UNITED GUARDIAN INC
Form 10QSB
November 07, 2002

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 September 30, 2002

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

For the transition period from __________ to ___________

Commission File Number 0-7855

UNITED-GUARDIAN, INC.

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

Delaware	11-1719724
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

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 Company 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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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS

DURING THE PRECEDING FIVE YEARS

Check whether the Company 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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Part I. FINANCIAL INFORMATION

Part I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001

Revenue:				
Net sales	$ 6,796,553	$ 7,625,049	$ 2,085,937	$ 2,201,249
Costs and expenses:				
Cost of sales	3,726,051	3,638,997	1,174,265	1,017,445
Selling, general and administrative	1,698,670	1,747,294	562,921	535,456
	5,424,721	5,386,291	1,737,186	1,552,901
Earnings from operations	1,371,832	2,238,758	348,751	648,348
Other income (expense):				
Interest expense	-	(38)	-	(1)
Investment income	144,075	186,713	44,987	54,968
Gain (loss) on sale of assets	79	(8,859)	-	(8,859)
Other	(49)	-	-	-
Earnings before income taxes	1,515,937	2,416,574	393,738	694,456
Provision for income taxes	528,548	902,740	135,548	260,000
Net earnings	$ 987,389	$ 1,513,834	$ 258,190	$ 434,456
Earnings per common share (basic and diluted)	$ 0.20	$ 0.31	$ 0.05	$ 0.09
Basic weighted average shares	4,877,478	4,867,465	4,881,139	4,870,029
Diluted weighted average shares	4,889,870	4,887,602	4,888,794	4,884,338

See notes to financial statements.

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UNITED-GUARDIAN, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	SEPTEMBER 30, 2002 (UNAUDITED)	DECEMBER 31, 2001 (DERIVED FROM AUDITED FINANCIAL STATEMENTS)
Current assets:		
Cash and cash equivalents	$ 2,789,940	$ 1,599,857
Temporary investments	4,033,100	4,365,114
Marketable securities	870,254	944,348
Accounts receivable, net of allowance for doubtful accounts of $62,964 at September 30, 2002 and $63,100, at December 31, 2001, respectively	779,770	844,388
Inventories	1,204,885	1,185,535
Prepaid expenses and other current assets	317,139	327,924

Deferred income taxes	307,445	279,824
Total current assets	10,302,533	9,546,990
Property, plant and equipment:		
Land	69,000	69,000
Factory equipment and fixtures	2,720,085	2,698,088
Building and improvements	2,034,304	2,019,136
Waste disposal plant	133,532	133,532
	4,956,921	4,919,756
Less: Accumulated depreciation	3,828,312	3,721,343
	1,128,609	1,198,413
Other assets:		
Processes and patents, net of accumulated amortization of $981,243 and $946,647 at September 30, 2002 and December 31, 2001, respectively	554	35,150
Other	700	1,000
	1,254	36,150
	$ 11,432,396	$ 10,781,553

See notes to financial statements.

UNITED-GUARDIAN, INC.
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY	SEPTEMBER 30, 2002 (UNAUDITED)	DECEMBER 31, 2001 (DERIVED FROM AUDITED FINANCIAL STATEMENTS)
Current liabilities:		
Dividends payable	$ -	$ 487,044
Accounts payable	340,663	213,728
Accrued expenses	372,145	344,304
Total current liabilities	712,808	1,045,076
Deferred income taxes	10,000	10,000
Stockholders' equity:		
Common stock $.10 par value, authorized, 10,000,000 shares; issued, 4,943,339 and 4,932,639		

shares, respectively; outstanding 4,881,139 and 4,870,439 shares, respectively	494,334	493,264
Capital in excess of par value	3,527,423	3,492,518
Accumulated other comprehensive loss	(64,277)	(24,024)
Retained earnings	7,111,738	6,124,349
Treasury stock, at cost; 62,200 shares	(359,630)	(359,630)
Total stockholders' equity	10,709,588	9,726,477
	$ 11,432,396	$ 10,781,553

See notes to financial statements.

