SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number Q4823

ACME UNITED CORPORATION
(Exact name of registrant as specified in its charter)

CONNECTICUT	06-0236700
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

75 KINGS HIGHWAY CUTOFF, FAIRFIELD, CONNECTICUT 06430
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(203) 332-7330

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 [ ]

Registrant had 3,370,875 shares outstanding as of August 11, 1998 of its $2.50 par value Common Stock.

ACME UNITED CORPORATION

PART I. FINANACIAL INFORMATION
ACME UNITED CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(all amounts in thousands)

	June 30 1998	December 31 1997
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 62	$ 25
Accounts receivable, net	10,360	7,446
Inventories:		
Finished goods	5,542	7,658
Work in process	2,199	1,229
Raw materials and supplies	5,072	5,194
	12,813	14,081
Prepaid expenses and other current assets	1,095	176
Total current assets	24,330	21,728
Property, plant and equipment:		
Land	419	420
Buildings	3,703	3,746
Machinery and equipment	15,933	15,528
	20,055	19,694
Less accumulated depreciation	12,894	12,929
	7,161	6,765
Other assets	828	837
Goodwill	517	527
Total assets	$ 32,836	$ 29,857

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS - continued
(UNAUDITED)
(all amounts in thousands)

	June 30 1998	December 31 1997
LIABILITIES		
Current Liabilities:		
Cash overdraft arrangements	$ 1,022	$ 2,538
Accounts payable	3,943	3,525
Current portion of long term debt	14,003	1,189
Restructuring liability	532	557
Other accrued liabilities	3,933	3,902
Total current liabilities	23,433	11,711
Long term debt, less current portion	3,079	11,852
Total liabilities	26,512	23,563

	1998	1997
STOCKHOLDERS' EQUITY		
Common stock, par value $2.50 : Authorized-4,000,000 shares; Issued-3,482,495 shares in 1998 and 3,473,995 shares in 1997	8,706	8,685
Additional paid-in capital	2,251	2,238
Retained-earnings deficit	(2,687)	(2,714)
Accumulated other comprehensive loss - translation adjustment	(1,257)	(1,226)
Treasury stock-111,620 shares	(689)	(689)
Total stockholders' equity	6,324	6,294
Total liabilities and stockholders' equity	$ 32,836	$ 29,857

See notes to condensed consolidated financial statements.

<PAGE 5>

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE (LOSS) INCOME
(UNAUDITED)
(all amounts in thousands, except per share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Revenues:				
Net sales	$ 12,718	$ 12,854	$ 23,763	$ 23,734
Other income	72	57	132	942
Total revenues	12,790	12,911	23,895	24,676
Costs and expenses:				
Cost of goods sold	9,525	9,483	17,747	17,183
Selling, general and administrative expenses	2,761	2,845	5,396	5,817
Interest expense	363	324	701	606
Restructuring and other charges	---	---	7	530
Total expenses	12,649	12,652	23,851	24,136
Income before income taxes	141	259	44	540
Provision for income taxes	22	37	17	37
Net income	119	222	27	503
Other comprehensive expenses - foreign currency translation	(19)	(33)	(31)	(156)
Comprehensive income (loss)	$ 100	$ 189	$ (4)	$ 347
Basic earnings per share	$ 0.04	$ 0.07	$ 0.01	$ 0.15
Diluted earnings per share	$ 0.03	$ 0.06	$ 0.01	$ 0.14
Weighted average number of common shares outstanding-denominator for basic per share computation	3,370	3,330	3,369	3,349
Weighted average number of dilutive stock				

options outstanding	353	330	339	314
Denominator for diluted per share computation	3,723	3,660	3,708	3,663

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(all amounts in thousands)

	Six Months Ended June 30	
	1998	1997
Operating activities:		
Net income	$ 27	$ 503
Adjustments to reconcile net income to net cash used by operating activities:		
Gain on sale of marketing rights	---	(846)
Depreciation	524	455
Amortization	11	76
Increase in deferred income taxes	56	---
Gain on disposal of property, plant, and equipment	51	---
Change in operating assets and liabilities:		
Accounts receivable	(3,366)	(3,279)
Inventories	1,225	(2,859)
Prepaid expenses and other current assets	(506)	(983)
Other assets	(18)	(12)
Accounts payable	427	1,700
Other accrued liabilities	113	917
Net cash used by operating activities	(1,456)	(4,328)
Investing activities:		
Capital expenditures	(1,284)	(922)
Proceeds from sale of property, plant, and equipment	300	165
Proceeds from sale of marketing rights	---	1,915
Net cash (used) provided by investing activities	(984)	1,158
Financing activities:		
Proceeds from long term debt and credit arrangements	3,741	3,509
Payments on long term debt and credit arrangements	(1,295)	(592)
Common stock issued for stock options exercised	33	96
Net cash provided by financing activities	2,479	3,013
Effect of exchange rate changes on cash	(2)	2
Net change in cash and cash equivalents	37	(155)
Cash and cash equivalents at beginning of period	25	427
Cash and cash equivalents at end of period	$ 62	$ 272

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 -
In the opinion of Management, the accompanying condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position, results of operations and cash flows. However, the financial statements do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the Company's annual report on Form 10-K. Please refer to the Company's annual report on Form 10-K for the year ended December 31, 1997 for such disclosures. The condensed balance sheet as of December 31, 1997 was derived from the audited financial statements as of that date. The results of operations for the six months ended June 30, 1998 are not necessarily indicative of the results to be expected for the full year.

