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 June 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
(Address of principal executive offices)	(Zip Code)

(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 3,354,750 shares outstanding as of August 12, 1997 of its $ 2.50 par value Common Stock.

PART 1 - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

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

ASSETS

	JUNE 30 1997 (UNAUDITED)	DECEMBER 31 1996
Current Assets:		
Cash and cash equivalents	$ 272	$ 427
Accounts receivable	9,592	7,007
Inventories:		
Finished goods	5,894	4,858
Work in process	2,921	1,911
Raw materials & supplies	4,198	3,654
Prepaid expenses and other current assets	1,487	388
Total current assets	24,364	18,245
Plant, property and equipment		
Land	426	452
Buildings	3,744	3,910
Machinery and equipment	15,132	14,772
Total plant, property and equipment	19,302	19,134
Less, accumulated depreciation	12,632	12,460
Net plant, property and equipment	6,670	6,674
Licensing agreements	---	790
Other assets	738	750
Goodwill	539	792
Total assets	$ 32,311	$ 27,251

See notes to condensed consolidated financial statements

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

	June 30 1997 (UNAUDITED)	DECEMBER 31 1996
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 4,211	$ 2,547
Notes payable due within one year	4,680	5,258
Accrued liabilities:		
Restructuring reserve	899	755
Other accrued liabilities	4,327	3,732
Total current liabilities	14,117	12,292
Long term debt	11,566	8,444
Total liabilities	25,683	20,736

STOCKHOLDERS' EQUITY

Common stock, par value $2.50:
authorized 4,000,000 shares;

Issued 3,458,870 and 3,434,620, outstanding 3,347,250 and 3,387,620 respectively	8,647	8,587
Additional paid-in capital	2,216	2,179
Accumulative deficit	(2,414)	(2,917)
Translation adjustment	(1,132)	(976)
Treasury stock, 111,620 and 47,000 shares, respectively	(689)	(358)
Total stockholders' equity	6,628	6,515
Total liabilities and stockholders' equity	$ 32,311	$ 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		Six months ended	
	June 30 1997	June 30 1996	June 30 1997	June 30 1996
Net sales	$ 12,854	$ 12,782	$ 23,734	$ 24,822
Other income	57	46	942	172
	12,911	12,828	24,676	24,994
Costs and expenses:				
Cost of goods sold	9,483	10,191	17,183	19,313
Selling, general and administrative expense	2,845	3,420	5,817	6,742
Interest expense	324	410	606	838
Restructuring & other charges	---	---	530	---
	12,652	14,021	24,136	26,893
Income/(loss) before income taxes	259	(1,193)	540	(1,899)
Provision for income taxes	37	46	37	156
Net income (loss)	$ 222	$(1,239)	$ 503	$ (2,055)
Weighted average common and dilutive common equivalent shares	$ 3,330	3,338	3,349	3,338
Net income/(loss) per common share	$.07	$(.37)	$ .15	(.62)

See notes to condensed consolidated financial statements

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

	SIX MONTHS ENDED JUNE 30	
	1997	1996
Cash flows from operating activities:		

Net income/(loss)	$ 503	$ (2,055)
Adjustments for non-cash transactions:		
Depreciation	455	594
Amortization	76	224
Loss on sale of property, plant, and equipment	---	19
(Gain) on disposition of trademarks and tradename	---	(98)
Change in assets and liabilities:		
Accounts receivable	(2,949)	(2,183)
Inventory	(2,778)	3,541
Prepaid expenses and other current assets	(983)	260
Other assets	976	157
Accounts payable	1,700	(448)
Income taxes payable	7	(18)
Other liabilities	910	(1,257)
Total adjustments	(2,586)	791
Net cash used by operations	(2,083)	(1,264)
Cash flows from investing activities:		
Capital expenditures	(922)	(294)
Proceeds from sales of business and property, plant and equipment	165	1,061
Net cash (used) provided by investing activities	(757)	767
Cash flows from financing activities:		
Net borrowings	2,917	96
Treasury stock purchased	(330)	---
Common stock issued for stock options exercised	96	---
Net cash provided by financing activities	2,683	96
Effect of exchange rate changes on cash	2	(17)
Net change in cash and cash equivalents	(155)	(418)
Cash and cash equivalents at beginning of period	427	532
Cash and cash equivalents at end of period	$ 272	$ 114

