

**U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2002

☐ **TRANSITION REPORT PURSUANT TO 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

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

(State or Other Jurisdiction of
Incorporation or Organization)

11-1719724

(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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

**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:

4,943,339

UNITED-GUARDIAN, INC.

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

| | SIX MONTHS ENDED JUNE 30, | | THREE MONTHS ENDED JUNE 30, | |
|---|------------------------------|--------------|--------------------------------|--------------|
| | 2002 | 2001 | 2002 | 2001 |
| | ----- | ----- | ----- | ----- |
| Revenue: | | | | |
| Net sales | \$ 4,710,616 | \$ 5,423,800 | \$ 2,328,168 | \$ 2,593,955 |
| | ----- | ----- | ----- | ----- |
| Costs and expenses: | | | | |
| Cost of sales | 2,551,786 | 2,621,552 | 1,279,051 | 1,323,838 |
| Selling, general and administrative | 1,135,749 | 1,211,838 | 654,245 | 629,839 |
| | ----- | ----- | ----- | ----- |
| | 3,687,535 | 3,833,390 | 1,933,296 | 1,953,677 |
| | ----- | ----- | ----- | ----- |
| Earnings from operations | 1,023,081 | 1,590,410 | 394,872 | 640,278 |
| Other income (expense): | | | | |
| Interest expense | - | (37) | - | (12) |
| Investment income | 99,088 | 131,745 | 49,464 | 65,736 |
| Gain on sale of assets | 79 | - | - | - |
| Other | (49) | - | (49) | - |
| | ----- | ----- | ----- | ----- |
| Earnings before income taxes | 1,122,199 | 1,722,118 | 444,287 | 706,002 |
| Provision for income taxes | 393,000 | 642,740 | 153,000 | 262,740 |
| | ----- | ----- | ----- | ----- |
| Net earnings | \$ 729,199 | \$ 1,079,378 | \$ 291,287 | \$ 443,262 |
| | ===== | ===== | ===== | ===== |
| Earnings per common share (basic and diluted) | \$ 0.15 | \$ 0.22 | \$ 0.06 | \$ 0.09 |
| | ===== | ===== | ===== | ===== |
| Basic weighted average shares | 4,875,617 | 4,866,162 | 4,880,386 | 4,869,151 |
| | ===== | ===== | ===== | ===== |
| Diluted weighted average shares | 4,890,378 | 4,889,214 | 4,893,622 | 4,889,910 |
| | ===== | ===== | ===== | ===== |

See notes to financial statements.

UNITED-GUARDIAN, INC.
CONSOLIDATED BALANCE SHEETS

| | JUNE 30, 2002 | DECEMBER 31, 2001 |
|--|------------------|----------------------|
| | ----- | ----- |
| ASSETS | (UNAUDITED) | (DERIVED FROM |
| AUDITED | | FINANCIAL |
| STATEMENTS) | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,852,104 | \$ 1,599,857 |
| Temporary investments | 4,596,768 | 4,365,114 |
| Marketable securities | 907,396 | 944,348 |
| Accounts receivable, net of allowance for doubtful accounts of \$63,100 at June 30, 2002 and December 31, 2001, respectively | 833,460 | 844,388 |
| Inventories | 1,134,335 | 1,185,535 |
| Prepaid expenses and other current assets | 250,381 | 327,924 |
| Deferred income taxes | 294,381 | 279,824 |
| | ----- | ----- |
| Total current assets | 9,868,825 | 9,546,990 |
| | ----- | ----- |
| Property, plant and equipment: | | |
| Land | 69,000 | 69,000 |
| Factory equipment and fixtures | 2,698,248 | 2,698,088 |
| Building and improvements | 2,026,302 | 2,019,136 |
| Waste disposal plant | 133,532 | 133,532 |
| | ----- | ----- |
| | 4,927,082 | 4,919,756 |
| Less: Accumulated depreciation | 3,775,194 | 3,721,343 |
| | ----- | ----- |
| | 1,151,888 | 1,198,413 |
| | ----- | ----- |
| Other assets: | | |
| Processes and patents, net of accumulated amortization of \$972,570 and \$946,647 at June 30, 2002 and December 31, 2001, respectively | 9,227 | 35,150 |
| Other | 700 | 1,000 |
| | ----- | ----- |
| | 9,927 | 36,150 |
| | ----- | ----- |
| | \$ 11,030,640 | \$ 10,781,553 |
| | ===== | ===== |

See notes to financial statements.

