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UNITED GUARDIAN INC
Form 10QSB
August 09, 2004

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

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities
----- Exchange Act of 1934

For the quarterly period ended June 30, 2004

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

For the transition period from _____ to _____

Commission File Number 1-10526

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)

(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

No

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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:

4,929,539

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

	SIX MONTHS ENDED June 30,		THREE MONTHS ENDED June 30,	
	2004	2003	2004	2003
Revenue:				
Net sales	\$ 5,990,071	\$ 6,317,077	\$ 3,022,968	\$ 3,099,544
Costs and expenses:				
Cost of sales	2,598,815	3,053,516	1,325,555	1,523,369
Operating expenses	1,347,487	1,262,808	701,636	631,110
	<u>3,946,302</u>	<u>4,316,324</u>	<u>2,027,191</u>	<u>2,154,479</u>
Income from operations	2,043,769	2,000,753	995,777	945,065
Other income (expense):				
Investment income	106,412	79,164	49,320	39,923
Gain on sale of assets	-	500	-	-
Other	(17)	(25)	-	(25)
	<u>2,150,164</u>	<u>2,080,392</u>	<u>1,045,097</u>	<u>984,963</u>
Provision for income taxes	768,000	742,000	372,800	350,000
Net income	\$ 1,382,164	\$ 1,338,392	\$ 672,297	\$ 634,963
Earnings per common share (basic and diluted)	\$ 0.28	\$ 0.27	\$ 0.14	\$ 0.13
Weighted average shares - basic	4,926,753	4,883,951	4,929,539	4,886,733
Weighted average shares - diluted	4,937,206	4,900,032	4,937,759	4,905,740

See notes to financial statements

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UNITED-GUARDIAN, INC.
CONSOLIDATED BALANCE SHEETS

June 30, December 31,

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ASSETS	2004 ----- (UNAUDITED)	2003 ----- (DERIVED FROM AUDITED FINANCIAL STATEMENTS)
Current assets:		
Cash and cash equivalents	\$ 3,038,098	\$ 2,710,029
Temporary investments	1,517,008	1,615,751
Marketable securities	6,092,186	6,098,986
Accounts receivable, net of allowance for doubtful accounts of 27,000 at June 30, 2004 and December 31, 2003	1,315,482	1,007,055
Inventories (net)	1,478,979	1,093,312
Prepaid expenses and other current assets	257,533	264,978
Deferred income taxes	237,017	207,817
	-----	-----
Total current assets	13,936,303	12,997,928
	-----	-----
Property, plant and equipment:		
Land	69,000	69,000
Factory equipment and fixtures	2,919,710	2,825,125
Building and improvements	2,073,191	2,068,752
Waste disposal plant	133,532	133,532
	-----	-----
	5,195,433	5,096,409
Less: Accumulated depreciation	4,173,273	4,070,158
	-----	-----
	1,022,160	1,026,251
	-----	-----
Other assets:		
Processes and patents, net of accumulated amortization of \$981,797 and \$981,732 at June 30, 2004 and December 31, 2003, respectively	-	65
Other	700	700
	-----	-----
	700	765
	-----	-----
	\$ 14,959,163	\$ 14,024,944
	=====	=====

See notes to financial statements

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	June 30 2004	December 31, 2003
	----- (UNAUDITED)	----- (DERIVED FROM AUDITED FINANCIAL STATEMENTS)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Dividends payable	\$ -	\$ 737,736
Accounts payable	475,893	309,921
Accrued expenses	480,340	350,769
Taxes payable	19,001	-
	-----	-----
Total current liabilities	975,234	1,398,426
	-----	-----
Deferred income taxes	10,000	10,000
	-----	-----
Stockholders' equity:		
Common stock, \$.10 par value;		
10,000,000 shares authorized;		
4,991,739 and 4,984,439 shares		
issued, respectively; 4,929,539		
and 4,922,239 shares outstanding,		
respectively	499,174	498,444
Capital in excess of par value	3,740,613	3,717,160
Accumulated other comprehensive loss	(79,550)	(30,614)
Retained earnings	10,173,322	8,791,158
Treasury stock, at cost; 62,200 shares	(359,630)	(359,630)
	-----	-----
Total stockholders' equity	13,973,929	12,616,518
	-----	-----
	\$ 14,959,163	\$ 14,024,944
	=====	=====