Note 2 -
The Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128") as of its December 31, 1997 year-end. As such, per share amounts for 1997 as presented herein reflect the adoption of SFAS 128.

Note 3 -
As of January 1, 1998, the Company adopted SFAS 130, "Reporting Comprehensive Income". The adoption of this Statement had no impact on the Company's net income or shareholders' equity. Under SFAS 130 the Company's foreign currency translation adjustments, which are reported separately in shareholders' equity, are also required to be included in the determination of other comprehensive income or loss. The prior year financial statements have been reclassified to conform to the requirements of SFAS 130.

Note 4 -
The Company has been involved in certain environmental matters. Additionally, the Company has been involved in numerous legal actions relating to the use of certain latex products, which the Company distributes, but does not manufacture. The Company is one of many defendants. During the quarter, the Company was released from the majority of the lawsuits. While the remaining lawsuits are still in preliminary stages, there is no indication the Company's products were involved. Based on information available, the Company does not expect a significant impact on the financial position, future operations or cash flows of the Company, relating to these matters.

The Company is in the process of making a complete assessment of the impact of the Year 2000. In the U.S., the Company implemented a new information system in 1997, which should address any computer system issues related to the Year 2000. The Company has established a Year 2000 Task Force to fully evaluate the company-wide impact of the Year 2000. The Task Force is in the process of identifying all issues, and determining an action plan for testing and validating all systems. Management believes that the Year 2000 issue will not materially affect future financial results, or cause reported financial results not to be necessarily indicative of future operating results or future financial condition.

Note 5 -
Long term debt consisted of the following:
(all amounts in thousands) (UNAUDITED)

	June 30 1998	December 31 1997
Revolving Line of Credit	$ 11,379	$ 10,915
Revolving Loan	2,541	---
Term Loan	1,336	600
Mortgage and Other Notes Payable	1,826	1,526

	$ 17,082	$ 13,041
Less, Current Portion	14,003	1,189
	$ 3,079	$ 11,852

The Company's Revolving Line of Credit and Term Loan are due in May of 1999. As of June 30, 1998, the Company reclassified $12,715,000 of the related debt from long term to current to reflect its maturity date of May, 1999. The Company is currently in negotiations with its lender to extend the maturity date and fully expects to complete such arrangement prior to December, 1998.

On May 19, 1998, the Company negotiated a $3,500,000 Revolving Loan with its current lender. Under this agreement, the amount available is determined using an asset based formula. The loan matures May 19, 2001 with interest at the prime rate.

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

For the Three and Six Months Ended June 30, 1998

Results of Operations

Net Sales

Consolidated net sales for the quarter ended June 30, 1998 were $12,718,000 compared with $12,854,000 for the same period last year. In 1997, Acme sold the marketing rights of certain wound care products to Seton Healthcare International Limited. Excluding the impact of Seton, net sales increased by $536,000, or 4%, compared with the second quarter of 1997.

Net sales were $23,763,000 for the first half of 1998, compared with net sales of $23,734,000 for the first half of 1997. Net sales in 1997 included $1,612,000 for Seton products. Excluding Seton, sales increased $1,641,000, or 7%, for the first half of 1998 compared with the first half of 1997.

Consumer products net sales of $10,273,000 in the second quarter of 1998 increased 10% compared with $9,342,000 in the second quarter 1997. Revenues in the U.S. market grew 8% due to an increase in sales in the first aid, ruler and manufactured stainless steel scissors product lines. Sales of Tagit!, the patented children's scissor line, began during the quarter with shipments to Kmart, Staples, Office Depot and others.

Medical products net sales of $2,445,000 in the second quarter of 1998 decreased $1,067,000, or 30%, compared with $3,512,000 in the second quarter 1997. The revenue decline was primarily due to the sale of the Seton line. The core hospital kit and tray business is gaining new conversions. In June, the division won a supply contract with a national alternative care distributor to consolidate minor procedure kits around its product line. Revenues from this contract are expected to exceed $4 million over the next three years with shipments beginning in the third quarter 1998.

International sales grew by 15% for the second quarter primarily due to the purchase of the Rotex Division of Esselte Canada. Excluding currency fluctuations, sales for the second quarter of 1998 were 18% higher than the second quarter of 1997.