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

	NINE MONTHS ENDED September 30,	
	2002	2001
Cash flows provided by operating activities:		
Net earnings	$ 987,389	$ 1,513,834
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization	192,320	204,776
Provision for doubtful accounts	-	(600)
Amortization of bond premium	9,144	-
Net (gain) loss on sale of equipment	(79)	8,859
(Increase) decrease in assets:		
Accounts receivable	64,618	41,360
Inventories	(19,350)	205,538
Prepaid expenses and other current and non-current assets	11,085	(63,326)
Increase (decrease) in liabilities:		
Accounts payable	126 935	39,552
Accrued expenses and taxes payable	27,841	18,684
Net cash provided by operating activities	1,399,903	1,968,677
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(102,341)	(131,369)
Proceeds from sale of equipment	14,500	9,200
Net change in temporary investments	332,014	(2,066,214)

Purchase of marketable securities	(2,924)	(660,300)
Proceeds from sale of marketable securities	-	50,000
Net cash provided by (used in) investing activities	241,249	(2,798,683)
Cash flows from financing activities:		
Principal payments on long-term debt	-	(6,036)
Proceeds from exercise of stock options	35,975	94,251
Dividends paid	(487,044)	(486,114)
Net cash used in financing activities	(451,069)	(397,899)
Net increase (decrease) in cash and cash equivalents	1,190,083	(1,227,905)
Cash and cash equivalents at beginning of period	1,599,857	2,226,812
Cash and cash equivalents at end of period	$ 2,789,940	$ 998,907

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 September 30, 2002 and December 31, 2001 and the results of operations and cash flows for the three and nine months ended September 30, 2002 and 2001. The accounting policies followed by the Company are set forth in the Company's financial statements included in its December 31, 2001 Annual Report to Shareholders.

2. The results of operations for the three and nine months ended September 30, 2002 and 2001 are not necessarily indicative of the results to be expected for the full year.

3. Inventories

Inventories consist of the following:	September 30, 2002	December 31, 2001
Raw materials and work in process	$ 272,683	$ 245 849
Finished products and fine chemicals	932,202	939,686
	$1,204,885	$1,185,535

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

Cash payments for taxes were $513,779 and $1,078,271 for the nine months ended September 30, 2002 and 2001, respectively.

5. Comprehensive Income (Loss)

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

	Nine months ended September 30, 2002	2001	Three months ended S 2002	
Net income	$987,389	$1,513,834	$258,190	$4
Other comprehensive loss				
Unrealized loss on marketable securities	(67,874)	(52,482)	(35,022)	(
Net unrealized gain loss	(67,874)	(52,482)	(35,022)	(
Income tax benefit on comprehensive loss	(27,621)	(19,576)	(13,064)	(
Other comprehensive income loss	(40,253)	(32,906)	(21,958)	(
Comprehensive income	$947,136	$1,480,928	$236,232	$4

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

6. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share at September 30, 2002 and 2001.

	Nine months ended September 30, 2002	2001	Three months en September 30, 2002	
Numerator:				
Net income	$ 987,389	$1,513,834	$ 258,190	$ 4
Denominator:				

Denominator for basic earnings per share (weighted average shares)	4,877,478	4,867,465	4,881,139	4,8
Effect of dilutive securities:				
Employee stock options	12,392	20,137	7,655	
Denominator for diluted earnings per share (adjusted weighted-average shares) and assumed conversions	4,889,870	4,887,602	4,888,794	4,8
Basic and diluted earnings per share	$ 0.20	$ 0.31	$ 0.05	$

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Options to purchase 8,500 and 2,833 shares of the Company's common stock have been excluded from the computation of diluted earnings per share in the three and nine months ended September 30, 2002, respectively, as their inclusion would be antidilutive.

7. The Company has the following two reportable business segments: Guardian Laboratories and Eastern Chemical. The Guardian segment conducts research, development and manufacturing of pharmaceuticals, medical devices, 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 Annual Report for the year ended December 31, 2001 . 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 nine and three month periods ended September 30, 2002 and 2001.