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES

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 June 30, 1997 and December 31, 1996, the results of its operations for the three and six month periods ended June 30, 1997 and 1996, and cash flows for the six months ended June 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 and six months ended June 30, 1997 are not necessarily indicative of the results to be expected for the full year.

3. 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.

4. At June 30, 1996 the Company was in default of one of the provisions of its Canadian subsidiary's line of credit and obtained a waiver of such default from the lender.

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

RESULTS OF OPERATIONS

Net Sales

Consolidated net sales for the quarter ended June 30, 1997 were $12,854,000, compared to $12,782,000 for the same period last year, an increase of $72,000. Net Sales in 1996 included $237,000 for the former Altenbach subsidiary. Excluding Altenbach, sales increased by $309,000, or 2.5%, in the second quarter of 1997 compared with the second quarter of 1996.

Net sales were $23,734,000 for the first half of 1997, compared with net sales of $24,822,000 for the first half of 1996. Net sales in 1996 included $1,568,000 for the former Altenbach subsidiary. Excluding Altenbach, sales increased $480,000, or 2% in the first half of 1997 compared with the first half of 1996. For the first half of 1997 compared with the same period in 1996, Consumer product sales, excluding Altenbach, increased by 3% and Medical Product sales remained at the same level.

Consumer Products net sales of $9,342,000 in the second quarter of 1997 increased $444,000, or 5%, compared with $8,898,000, excluding Altenbach, in the second quarter of 1996. Excluding the impact of currency translation, sales would have increased 6%. Revenues in the U.S. market grew 13%. Medical Products net sales of $3,512,000 in the second quarter of 1997 decreased $135,000, or 4%, compared with $3,647,000 in the second quarter of 1996. The revenue decline was due to the sale of the Seton product line announced in March of 1997.

Gross Profit Margin

For the second quarter the Company reported an improved profit margin of 26.2% in 1997 compared to 20.3% in 1996. The profit margin in the second quarter of 1996 excluding Altenbach was 20.9%. The gross profit margin for the first half of 1997 was 27.6% compared with a gross profit margin for the first half of 1996 of 22.2%. 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 $575,000 and $925,000 for the three and six month periods ended June 30, 1997 as compared with the same periods in 1996. Excluding Altenbach from the 1996 expenses, the decrease for the first half of 1997 compared with 1996 was $561,000 or 9%. The first half of 1996 included $289,000 of severance costs.

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 month periods ended June 30, 1997 was $37,000 compared with $46,000 and $156,000 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 second quarter of 1997 of $222,000, or $ .07 per share, compared to a loss in the second quarter of 1996 of $1,239,000, or $ .37 loss per share. For the first half of 1997, the net income was $503,000, or 15 cents per share. This compares with a net loss of $2,055,000 or 62 cents per share, for the first half 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 first half of 1997, the total debt increased by $2,544,000 as compared to debt 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 $4,281,000 due to the seasonality of the school products market.

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 1998. The revolving line is an asset-based agreement with various percentages applied to inventory, receivables and fixed assets. Currently the Company has an available line of $11,349,000 with $236,000 unused. 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:

	June 30, 1997	December 31, 1996
Working capital	$10,247,000	$ 5,953,000
Current ratio	1.73 to 1	1.48 to 1
Long term debt to equity ratio	1.75	1.30

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 June 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: August 12, 1997 /s/ Cheryl L. Kendall

Cheryl L. Kendall
Vice President and
Chief Financial Officer

Date: August 12, 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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