UNITED-GUARDIAN, INC.
CONSOLIDATED BALANCE SHEETS

| | JUNE 30, 2002 | DECEMBER 31, 2001 |
|--|----------------------|------------------------|
| | ----- (UNAUDITED) | ----- (DERIVED FROM |
| LIABILITIES AND AUDITED STOCKHOLDERS' EQUITY STATEMENTS) | | FINANCIAL |
| Current liabilities: | | |
| Dividends payable | \$ - | \$ 487,044 |
| Accounts payable | 173,688 | 213,728 |
| Accrued expenses | 373,596 | 344,304 |
| | ----- | ----- |
| Total current liabilities | 547,284 | 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 | (42,319) | (24,024) |
| Retained earnings | 6,853,548 | 6,124,349 |
| Treasury stock, at cost; 62,200 shares | (359,630) | (359,630) |
| | ----- | ----- |
| Total stockholders' equity | 10,473,356 | 9,726,477 |
| | ----- | ----- |
| | \$ 11,030,640 | \$ 10,781,553 |
| | ===== | ===== |

See notes to financial statements.

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

| | SIX MONTHS ENDED June 30, | |
|---|------------------------------|--------------|
| | 2002 | 2001 |
| Cash flows provided by operating activities: | | |
| Net earnings | \$ 729,199 | \$ 1,079,378 |
| Adjustments to reconcile net earnings to net cash flows from operations: | | |
| Depreciation and amortization | 130,529 | 133,963 |
| Provision for doubtful accounts | - | (600) |
| Amortization of bond premium | 6,102 | - |
| Net gain on sale of equipment | (79) | - |
| (Increase) decrease in assets: | | |
| Accounts receivable | 10,928 | (496,434) |
| Inventories | 51,200 | 265,761 |
| Prepaid expense and other current assets | 77,843 | (158,727) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (40,040) | 18,639 |
| Accrued expenses and taxes payable | 29,292 | 129,466 |
| Net cash provided by operating activities | 994,974 | 971,446 |
| Cash flows from investing activities: | | |
| Acquisition of property, plant and equipment | (72,502) | (77,418) |
| Proceeds from sale of equipment | 14,500 | - |
| Net change in temporary investments | (231,654) | (1,146,268) |
| Purchase of marketable securities | (2,002) | (642,344) |
| Net cash used in investing activities | (291,658) | (1,876,030) |
| Cash flows from financing activities: | | |
| Principal payments on long-term debt | - | (5,170) |
| Proceeds from exercise of stock options | 35,975 | 89,032 |
| Dividends paid | (487,044) | (486,114) |
| Net cash used in financing activities | (451,069) | (402,252) |
| Net increase (decrease) in cash and cash equivalents | 252,247 | (1,306,836) |
| Cash and cash equivalents at beginning of period | 1,599,857 | 2,226,812 |
| Cash and cash equivalents at end of period | \$ 1,852,104 | \$ 919,976 |

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 June 30, 2002 and December 31, 2001 and the results of operations and cash flows for the three and six months ended June 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 six months ended June 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: | June 30, 2002 | December 31, 2001 |
|---------------------------------------|------------------|----------------------|
| | ----- | ----- |
| Raw materials and work in process | \$ 271,196 | \$ 245,849 |
| Finished products and fine chemicals | 863,139 | 939,686 |
| | ----- | ----- |
| | \$1,134,335 | \$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 \$290,928 and \$879,216 for the six months ended June 30, 2002 and 2001, respectively.

5. Comprehensive Income (Loss)

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

| | Six months ended June 30, | | Three months ended June 30, | |
|-----------------------------------|---------------------------|-------------|-----------------------------|-----------|
| | 2002 | 2001 | 2002 | 2001 |
| | ----- | ----- | ----- | ----- |
| Net income | \$729,199 | \$1,079,378 | \$291,287 | \$443,262 |
| | ----- | ----- | ----- | ----- |
| Other comprehensive income (loss) | | | | |
| Unrealized gain (loss) on | | | | |
| marketable securities | (32,852) | (15,977) | (31,732) | 13,781 |
| | ----- | ----- | ----- | ----- |
| Net unrealized gain (loss) | (32,852) | (15,977) | (31,732) | 13,781 |
| | ----- | ----- | ----- | ----- |
| Income tax provision (benefit) on | | | | |
| comprehensive income (loss) | (14,557) | (5,953) | (13,195) | 5,147 |
| | ----- | ----- | ----- | ----- |
| Other comprehensive income (loss) | (18,295) | (10,024) | (18,537) | 8,634 |
| | ----- | ----- | ----- | ----- |
| Comprehensive income | \$710,904 | \$1,069,354 | \$272,750 | \$451,896 |
| | ===== | ===== | ===== | ===== |