	Nine months ended September 30, 2002			
	GUARDIAN	EASTERN	TOTAL	GUARDIAN
Revenues from external customers	$ 5,859,785	$ 936,768	$ 6,796,553	$ 6,556,466
Depreciation and amortization	105,186	-	105,186	117,079
Segment earnings (loss) before income taxes	1,550,911	(51,638)	1,499,273	2,337,639
Segment assets	2,125,281	665,859	2,791,140	2,147,797
Expenditures for segment assets	34,819	-	34,819	30,506

Reconciliation to Consolidated Amounts

Earnings before income taxes	
Total earnings for reportable segments	$ 1,499,273
Other earnings	144,105
Corporate headquarters expense	(127,441)
Consolidated earnings before income taxes	$ 1,515,937

Assets	
Total assets for reportable segments	$ 2,791,140
Corporate headquarters	8,641,256
Total consolidated assets	$11,432,396

	Three months ended September 30			
	2002			
	GUARDIAN	EASTERN	TOTAL	GUARDIAN
Revenues from external customers	$ 1,773,778	$ 312,159	$ 2,085,937	$ 1,866,397
Segment earnings (loss) before income taxes	420,141	(24,475)	395,666	675,409

Earnings before income taxes	
Total earnings for reportable segments	$ 395,666
Other earnings	44,987
Corporate headquarters expense	(46,915)
Consolidated earnings before income taxes	$ 393,738

Other significant items

	Nine Months ended September 30,			
	2002			
	Segment Totals	Corporate	Consolidated Totals	Segment Totals
Interest expense	$ -	$ -	$ -	$ -
Expenditures for assets	34,819	67,522	102,341	30,506
Depreciation and amortization	105,186	87,134	192,320	117,079

Geographic Information

	2002		2001	
	Revenues	Long-Lived Assets	Revenues	Lo
United States	$ 4,075,260	$ 1,129,163	$ 3,939,862	$
France	893,559		981,620	
Other countries	1,827,734		2,703,567	
	$ 6,796,553	$ 1,129,163	$ 7,625,049	$

Major Customers		
Customer A (Guardian)	$ 2,013,715	$ 2,805,913
Customer B (Guardian)	696,215	-
All other customers	4,086,623	4,819,136
	$ 6,796,553	$ 7,625,049

8. Impact of Recently Issued Accounting Pronouncements

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 145, "Rescission of SFAS Statements No. 4, 44, and 64, Amendment of SFAS No. 13, and Technical Corrections." This statement eliminates the current requirements that gains and losses on debt extinguishment must be classified as extraordinary items in the income statement. Instead, such gains and losses will be classified as extraordinary items only if they are deemed to be unusual and infrequent, in accordance with the current GAAP criteria for extraordinary classifications. In addition, SFAS No. 145 eliminates an inconsistency in lease accounting by requiring that modifications of capital leases that result in reclassification as operating leases be accounted for consistent with sales leaseback accounting rules. The statement also contains other nonsubstantive corrections to authoritative accounting literature. The rescission of SFAS No. 4 is effective in fiscal years beginning after May 15, 2002. The amendment and technical corrections of SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 are effective for financial statements issued on or after May 15, 2002. Management believes that the adoption of SFAS No. 145 will not have a material impact on its results of operations or financial position.

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 will 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

FORWARD LOOKING STATEMENTS

The statements contained in this report that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects upon the Company. There can be no assurance that future developments affecting the Company will be those anticipated by management. Actual results may differ materially from those included in the forward-looking 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 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.

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 to 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, 2001, and a comparison of the results of operations for the three months and nine months ended September 30, 2002 to the same period in 2001. 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, 2001.

RESULTS OF OPERATIONS

Gross revenue from operations

For the nine month period ended September 30, 2002 net sales decreased $828,496 (10.9%) versus the comparable period in 2001. The Guardian Laboratories division ("Guardian") had a sales decrease of $696,681 (10.6%) while the Eastern Chemical subsidiary ("Eastern") had a sales decrease of $131,815 (12.3%).

For the three month period ended September 30, 2002 revenue decreased $115,312 (5.2%) over the comparable period in 2001. Guardian sales decreased $92,619 (5.0%), while Eastern sales decreased $22,693 (6.8%).

The decrease in Guardian's sales for the three and nine month periods is due to a decline in demand for Guardian's products that the Company believes is primarily a result of the weak economic conditions in the United States and overseas. It is anticipated that sales will increase as the world economies improve and demand increases for the products it sells. The Company also anticipates that it will begin marketing two new products by the end of the current fiscal year, and is hopeful that these new products will bring increased revenue in the coming years.

