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, 2000

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.)
1931 BLACK ROCK TURNPIKE, Fairfield, Connecticut	06432
(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 3,507,055 shares outstanding as of November 13, 2000 of its $2.50 par value Common Stock.

ACME UNITED CORPORATION

PART I. FINANCIAL INFORMATION

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(all amounts in thousands, except per share data)

	September 30 2000	December 31 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 47	$ 88
Accounts receivable, less allowance	7,540	6,702
Inventories:		
Finished goods	7,464	5,355
Work in process	851	649
Raw materials and supplies	1,788	2,294
	10,103	8,298
Prepaid expenses and other current assets	685	508
Total current assets	18,375	15,596
Property, plant and equipment:		
Land	169	191
Buildings	1,993	2,048
Machinery and equipment	7,008	8,616
	9,170	10,855
Less accumulated depreciation	5,874	6,869
	3,296	3,986
Other assets	1,361	992
Goodwill, less accumulated amortization	174	193
Total assets	$ 23,206	$ 20,767

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS - continued
(UNAUDITED)
(all amounts in thousands, except per share data)

	September 30 2000	December 31 1999
LIABILITIES		
Current liabilities:		
Notes payable	$ 681	$ 691
Accounts payable	2,549	2,763
Other accrued liabilities	4,127	3,154
Current portion of long term debt	2,854	2,032
Total current liabilities	10,211	8,640
Long term debt, less current portion	5,064	5,012
Other	199	197

Total liabilities	15,474	13,849
STOCKHOLDERS' EQUITY		
Common stock, par value $2.50: Authorized 8,000,000 shares; issued 3,612,062 shares, including treasury stock	9,030	9,030
Additional paid-in capital	2,038	2,038
Retained-earnings deficit	(1,289)	(2,212)
Accumulated other comprehensive loss-translation adjustment	(1,399)	(1,290)
Treasury stock, at cost-105,007 shares	(648)	(648)
Total stockholders' equity	7,732	6,918
Total liabilities and stockholders' equity	$ 23,206	$ 20,767

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(UNAUDITED)
(all amounts in thousands, except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
Revenues:				
Net sales	$ 8,760	$ 9,751	$27,003	$27,872
Other income (expense)	(96)	31	(105)	295
Total revenues	8,664	9,782	26,898	28,167
Costs and expenses:				
Cost of goods sold	5,612	6,917	17,619	20,363
Selling, general and administrative expenses	2,452	2,561	7,608	7,287
Interest expense	273	239	713	844
Total expenses	8,337	9,717	25,940	28,494
Income (loss) from continuing operations before income taxes	327	65	958	(327)
Income taxes	25	(71)	35	(45)
Income (loss) from continuing operations	302	136	923	(281)
Discontinued operations:				
Gain on sale of discontinued operations	-	-	-	2,101
Income from discontinued operations	-	-	-	198
	-	-	-	2,299
Net income	302	136	923	2,018
Other comprehensive (expense) income - foreign currency translation	(44)	47	(109)	(31)
Comprehensive income	$ 258	$ 183	$ 814	$ 1,987
Basic earnings (loss) per share:				
Continuing operations	$ 0.09	$ 0.04	$ 0.26	$ (0.08)
Discontinued operations	-	-	-	0.68
Net income	$ 0.09	$ 0.04	$ 0.26	$ 0.60
Diluted earnings (loss) per share:				
Continuing operations	$ 0.08	$ 0.04	$ 0.25	$ (0.08)
Discontinued operations	-	-	-	0.68
Net income	$ 0.08	$ 0.04	$ 0.25	$ 0.60
Weighted average number of common shares outstanding-denominator used for basic per share computations	3,507	3,377	3,507	3,377
Weighted average number of dilutive stock options outstanding	291	-	133	-
Denominator used for diluted per share computation	3,798	3,377	3,640	3,377

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(all amounts in thousands)