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 June 30, 2002 and 2001.

| | Six months ended June 30, | | Three months ended June 30, | |
|---|------------------------------|-------------|--------------------------------|------------|
| | 2002 | 2001 | 2002 | 2001 |
| Numerator: | | | | |
| Net income | \$ 729,199 | \$1,079,378 | \$ 291,287 | \$ 443,262 |
| | ===== | ===== | ===== | ===== |
| Denominator: | | | | |
| Denominator for basic earnings per share (weighted average shares) | 4,875,617 | 4,866,162 | 4,880,386 | 4,869,151 |
| Effect of dilutive securities : | | | | |
| Employee stock options | 14,761 | 23,052 | 13,236 | 20,759 |
| | ----- | ----- | ----- | ----- |
| Denominator for diluted earnings per share (adjusted weighted-average shares) and assumed conversions | 4,890,378 | 4,889,214 | 4,893,622 | 4,889,910 |
| | ===== | ===== | ===== | ===== |
| Basic and diluted earnings per share | \$ 0.15 | \$ 0.22 | \$ 0.06 | \$ 0.09 |
| | ===== | ===== | ===== | ===== |

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 December 31, 2001 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 six and three month periods ended June 30, 2002 and 2001.

| | Six months ended June 30, | | | 2001 | | |
|--|---------------------------|------------|--------------|--------------|------------|--------------|
| | 2002 | | | | | |
| | GUARDIAN | EASTERN | TOTAL | GUARDIAN | EASTERN | TOTAL |
| Revenues from external customers | \$ 4,086,007 | \$ 624,609 | \$ 4,710,616 | \$ 4,690,069 | \$ 733,731 | \$ 5,423,800 |
| Depreciation and amortization | 71,171 | - | 71,171 | 77,205 | - | 77,205 |
| Segment earnings (loss) before income taxes | 1,130,770 | (27,163) | 1,103,607 | 1,662,230 | 11,749 | 1,673,979 |
| Segment assets | 2,309,156 | 459,881 | 2,769,037 | 2,591,687 | 411,745 | 3,003,432 |
| Expenditures for segment assets | 14,524 | - | 14,524 | 15,036 | - | 15,036 |
| Reconciliation to Consolidated Amounts | | | | | | |
| Earnings before income taxes | | | | | | |
| Total earnings for reportable segments | | | \$ 1,103,607 | | | \$ 1,673,979 |
| Other earnings | | | 99,118 | | | 131,708 |
| Corporate headquarters expense | | | (80,526) | | | (83,569) |
| Consolidated earnings before income taxes | | | \$ 1,122,199 | | | \$ 1,722,118 |
| | | | ===== | | | ===== |
| Assets | | | | | | |
| Total assets for reportable segments | | | \$ 2,769,037 | | | \$ 3,003,432 |
| Corporate headquarters | | | 8,261,603 | | | 7,054,540 |
| Total consolidated assets | | | \$11,030,640 | | | \$10,057,972 |
| | | | ===== | | | ===== |

| | Three months ended June 30, | | | 2001 | | |
|--|-----------------------------|------------|--------------|--------------|------------|--------------|
| | 2002 | | | | | |
| | GUARDIAN | EASTERN | TOTAL | GUARDIAN | EASTERN | TOTAL |
| Revenues from external customers | \$ 1,988,156 | \$ 340,012 | \$ 2,328,168 | \$ 2,251,632 | \$ 342,323 | \$ 2,593,955 |
| Segment earnings (loss) before income taxes | 456,862 | (21,648) | 435,214 | 687,213 | (1,379) | 685,834 |

| | | |
|---|------------|------------|
| Earnings before income taxes | | |
| ----- | | |
| Total earnings for reportable segments | \$ 435,214 | \$ 685,834 |
| Other earnings | 49,415 | 65,724 |
| Corporate headquarters expense | (40,342) | (45,556) |
| | ----- | ----- |
| Consolidated earnings before income taxes | \$ 444,287 | \$ 706,002 |
| | ===== | ===== |
| Other significant items | | |
| ----- | | |

| | Six Months ended June 30, | | | | | |
|-------------------------------|---------------------------|-----------|------------------------|-------------------|-----------|------------------------|
| | 2002 | | | 2001 | | |
| | Segment Totals | Corporate | Consolidated Totals | Segment Totals | Corporate | Consolidated Totals |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Interest Expense | \$ - | \$ - | \$ - | \$ - | \$ 37 | \$ 37 |
| Expenditures for assets | 14,524 | 57,978 | 72,502 | 15,036 | 62,382 | 77,418 |
| Depreciation and amortization | 71,171 | 59,358 | 130,529 | 77,205 | 56,758 | 133,963 |