The decline in Eastern's sales is believed to be due mainly to normal fluctuations in the purchasing patterns of its customers, but may also be partially attributable to some loss of business due to an inability to provide some products as a result of the ongoing program to reduce Eastern's on-hand inventory. The Company does not anticipate any significant increase or decrease in Eastern's sales in the near future.

Cost of sales

Cost of sales as a percentage of sales increased to 54.8% for the nine months ended September 30, 2002 from 47.7% for the comparable period ended September 30, 2001. For the three month period ended September 30, 2002 compared to the three month period ended September 30, 2001 the cost of sales as a percentage of sales increased to 56.3% from 46.2%. This increase is mainly due to the absorption of fixed costs by a lower sales volume in the three and nine month periods in 2002 as compared to the same periods in the prior year.

Operating Expenses

Operating expenses decreased $48,624 (2.8%) for the nine months ended September 30, 2002 compared to the comparable period in 2001. For the three month period ended September 30, 2002 operating expenses increased $27,465 (5.1%) over the comparable period in 2001. The decrease was primarily due to decreases in consulting fees, payroll and payroll related costs for the nine month period ended September 30, 2002 as compared to the prior year. The increase for the three month period ended September 30, 2002 is primarily due to an increase in payroll and payroll related costs compared to the prior year.

Investment income

Investment income decreased $42,638 (22.8%) for the nine months ended September 30, 2002 as compared to the comparable period in 2001, and $9,981 (18.2%) for the three months ended September 30, 2002 when compared to the comparable period in 2001. These decreases were attributable to a decline in interest rates.

Provision for income taxes

The provision for income taxes decreased $374,192 (41.5%) for the nine months ended September 30, 2002 when compared to the comparable period in 2001, and $124,452 (47.9%) for the three months ended September 30, 2001 when compared to the comparable period in 2001. The decrease is due to decreased earnings before taxes of $900,637 for the nine months ended September 30, 2002 and $300,718 for the three months ended September 30, 2002.

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased from $8,501,914 at December 31, 2001 to $9,589,725 at September 30, 2002. The current ratio increased from 9.1 to 1 at December 31, 2001 to 14.5 to 1 at September 30, 2002. The Company has no commitments for any further significant capital expenditures during the remainder of 2002, and believes that its working capital is and will continue to be sufficient to support its operating requirements.

Cash flows provided by operating activities decreased $568,774 (28.9%) for the nine months ended September 30, 2002 as compared to the comparable period in 2001. This decrease is mainly due to a decrease in net earnings for the nine months ended September 30, 2002.

Cash flows used in investing activities decreased $3,039,932 (108.6%) in the nine months ended September 30, 2002 as compared to the comparable period in 2001. This decrease is mainly due a decline in additional temporary investments.

Cash flows used in financing activities increased $53,170 (13.4%) in the nine months ended September 30, 2002 when compared to the comparable period in 2001. This increase is mainly due to a decrease in proceeds from stock options exercised during the nine month period ended September 30, 2002 when compared to 2001.

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Item 3. Controls and Procedures

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 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 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.

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. While the company does have one claim pending at the present time, it does not believe that the settlement of that claim will have a material adverse effect on the Company's financial position and results of operations.

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

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

99.1 Certification of Alfred R. Globus, Chairman and Chief Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350

99.2 Certification of Kenneth H. Globus, President and Chief Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350

b. Reports on Form 8-K

There was one report filed on Form 8-K during the three month period ended September 30, 2002 pertaining to the filing of CEO and CFO certifications pursuant to the Sarbanes-Oxley Act.

SIGNATURES

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: October 31, 2002

SECTION 302 CERTIFICATIONS

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;

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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;

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: October 31, 2002

/s/ Alfred R. Globus

Alfred R. Globus
Chief Executive Officer

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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;

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;

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: October 31, 2002

/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 September 30, 2002, 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.

October 31, 2002

/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
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 September 30, 2002, 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.

October 31, 2002

/s/ Kenneth H. Globus

Kenneth H. Globus
President and Chief Financial Officer