UNITED STATES
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 September 30, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND 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
- --

(203) 332-7330

Registrant's telephone number, including area code

- ---
Former name, former address and former fiscal year, if changed since last report

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 3,362,375 shares outstanding as of October 31, 1997 of its $ 2.50 par value Common Stock.

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PART 1 - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

ACME UNITED CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(ALL AMOUNTS IN THOUSANDS)

SEPTEMBER 30 DECEMBER 31

	1997 (UNAUDITED)	1996
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 82	$ 427
Accounts receivable, net	10,149	7,007
Inventories:		
Finished goods	5,211	4,858
Work in process	3,043	1,911
Raw materials and supplies	4,339	3,654
Prepaid expenses and other current assets	688	388
Total current assets	23,512	18,245
Plant, Property and Equipment:		
Land	423	452
Buildings	3,722	3,910
Machinery and equipment	15,242	14,772
Total plant, property and equipment	19,387	19,134
Less, accumulated depreciation	12,700	12,460
Net plant, property and equipment	6,687	6,674
Licensing agreements	---	790
Other assets	737	750
Goodwill	530	792
Total Assets	$ 31,466	$ 27,251

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(ALL AMOUNTS IN THOUSANDS)

	SEPTEMBER 30 1997 (UNAUDITED)	DECEMBER 31 1996
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 3,325	$ 2,547
Notes payable due within one year	4,067	5,258
Accrued liabilities:		
Restructuring reserve	789	755
Other accrued liabilities	4,177	3,732
Total current liabilities	12,358	12,292
Long term debt	12,281	8,444
Total Liabilities	24,639	20,736

STOCKHOLDERS' EQUITY

Common stock, par value $2.50,
authorized 4,000,000 shares,
issued 3,468,995 and 3,434,620
shares and outstanding 3,357,375

and 3,387,620 shares, respectively	8,672	8,587
Additional paid-in capital	2,232	2,179
Accumulated deficit	(2,228)	(2,917)
Translation adjustment	(1,161)	(976)
Treasury stock, 111,620 and 47,000 shares, respectively	(688)	(358)
Total Stockholders' Equity	6,827	6,515
Total Liabilities and Stockholders' Equity	$ 31,466	$ 27,251

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(ALL AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPT 30 1997	SEPT 30 1996	SEPT 30 1997	SEPT 30 1996
Net sales	$ 12,715	$ 13,281	$ 36,449	$ 38,103
Other income	104	49	1,046	221
Costs and expenses:				
Cost of goods sold	9,316	9,807	26,499	29,120
Selling, general and administrative expenses	2,925	3,700	8,742	10,442
Interst expense	354	361	960	1,199
Restructuring & other charges	---	---	530	---
	12,595	13,868	36,731	40,761
Income/(loss) before income tax	224	(538)	764	(2,437)
Provision for income tax	38	(53)	75	103
Net income/(loss)	$ 186	$ (485)	$ 689	$ (2,540)
Weighted average common and dilutive common equivalent shares	3,353	3,338	3,351	3,338
Net income/(loss) per common share	$ .06	$ (.15)	$ .21	$ (.76)

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(ALL AMOUNTS IN THOUSANDS)

NINE MONTHS ENDED

SEPTEMBER 30 SEPTEMBER 30

	1997	1996
Cash flows from operating activities:		
Net income/(loss)	$ 689	$ (2,540)
Adjustments for non-cash transactions:		
Depreciation	772	859
Amortization	81	330
Loss on sale of property, plant, and equipment	---	(25)
(Gain) on disposition of trademarks and trade name	---	(98)
Change in assets and liabilities:		
Accounts receivable	(3,541)	(1,826)
Inventory	(2,400)	6,702
Prepaid expenses and other current assets	(158)	127
Other assets	978	(241)
Accounts payable	836	(1,479)
Income taxes payable	22	92
Other liabilities	663	(843)
Total adjustments	(2,747)	3,598
Net cash (used) provided by operations	(2,058)	1,058
Cash flows from investing activities:		
Capital expenditures	(1,439)	(507)
Proceeds from sales of business and property, plant and equipment	258	1,108
Net cash (used) provided by investing activities	(1,181)	601
Cash flows from financing activities:		
Net borrowings	3,083	(1,745)
Treasury stock purchased	(330)	---
Common stock issued for stock options exercised	138	---
Net cash provided (used) by financing activities	2,891	(1,745)
Effect of exchange rate changes on cash	3	(17)
Net change in cash and cash equivalents	(345)	(103)
Cash and cash equivalents at beginning of period	427	532
Cash and cash equivalents at end of period	$ 82	$ 429

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of Management, the accompanying condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position as of September 30, 1997 and December 31, 1996, the results of its operations for the three and nine months periods ended September 30, 1997 and 1996, and cash flows for the nine months ended September 30, 1997 and 1996. The financial statements reflect all recurring adjustments but do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the annual Form 10-K filing. Please refer to the Company's annual report for year ended December 31, 1996 for such disclosures.

2. The results of operations for the three months and nine months ended September 30, 1997 are not necessarily indicative of the results to be expected for the full year.

3. On August 22, 1997, the Company entered into an agreement to extend the maturity date on the revolving line of credit from May 1998 to May

1999, and the interest rate was reduced from prime plus 1/2% to prime plus 1/4%. The Company also entered into a $2,000,000 equipment loan agreement. This loan has a maturity of May 1999 and bears an interest rate of prime plus 1/2%. The loan will be utilized to finance up to 80% of the net purchase price of manufacturing equipment for the Company's North Carolina facility.

4. Net income/(loss) per share is based on the weighted average number of common shares and dilutive common equivalent shares (common stock options) outstanding using the treasury stock method. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" "SFAS 128"). The Company will adopt SFAS 128 for the year ending December 31, 1997 in accordance with the provisions of SFAS 128. Such adoption is not expected to have a significant impact on the Company's earnings per share.