See notes to financial statements

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

SIX MONTHS ENDED
June 30,

2004 2003

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Cash flows provided by operating activities:		
Net income	\$ 1,382,164	\$ 1,338,392
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	103,180	102,539
Amortization of bond premium	-	4,589
Net gain on sale of equipment	-	(500)
Provision for doubtful accounts	-	11,406
Provision for inventory obsolescence	(91,000)	34,000
Increase (decrease) in cash resulting from changes in operating assets and liabilities		
Accounts receivable	(308,427)	(564,454)
Inventories	(294,667)	349,175
Prepaid expenses and other assets	7,445	109,911
Accounts payable	165,972	993
Accrued expenses and taxes payable	148,572	60,368
Net cash provided by operating activities	1,113,239	1,446,419
Cash flows from investing activities:		
Acquisition of plant and equipment	(99,024)	(83,584)
Proceeds from sale of equipment	-	500
Net change in temporary investments	98,743	1,377,512
Purchase of marketable securities	(1,247,013)	(1,900)
Proceeds from sale of marketable securities	1,175,677	430,000
Net cash (used in) provided by investing activities	(71,617)	1,722,528
Cash flows from financing activities:		
Proceeds from exercise of stock options	24,183	101,050
Dividends paid	(737,736)	(488,114)
Net cash used in financing activities	(713,553)	(387,064)
Net increase in cash and cash equivalents	328,069	2,781,883
Cash and cash equivalents at beginning of period	2,710,029	3,184,599
Cash and cash equivalents at end of period	\$ 3,038,098	\$ 5,966,482

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, 2004 and the results of operations and cash flows for the three and six months ended June 30, 2004 and 2003. The accounting policies followed by the Company are set forth in the Company's financial statements included in its December 31, 2003

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Annual Report to Shareholders.

2. The results of operations for the three and six months ended June 30, 2004 and 2003 are not necessarily indicative of the results to be expected for the full year.

3. Stock-Based Compensation: At its meeting on March 19, 2004 the Board of Directors of the Company approved the adoption of a new stock-based employee compensation plan to replace the previous two stock-based employee compensation plans that expired in 2003. The new plan covers both employees and Directors. The adoption and implementation of new plan was ratified by the shareholders of the Company at the Company's annual meeting of shareholders on May 19, 2004. As permitted under FAS 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 arrangements 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.

	Six months ended June 30,		Three months ended June30,	
	2004	2003	2004	2003
Reported net income	\$1,382,164	\$1,338,392	\$ 672,297	\$ 634,96
Stock-based employee compensation expense included in reported net income, net of related tax effects	0	0	0	
Stock-based employee compensation determined under the fair value based method, net of related tax effect	0	(13,195)	0	(5,97
Pro forma net income	\$1,382,164	\$1,325,197	\$ 672,297	\$628,98
Earnings per share (basic and diluted)				
As reported	\$.28	\$.27	\$.14	\$.1
Pro forma	\$.28	\$.27	\$.14	\$.1

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4. Inventories - Net

	June 30, 2004	December 31, 2003
Inventories consist of the following:		
Raw materials and work in process	\$ 520,452	\$ 225,443
Finished products and fine chemicals	958,527	867,869
	\$1,478,979	\$1,093,312

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At June 30, 2004 and December 31, 2003, the Company has reserved \$128,000 and \$219,000, respectively, for slow moving and obsolete inventory.

5. 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 \$712,432 and \$617,645 for the six months ended June 30, 2004 and 2003, respectively.

6. Comprehensive Income (Loss)

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

	Six months ended June 30,		Three months ended June 30,	
	2004	2003	2004	2003
Net income	\$1,382,164	\$1,338,392	\$ 672,297	\$ 634,963
Other comprehensive income (loss)				
Unrealized gain (loss) on marketable securities	(78,136)	22,243	(93,311)	27,369
Income tax (benefit) on comprehensive (loss) gain	(29,200)	8,280	(34,930)	10,193
Other comprehensive (loss) income	(48,936)	13,963	(58,381)	17,176
Comprehensive income	\$1,333,228	\$1,352,355	\$ 613,916	\$ 652,139

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

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7. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share at June 30, 2004 and 2003.