Gross Profit Margin

For the second quarter the Company's gross profit margin was

25.1% compared with 26.2% for the second quarter of 1997. The consumer gross margin improved from 22.2% in 1997 to 23.3% in 1998. The medical gross margin declined from 36.7% in 1997 to 32.5% in 1998. The gross profit margin for the first half was 26.2% compared to 27.6% for the first half of 1997. The consumer gross margin improved from 22.8% in 1997 to 23.1% in 1998. The medical gross margin declined from 38.2% in 1997 to 33.4% in 1998. The consumer improvement is attributed to product mix and higher margins on new products. The medical decline resulted from a loss of the high margin Seton products, lower sales of high margin products to the Asian market and lower manufacturing production.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the second quarter of 1998 were $2,761,000 compared with $2,845,000 for the same period of 1997, a decrease of $84,000, or 3%. SG&A expenses of $5,396,000 for the first half of 1998 decreased $421,000, or 7%, compared with the first quarter of 1997. The first half of 1997 included $162,000 of non-recurring charges. Excluding the non-recurring charges, SG&A expense in the first half of 1998 declined by $259,000, or 5%, due to headcount reductions in the United Kingdom, and the elimination of certain expenses incurred in 1997 associated with the product lines sold to Seton offset by higher commissions in the consumer business associated with increased sales.

Provision for Income Taxes

The Company has tax operating loss carryforwards in the United States, England and Germany. The tax provision for the three and six months periods ended June 30, 1998 was $22,000 and $18,000, respectively, compared with $37,000 for the same periods for 1997. The tax provision includes minimum state and local tax obligations net of the benefit of net operating losses utilized.

Net Income

The Company reported net income for the second quarter of 1998 of $119,000, or 3 cents per share (diluted), compared with net income of $222,000, or 6 cents per share (diluted), for the second quarter of 1997. For the first half of 1998, net income was $27,000, or one cent per share (diluted), compared with net income of $503,000, or 14 cents per share (diluted), for the same period in 1997. The first half of 1997 included a gain of the sale of marketing rights to Seton offset by one-time charges; an increase in net income of $157,000 was recognized.

Financial Condition

Liquidity and Capital Resources

During the first half of 1998, the total debt increased by $2,525,000 compared to total debt at December 31, 1997. Of the increase, $1,482,000 was related to the Company's Acme United Limited subsidiary where a new loan agreement was negotiated utilizing an asset based lending formula that provides increased working capital to support the Rotex acquisition and sales growth. The remaining increase supported capital expenditures and increased sales growth in U.S. operations.

For the remainder of 1998, cash generated from operating activities is expected to be sufficient to reduce debt and fund capital expenditures. The Company's current credit arrangements coupled with cash expected from operating activities are considered adequate to meet liquidity needs for the remainder of 1998.

The Company's working capital, current ratio and long term debt to equity ratio follow:

	June 30, 1998	December 31, 1997
Working capital	$897,000	$10,017,000
Current ratio	1.04 to 1	1.86 to 1
Long term debt to equity ratio	.49	1.88

Debt of $12,715,000 as of June 30, 1998 was reclassified during the second quarter of 1998 from long term to current to reflect its maturity date of May, 1999. The Company is currently in negotiations with its lender to extend the maturity date and fully expects to complete such an arrangement prior to December, 1998.

PART II. OTHER INFORMATION

Item 1 - Legal Proceedings
None.

Item 2 - Changes in Securities
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
Form 8-K was filed by the Company on April 6, 1998, and revised on April 17, 1998.

SIGNATURES

Pursuant to 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.

ACME UNITED CORPORATION

By /s/ Cheryl L. Kendall

Cheryl L. Kendall
Vice President and
Chief Financial Officer

Dated: August 11, 1998

By /s/ Richard l. Windt

Richard L. Windt
Vice President and
Corporate Controller

Dated: August 11, 1998

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEET AND CONDENSED CONSOLIDATED STATMENT OF OPERATIONS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-END>	JUN-30-1998
<CASH>	62
<SECURITIES>	0
<RECEIVABLES>	10,595
<ALLOWANCES>	235
<INVENTORY>	12,813
<CURRENT-ASSETS>	24,330
<PP&E>	20,055
<DEPRECIATION>	12,894
<TOTAL-ASSETS>	32,836
<CURRENT-LIABILITIES>	23,433
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	8,706
<OTHER-SE>	(2,382)
<TOTAL-LIABILITY-AND-EQUITY>	32,836
<SALES>	12,718
<TOTAL-REVENUES>	12,790
<CGS>	9,525
<TOTAL-COSTS>	12,286
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	363
<INCOME-PRETAX>	141
<INCOME-TAX>	22
<INCOME-CONTINUING>	119
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	119
<EPS-PRIMARY>	.04
<EPS-DILUTED>	.03