5. In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," and Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." Both Statements are effective for the Company's year ending December 31, 1998. The Company is currently evaluating the impact of these statements on its financial reporting practices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

RESULT OF OPERATIONS

Net Sales

Consolidated net sales for the quarter ended September 30, 1997 were $12,715,000 compared to $13,281,000 for the same period last year. Sales decreased by $566,000, or 4%, in the third quarter of 1997 compared with the third quarter of 1996.

Net sales were $36,449,000 for the first nine months of 1997, compared with net sales of $38,103,000 for the first nine months of 1996. Net sales in 1996 included $1,568,000 for the former Altenbach subsidiary. Excluding Altenbach, sales decreased $86,000, in the first nine months of 1997 compared with the first nine months of 1996. Excluding the impact of currency translation, sales would have increased by $180,000. For the nine months ended September 30, 1997 compared with the same period in 1996, Consumer Product sales, excluding Altenbach and currency translation, increased by 2%, and Medical Product sales decreased by 4%. Medical sales declined due to the sale of the Seton product line announced in March of 1997.

Consumer Products net sales of $9,431,000 in the third quarter of 1997 decreased $143,000, or 1%, compared with $9,574,000 in the third quarter of 1996 due to the impact of foreign currency translation. Revenues in the U.S. market grew 3%. International operations net sales were $3,347,000 in the third quarter of 1997, compared with $3,548,000 in the same period of 1996. Of the decline of $201,000, $147,000 resulted from the impact of currency translation. Year to date net sales in 1997, adjusted for currency translation, improved in Canada and Germany as compared with the same period in 1996. Sales declined in the United Kingdom.

Medical Products net sales of $3,284,000 in the third quarter of 1997 decreased $423,000, or 11%, compared with $3,707,000 in the third quarter of 1996. The revenue decline was due to the sale of the Seton product line.

Gross Profit Margin

For the third quarter the Company reported an improved profit margin of 26.7% in 1997 compared to 26.2% in 1996. The gross profit margin for the nine months ended September 30, 1997 was 27.3% compared with a gross profit margin for the first nine months of 1996 of 23.6%. The significant improvement was in the U.S. operations and resulted from increased plant utilization, after the consolidation of all U.S. manufacturing into the North Carolina facilities.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $775,000 and $1,700,000 for the three and nine month periods ended September 30, 1997 as compared with the same periods in 1996. Excluding Altenbach from the 1996 expenses, the decrease for the first nine months of 1997 compared with 1996 was $1,336,000, or 13%. The first nine months of 1996 included $869,000 of severance costs. Excluding Altenbach and severance costs from the nine months ended September 30, 1996, selling, general and administrative expenses declined by $467,000, or 5%, for the first nine months of 1997 compared with 1996.

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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 nine month periods ended September 30, 1997 was $38,000 and $75,000, respectively, compared with ($53,000) and $103,000 for the same periods for 1996. The tax provision includes minimum state and local tax obligations net of the benefit of net operating losses utilized.

Net Income

The Company reported a net income for the third quarter of 1997 of $186,000, or $.06 per share, compared to a loss in the third quarter of 1996 of $485,000, or $.15 loss per share. For the nine months ended September 30, 1997, the net income was $689,000, or $.21 cents per share. This compares with a net loss of $2,540,000, or $.76 cents per share, for the first nine months of 1996.

Acme sold its U.S. marketing rights of certain wound care products to Seton Healthcare International Limited in the first quarter of 1997. The sale resulted in a gain of $849,000 after payment of outstanding debt and write-off of goodwill, licensing fees, and other costs. A charge of $692,000 was incurred in the first quarter of 1997 to write-down certain assets of the Bridgeport, Connecticut facility, and other charges.

Liquidity and Capital Resources

During the nine months ended September 30, 1997, the total debt outstanding increased by $2,646,000 as compared to debt outstanding at December 31, 1996. Debt of $1,737,000 was paid down in the first quarter of 1997 as part of the Seton sale. Total debt, excluding Seton, increased by $4,383,000 due to the seasonality of the school products market and capital expenditures.

All future debt reduction, along with normal payments for taxes and capital expenditures are expected to be funded by inventory reduction and cash generated from operations.

In the U.S., the Company has a $13,000,000 revolving line of credit which reduces to $9,000,000 during the last 60 days of each calendar year and expires in May 1999. The revolving line is an asset-based agreement with various percentages applied to inventory, accounts receivable, and fixed assets. Currently the Company has an available line of $11,611,000 with $163,000 unused. In the U.S., the Company also has an equipment term loan with a maturity of May 1999, and is utilized to finance the net purchase price of manufacturing equipment for the North Carolina facility. The foreign subsidiaries have overdraft arrangements which expire at various times during 1997.

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

	September 30, 1997	December 31, 1996

Working capital	$ 11,154,000	$ 5,953,000
Current ratio	1.90 to 1	1.48 to 1
Long term debt to equity ratio	1.8	1.3

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
none

ITEM 2. CHANGES IN SECURITIES
none

ITEM 3. DEFAULT 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. No form 8-K was filed by the Company during the three months ended September 30, 1997.

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

(Registrant)

Date: October 31, 1997

/s/ Cheryl L. Kendall

Cheryl L. Kendall
Vice President and
Chief Financial Officer

Date: October 31, 1997

/s/ Richard L. Windt

Richard L. Windt
Vice President/Corporate
Controller

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This schedule contains summary financial information extracted from the Condensed Consolidated Balance Sheets and Condensed Consolidated Statement of Operations and is qualified in its entirety by reference to such financial statements.
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