	Six months ended June 30,		Three months ended June 30,	
	2004	2003	2004	2003
Numerator:				
Net income	\$1,382,164	\$1,338,392	\$ 672,297	\$ 634,963

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	=====	=====	=====	=====
Denominator:				
Denominator for basic earnings per share (weighted average shares)	4,926,753	4,883,951	4,929,539	4,886,733
Effect of dilutive securities:				
Employee stock options	10,453	16,081	8,220	19,007
Denominator for diluted earnings per share (adjusted weighted-average shares) and assumed conversions	4,937,206	4,900,032	4,937,759	4,905,740
Basic and diluted earnings per share	\$ 0.28	\$ 0.27	\$ 0.14	\$ 0.13

8. The Company has the following two reportable business segments: Guardian Laboratories and Eastern Chemical. The Guardian segment conducts research, development and manufacturing of cosmetic ingredients, personal and health care products, pharmaceuticals, and specialty industrial 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, 2003. 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, 2004 and 2003.

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	Six months ended June 30,			
	2004			
	----- GUARDIAN -----	----- EASTERN -----	----- TOTAL -----	----- GUARDIAN -----
Revenues from external customers	\$ 5,422,334	\$ 567,737	\$ 5,990,071	\$ 5,738,137
Depreciation and amortization	49,767	-	49,767	45,807
Segment income (loss) before income taxes	2,165,996	(46,054)	2,119,942	2,126,841

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Segment Assets	3,134,561	551,755	3,686,316	2,406,962
Capital Expenditure	92,221	-	92,221	58,845

Reconciliation to Consolidated Amounts

Income before income taxes

Total income for reportable segments	\$ 2,119,942
Other income, net	106,395
Corporate headquarters expense	(76,173)
Consolidated earnings before income taxes	\$ 2,150,164

ASSETS

Total Assets for reportable segments	\$ 3,686,316
Corporate headquarters	11,272,847
Total consolidated assets	\$14,959,163

Three months ended June 30,

	2004			
	GUARDIAN	EASTERN	TOTAL	GUARDIAN
Revenues from external customers	\$ 2,727,102	\$ 295,866	\$ 3,022,968	\$ 2,842,162
Depreciation and amortization	23,921	-	23,921	25,611
Segment income (loss) before income taxes	1,062,065	(28,654)	1,033,411	1,013,127

Income before income taxes

Total income for reportable segments	\$ 1,033,411
Other income, net	49,320
Corporate headquarters expense	(37,634)
Consolidated earnings before income taxes	\$ 1,045,097

Other significant items

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Six Months ended June 30,

	2004			Segment Totals
	Segment Totals	Corporate	Consolidated Totals	
Capital Expenditures	\$ 92,221	\$ 6,803	\$ 99,024	\$ 58,845
Depreciation and amortization	49,767	53,413	103,180	45,807

Geographic Information

	2004		2003	
	Revenues	Long-Lived Assets	Revenues	Lo
United States	\$ 2,936,424	\$ 1,022,160	\$ 2,323,878	\$
France	753,847		714,879	
Other countries	2,299,800		3,278,320	
	<u>\$ 5,990,071</u>	<u>\$ 1,022,160</u>	<u>\$ 6,137,077</u>	<u>\$</u>

Major Customers

Customer A (Guardian)*	\$ 2,527,401	\$ 2,230,979
Customer B (Guardian)	627,476	621,640
All other customers	2,835,194	3,464,458
	<u>\$ 5,990,071</u>	<u>\$ 6,317,077</u>

* At June 30, 2004 Customer A and B had balances approximating 40% and 14% respectively of accounts receivable. At June 30, 2003 Customer A and B had balances approximating 25% and 9% respectively of accounts receivable.

Item 2. Management's Discussion and Analysis or Plan of Operation

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

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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 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.

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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 both to distributors and directly to end 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 has reduced 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. This has resulted in some reduction in sales for this division. Sales of this division have also declined as a result of increased competition from new and existing competitors that are making increased use of the the Internet as a selling tool.

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Products manufactured by the Company are marketed worldwide through its extensive marketing and distribution arrangements. Currently 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 December 31, 2003, and a comparison of the results of operations for the three and six month periods ended June 30, 2004 and June 30, 2003. 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, 2003.