Geographic Information

| | 2002 | | 2001 | |
|-----------------|--------------|----------------------|--------------|----------------------|
| | Revenues | Long-Lived Assets | Revenues | Long-Lived Assets |
| | ----- | ----- | ----- | ----- |
| United States | \$ 2,229,946 | \$ 1,161,115 | \$ 2,682,713 | \$ 1,297,985 |
| France | 732,871 | | 845,508 | |
| Other countries | 1,747,799 | | 1,895,579 | |
| | ----- | ----- | ----- | ----- |
| | \$ 4,710,616 | \$ 1,161,115 | \$ 5,423,800 | \$ 1,297,985 |
| | ===== | ===== | ===== | ===== |

Major Customers

| | 2002 | 2001 |
|-----------------------|--------------|--------------|
| | ----- | ----- |
| Customer A (Guardian) | \$ 1,439,142 | \$ 1,893,243 |
| Customer B (Guardian) | 573,127 | 711,978 |
| All other customers | 2,698,347 | 2,818,579 |
| | ----- | ----- |
| | \$ 4,710,616 | \$ 5,423,800 |
| | ===== | ===== |

8. Contingencies

While the Company has claims arise from time to time in the ordinary course of its business, the Company is not currently involved in any material claims. The settlement of such claims has not had a material adverse effect on the Company's financial position and results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Gross revenue from operations

For the six month period ended June 30, 2002 net sales decreased \$713,184 (13.1%) versus the comparable period in 2001. The Guardian Laboratories division ("Guardian") had a sales decrease of \$604,062 (12.9%) while the Eastern Chemical subsidiary ("Eastern") had a sales decrease of \$109,122 (14.9%).

For the three month period ended June 30, 2002 revenue decreased \$265,787 (10.2%) over the comparable period in 2001. Guardian sales decreased \$263,476 (11.7%), while Eastern sales decreased \$2,311 (0.7%)

The decrease in Guardian's sales for the three and six month periods is due to a decline in demand for Guardian's products that Registrant believes is primarily due to the economic conditions in the United States and overseas. 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.

Cost of sales

Cost of sales as a percentage of sales increased to 54.2% for the six months ended June 30, 2002 from 48.3% for the comparable period ended June 30, 2001. For the three month period ended June 30, 2002 compared to the three month period ended June 30, 2001 the cost of sales as a percentage of sales increased to 54.9% from 51.0%. This increase is mainly due to the absorption of fixed costs by a lower sales volume in the three and six month periods in 2002 as compared to the same periods in the prior year.

Operating Expenses

Operating expenses decreased \$76,089 (6.3%) for the six months ended June 30, 2002 compared to the comparable period in 2001. For the three month period ended June 30, 2002 operating expenses increased \$24,406 (3.9%) over the comparable period in 2001. The decrease was primarily due to decreases in consulting fees, payroll and payroll related costs for the six month period ended June 30, 2002 as compared to the prior year. The increase for the three month period ended June 30, 2002 is primarily due to an increase in legal expenses as compared to the prior year.

Investment income

Investment income decreased \$32,657 (24.8%) for the six months ended June 30, 2002 as compared to the comparable period in 2001, and \$16,272 (24.8%) for the three months ended June 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 \$249,740 (38.9%) for the six months ended June 30, 2002 when compared to the comparable period in 2001, and \$109,740 (41.8%) for the three months ended June 30, 2001 when compared to the comparable period in 2001. The decrease is due to decreased earnings before taxes of \$599,919 for the six months ended June 30, 2002 and \$261,715 for the three months ended June 30, 2002.

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased from \$8,501,914 at December 31, 2001 to \$9,321,541 at June 30, 2002. The current ratio increased from 9.1 to 1 at December 31, 2001 to 18.0 to 1 at June 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 increased \$23,528 (2.4%) for the six months ended June 30, 2002 as compared the comparable period in 2001. This increase is mainly due to an increase in outstanding accounts receivable due to timing of sales for the quarter ended June 30, 2001.

