



UNITED-GUARDIAN, INC.

Corporate Divisions and Subsidiaries

GUARDIAN LABORATORIES

EASTERN CHEMICAL

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Press Release

FOR IMMEDIATE RELEASE

UNITED-GUARDIAN REPORTS STRONG SIX MONTH EARNINGS

Hauppauge, NY, August 5, 2005 – United-Guardian, Inc. (AMEX:UG) reported today that sales for the first six months of the year reached a new high of \$6,647,572, an increase of 11% over the same period last year. Earnings for the six-month period also reached a record high of \$.30 per share, up from \$.28 per share for the same period last year. For the three months ended June 30th, sales and earnings were down from the same period last year due primarily to the effects of a price increase that went into effect in the first quarter of the year.

Ken Globus, President of United-Guardian, stated “We are very pleased that we have been able to continue to reach record levels of sales and earnings despite indications that the market for personal care products has been flat this year. As a result of some customers taking in extra inventory in the first quarter in anticipation of a price increase that we put into effect in March, second quarter sales were down compared to last year, but we expect this to even out during the next quarter. Our foreign sales, particularly into emerging markets like China, are expected to continue to increase, and we are also looking into methods of accelerating our development cycle for new products for the personal care and medical markets.”

United-Guardian is a manufacturer of cosmetic ingredients, personal and health care products, pharmaceuticals, and specialty industrial products.

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NOTE: This press release contains both historical and "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements about the company's expectations or beliefs concerning future events, such as financial performance, business prospects, and similar matters, are being made in reliance upon the "safe harbor" provisions of that Act. Such statements are subject to a variety of factors that could cause our actual results or performance to differ materially from the anticipated results or performance expressed or implied by such forward-looking statements. For further information about the risks and uncertainties that may affect the company's business please refer to the company's reports and filings with the Securities and Exchange Commission.

**RESULTS FOR THE SIX AND THREE MONTHS ENDED
JUNE 30, 2005 and JUNE 30, 2004**

	<u>6 Months Ended June 30,</u>		<u>3 Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenue	\$ 6,647,572	\$ 5,990,071	\$ 2,767,455	\$ 3,022,968
Costs and expenses	<u>4,366,899</u>	<u>3,946,302</u>	<u>1,929,439</u>	<u>2,027,191</u>
Income from operations	2,280,673	2,043,769	838,016	995,777
Other income:	<u>47,012</u>	<u>106,395</u>	<u>94,952</u>	<u>49,320</u>
Income before income taxes	2,327,685	2,150,164	932,968	1,045,097
Provision for income taxes	<u>860,900</u>	<u>768,000</u>	<u>321,900</u>	<u>372,800</u>
Net income	\$ <u>1,466,785</u>	\$ <u>1,382,164</u>	\$ <u>611,068</u>	\$ <u>672,297</u>
Earnings per share (Basic and Diluted)	\$ <u>0.30</u>	\$ <u>0.28</u>	\$ <u>0.12</u>	\$ <u>0.14</u>

Additional financial information can be found at the company's web site at www.u-g.com.