RESULTS OF OPERATIONS

Gross revenue from operations

For the six month period ended June 30, 2004 net sales decreased \$327,006 (5.2%) versus the comparable period in 2003. The Guardian Laboratories division ("Guardian") had a sales decrease of \$315,803 (5.5%) while the Eastern Chemical subsidiary ("Eastern") had a sales decrease of \$11,203 (1.9%).

For the three month period ended June 30, 2004 net sales decreased \$76,576 (2.5%) versus the comparable period in 2003. Guardian sales decreased \$115,060 (4.0%) while Eastern sales increased \$38,484 (15%).

The decreases in Guardian's sales is believed to be due mainly to normal fluctuations in purchasing patterns of its customers. The six month decrease and three month increase in Eastern's sales is believed to be partially attributable to normal fluctuations in purchasing patterns of its customers, but the decrease may also be partially due to some loss of business due to the Company maintaining lower inventory levels as compared to the prior year.

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Cost of sales

Cost of sales as a percentage of sales decreased to 43.4% for the six months ended June 30, 2004 from 48.3% for the comparable period ended June 30, 2003. For the three month period ended June 30 2004 compared to the three month period ended June 30, 2003 cost of sales as a percentage of sales decreased to 43.8% from 49.1%. These decreases are mainly due to a reduction in the capitalization of overhead for the six and three month periods in 2004 as compared to the comparable periods in the prior year.

Operating Expenses

Operating expenses increased \$84,679 (6.7%) for the six months ended June 30, 2004 compared to the comparable period in 2003. For the three month period ended June 30, 2004 operating expenses increased \$70,526 (11.2%) over the comparable period in 2003. Increases in expenses for the six month and three month periods were mainly due to increases in insurance costs and payroll related costs, including a bonus accrual.

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Investment income

Investment income increased \$27,248 (34.4%) for the six months ended June 30, 2004 when compared to the comparable period in 2003 and \$9,397 (23.5) for the three months ended June 30, 2004 when compared to the comparable period in 2003. This increase is attributable to an increase in investment in bonds with higher yields as opposed to lower-yielding money market funds and certificates of deposit. Investment income is recorded net of brokerage fees.

Provision for income taxes

The provision for income taxes increased \$26,000 (3.5%) for the six months ended June 30, 2004 as compared to the comparable period in 2003 and \$22,800 (6.5%) for the three months ended June 30, 2004 when compared to the comparable period in 2003. The increases for the six and three months ended June 30, 2004 when compared to the comparable period in 2003 are mainly due to an increases in operating income and investment income.

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased from \$11,599,502 at December 31, 2003 to \$12,961,069 at June 30, 2004. The current ratio increased from 9.3 to 1 at December 31, 2003 to 14.3 to 1 at June 30, 2004. The Company has no commitments for any further significant capital expenditures during the remainder of 2004, 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 \$1,113,239 and \$1,446,419 for the six months ended June 30, 2004 and June 30, 2003 respectively. The decrease was primarily due to the net effect of increases in inventory and accounts receivable partially offset by an increase in accounts payable.

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During the six month period ended June 30, 2004 \$71,617 was used in investment activities, as compared to the six months ended June 30, 2003 when \$1,722,528 was provided by investing activities. The change was primarily due to the redemption of certificates of deposit in 2003 and the purchase of temporary investments in 2004 (primarily money market funds).

Cash used in financing activities was \$713,553 and \$387,064 for the six months ended June 30, 2004 and June 30, 2003 respectively. The increase is due primarily to an increase in dividends paid during the six months ended June 30, 2004 as compared to the three months ended June 30, 2003.

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 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

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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: NONE
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

- 31.1 Certification of Alfred R. Globus, Chairman and Chief Executive Officer of the Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Kenneth H. Globus, President and Chief Financial of the Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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- 32.1 Certification of Alfred R. Globus, Chairman and Chief Executive Officer of the Company, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Kenneth H. Globus, President and Chief Financial Officer of the Company, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K

On May 27, 2004 the Company filed a report on Form 8-K pertaining to an earnings release that the Company had issued on May 7, 2004.

SIGNATURES

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

UNITED-GUARDIAN, INC.
(Registrant)

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By: /s/ Alfred R. Globus

Alfred R. Globus
Chief Executive Officer

By: /s/ Kenneth H. Globus

Kenneth H. Globus
Chief Financial Officer

Date: August 9, 2004