March 31, 2002. This discussion and analysis should be read in conjunction with "Management's Discussion and Analysis or Plan of Operation" included in the Company's Form 10-KSB for the year ended December 31, 2002.

RESULTS OF OPERATIONS

Gross revenue from operations -----

For the three month period ended March 31, 2003 net sales increased \$835,085 (35.1%) versus the comparable period in 2002. The Guardian Laboratories division ("Guardian") had a sales increase of \$798,124 (38.0%) while the Eastern Chemical subsidiary ("Eastern") had a sales increase of \$36,961 (13.0%).

The increase in Guardian's sales for the three month period is due to an increase in the demand for Guardian's products. Some of this demand may be attributable to new launches of personal care products that contain ingredients

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produced by Guardian, by companies that had been refraining from launching new products due to the poor economic conditions that have prevailed in both the U.S. and overseas. Based on information provided to the Company by its distributors, over the past few months there has been an increase in activity on the part of many customers, which has resulted in increased demand for the Company's products. The increase in Eastern's sales for the first quarter is believed to be due mainly to normal fluctuations in the purchasing patterns of its customers.

Cost of sales -----

Cost of sales as a percentage of sales decreased to 47.6% for the three months ended March 31, 2003 from 53.4% for the comparable period ended March 31, 2002. This decrease is mainly due to the absorption of fixed costs by a higher sales volume in the first quarter of 2003 versus the comparable quarter in 2002.

Operating Expenses -----

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Operating expenses increased \$150,194 (31.2%) in the three months ended March 31, 2003 versus the comparable period in 2002. This increase was primarily due to increases in insurance costs, advertising costs, payroll and payroll related costs for the three month period ended March 31, 2003 as compared to the three month period ended March 31, 2002.

Investment income -----

Investment income decreased \$10,383 (20.9%) for the three months ended March 31, 2003 as compared to the comparable period in 2002. The decrease in the three month period was attributable to a decline in interest rates.

Provision for income taxes -----

The provision for income taxes increased 152,000 (63.3%) for the three months ended March 31, 2003 when compared to the comparable period in 2002. The increase is due to increased earnings before taxes of \$417,517 for the three months ended March 31, 2003.

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased from \$9,578,365 at December 31, 2002 to \$10,301,878 at March 31, 2003. The current ratio increased from 10.4 to 1 at December 31, 2002 to 11.2 to 1 at March 31, 2003. The Company has no commitments for any further significant capital expenditures during the remainder of 2003, and believes that its working capital is and will continue to be sufficient to support its operating requirements.

The Company generated cash from operations of \$1,045,553 and \$618,638 for the three months ended March 31, 2003 and March 31, 2002 respectively. The increase was primarily due to the increase in net income.

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During the three month period ended March 31, 2003, \$389,736 was provided by investment activities, as compared to the three months ended March 31, 2002 when \$92,244 was used in investing activities. The change from \$92,244 used in investing activities in 2002 to \$389,736 provided by investing activities in 2003 was due to a decrease in purchases of temporary investments (primarily certificates of deposit) and marketable securities, and redemption of some certificates of deposit.

Cash used in financing activities was \$488,114 and \$482,919 for the three months ended March 31, 2003 and March 31, 2002, respectively. The increase was due primarily to an increase in dividends paid during the three months ended March 31, 2003 as compared to the three months ended March 31, 2002.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Within 90 days prior to the filing of this Quarterly Report on Form 10-QSB the Company's principal executive officer and principal financial officer evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) and concluded

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that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its officers, 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 Securities and Exchange Commission's rules and forms.

(b) Changes in Internal Controls

The Company's principal executive officer and principal financial officer have also concluded there were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

While the Company has claims arise from time to time in the ordinary course of its business, the settlement of such claims in the past has not had a material adverse effect on the Company's financial position and results of operations. The Company does not have any claims pending at the present time.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS: NONE

ITEM 3. DEFAULTS UPON SENIOR SECURITIES: NONE

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS: NONE

ITEM 5. OTHER INFORMATION: NONE

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

99.1 Chief Executive Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.2 Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

b. Reports on Form 8-K

There were no reports on Form 8-K filed during the three month period ended March 31, 2003.

SIGNATURES

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

UNITED-GUARDIAN, INC.
(Registrant)

By: /s/ Alfred R. Globus

Alfred R. Globus
Chief Executive Officer

By: /s/ Kenneth H. Globus

Kenneth H. Globus
Chief Financial Officer

Date: May 9, 2003

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SARBANES-OXLEY ACT SECTION 302 CERTIFICATION

I, Alfred R. Globus, Chief Executive Officer of United-Guardian, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of United-Guardian, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated

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subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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

Date: May 9, 2003

/s/ Alfred R. Globus

Alfred R. Globus
Chief Executive Officer

SARBANES-OXLEY ACT SECTION 302 CERTIFICATION

I, Kenneth H. Globus, President and Chief Financial Officer of United-Guardian, Inc., certify that:

- 1. I have reviewed this quarterly report on Form 10-QSB of United-Guardian, Inc.;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

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3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 9, 2003

/s/ Kenneth H. Globus

Kenneth H. Globus
President and Chief Financial Officer

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EXHIBIT 99.1

UNITED-GUARDIAN, INC.
CERTIFICATION 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 Quarterly Report of United-Guardian, Inc. (the "Registrant") on Form 10-QSB for the period ending March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alfred R. Globus, Chief Executive Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 9, 2003

/s/ Alfred R. Globus

Alfred R. Globus
Chief Executive Officer

EXHIBIT 99.2

UNITED-GUARDIAN, INC.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE

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SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United-Guardian, Inc. (the "Registrant") on Form 10-QSB for the period ending March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth H. Globus, President and Chief Financial Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 9, 2003

/s/ Kenneth H. Globus

Kenneth H. Globus
President and Chief Financial Officer