Cash flows used in investing activities decreased \$1,584,372 (84.5%) in the six months ended June 30, 2002 when 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 \$48,817 (12.1%) in the six months ended June 30, 2002 when compared to the comparable period in 2001. This increase is mainly due to a decrease in stock options exercised during the six month period ended June 30, 2002 when compared to 2001.

PART II - OTHER INFORMATION

Item 6 (b) Exhibits and Reports on Form 8-K

- a. Exhibits - None
- b. Reports on Form 8-K - None

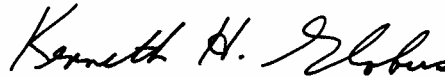
SIGNATURES

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

UNITED-GUARDIAN, INC.
(Registrant)



Alfred R. Globus
Chief Executive Officer



Kenneth H. Globus
Chief Financial Officer

Date: August 6, 2002

STATEMENT UNDER OATH OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL OFFICER REGARDING FACTS AND
CIRCUMSTANCES RELATING TO EXCHANGE ACT FILINGS

I, Alfred R. Globus, state and attest that:

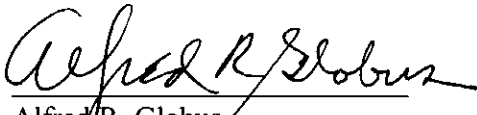
(1) To the best of my knowledge, based upon a review of the covered reports of United-Guardian, Inc., and, except as corrected or supplemented in a subsequent covered report:

- no covered report contained an untrue statement of a material fact as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed); and
- no covered report omitted to state a material fact necessary to make the statements in the covered report, in light of the circumstances under which they were made, not misleading as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed).

(2) I have reviewed the contents of this statement with the Company's audit committee.

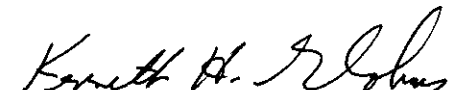
(3) In this statement under oath, each of the following, if filed on or before the date of this statement, is a "covered report":

- 2001 Annual Report on Form 10-KSB of United-Guardian, Inc.;
- Definitive Proxy Statement dated April 15, 2002;
- Form 10-QSB for period ended March 31, 2002;
- Form 10-QSB for period ended June 30, 2002


Alfred R. Globus
Chairman and Chief Executive Officer

August 6, 2002

Subscribed and sworn to before me
this 6th day of August, 2002.


Notary Public

My Commission Expires: 1/20/03

KENNETH H. GLOBUS
Notary Public, State of New York
No. 4885648
Qualified in Suffolk County
Commission Expires January 20, 2003

STATEMENT UNDER OATH OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL OFFICER REGARDING FACTS AND
CIRCUMSTANCES RELATING TO EXCHANGE ACT FILINGS

I, Kenneth H. Globus, state and attest that:

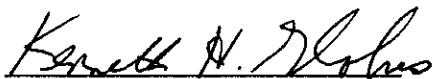
(1) To the best of my knowledge, based upon a review of the covered reports of United-Guardian, Inc., and, except as corrected or supplemented in a subsequent covered report:

- no covered report contained an untrue statement of a material fact as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed); and
- no covered report omitted to state a material fact necessary to make the statements in the covered report, in light of the circumstances under which they were made, not misleading as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed).

(2) I have reviewed the contents of this statement with the Company's audit committee.

(3) In this statement under oath, each of the following, if filed on or before the date of this statement, is a "covered report":

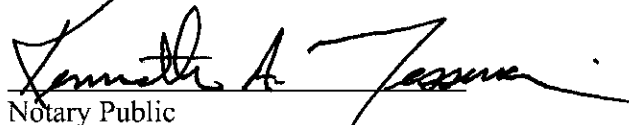
- 2001 Annual Report on Form 10-KSB of United-Guardian, Inc.;
- Definitive Proxy Statement dated April 15, 2002;
- Form 10-QSB for period ended March 31, 2002;
- Form 10-QSB for period ended June 30, 2002



Kenneth H. Globus
President and Chief Financial Officer

August 6, 2002

Subscribed and sworn to before me
this 6th day of August, 2002.


Notary Public

My Commission Expires:

KENNETH A. MESSINA
Notary Public, State of New York
No. 62-7911694
Qualified in Suffolk County
Commission Expires 8-31-2002