	Nine Months Ended September 30	
	2000	1999
Operating Activities:		
Net income	$ 923	$ 2,018
Adjustments to reconcile net income to net cash used by operating activities:		
Gain on sale of discontinued operations	-	(2,101)
Depreciation	473	504
Amortization	115	26
Loss on sale of property, plant, and equipment	148	(24)
Changes in operating assets and liabilities:		
Accounts receivable	(838)	(1,603)
Inventories	(1,805)	1,741
Prepaid expenses and other current assets	(177)	270
Other assets	(369)	(101)
Accounts payable	(214)	(1,540)
Other accrued liabilities	973	(1,936)
Net cash used by operating activities	(771)	(2,746)
Investing Activities:		
Capital expenditures	(384)	(412)
Proceeds from sale of property, plant, and equipment	286	141
Proceeds from sale of medical division	-	8,156
Net cash (used) provided by investing activities	(98)	7,885
Financing Activities:		
Net proceeds (payments) on short term borrowing arrangements	1,311	(5,119)
Borrowings of long term debt	1,025	2,500
Payments of long term debt	(1,449)	(2,440)
Debt issuance costs	(168)	(89)
Net cash provided (used) by financing activities	719	(5,148)
Effect of exchange rate changes	109	(31)
Net change in cash and cash equivalents	(41)	(40)
Cash and cash equivalents at beginning of period	88	40
Cash and cash equivalents at end of period	$ 47	$ -

See notes to condensed consolidated financial statements

Notes to CONDENSED CONSOLIDATED Financial Statements

(Unaudited)

Note 1 -- Basis of Presentation

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, 1999 for such disclosures. The condensed consolidated balance sheet as of December 31, 1999 was derived from the audited consolidated balance sheet as of that date. The results of operations for the three and nine months ended September 30, 2000 are not necessarily indicative of the results to be expected for the full year.

The Company has reclassified certain amounts in prior periods to conform to the current presentation.

Note 2 -- Discontinued Operations

On March 22, 1999 the Company sold its medical business including customer lists, inventory, and certain equipment for approximately $8,156,000 realizing a gain of $2,101,000. The condensed consolidated statement of operations for the nine months ended September 30, 1999 relating to the medical business follows:

Net sales	$ 5,630,000
Costs and expenses	5,432,000
Income from operations	$ 198,000
Earnings per share	$ 0.06

Income taxes related to the medical business were not material.

Note 3 -- Contingencies

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. The Company has been released from the majority of the lawsuits. While five lawsuits remain, they are still in preliminary stages and it has not been determined whether the Company's products were involved. Based on information available, the Company believes that there will not be a material adverse impact on financial position, results of operations, or liquidity, from environmental and product liabilities, either individually or in aggregate.

Note 4 -- Debt and Liquidity

The Company has short-term lines of credit for its foreign subsidiaries which are renewable at various times throughout the year. The aggregate amount available under these lines is $1,029,000 of which $681,000 is outstanding at September 30, 2000.

Long term debt consisted of the following:

(all amounts in thousands)

	September 30 2000	December 31 1999
Notes payable to banks:		
North American......................	$ 7,214	$ 5,225
Other..............................	704	1,819
	7,918	7,044
Less current portion	2,854	2,032
	$ 5,064	$ 5,012

On January 19, 2000, the Company entered into a loan agreement (the Agreement) with a bank to refinance debt. Under the Agreement the Company may borrow up to $11,500,000 through January 19, 2003 (the maturity date) based on a formula which applies specific percentages to balances of accounts receivable and inventories. Throughout the next twelve months, the Company expects to have a minimum of $4.4 million outstanding under this arrangement as such, amounts borrowed in excess of $4.4 million are classified as part of the current portion of long term debt. Under the Agreement, the Company borrowed an additional $325,000 which is payable in monthly installments of $5,417, plus interest, through November 1, 2002 and a final installment of $65,822, plus interest, due December 1, 2002. Amounts outstanding under the Agreement bear interest at varying rates as provided for in the Agreement. As of September 30, 2000 the North American operations had $1.6 million in excess availability under the Agreement.

On August 7, 2000 the Company entered into an interest rate swap with the bank effectively fixing the interest rate at 10.18% for $3.5 million of debt through the Agreement's maturity date.

On August 22, 2000 the Company entered into a separate loan agreement with another bank to refinance a mortgage on an owned property in North Carolina. The Company will repay $700,000, principal amount, amortized over 20 years, in monthly installments of $830, plus interest at the Federal Home Loan Bank of Seattle fixed advanced rate, plus 3.0% through August 1, 2020 and a final installment of $500,800, plus interest, due on August 1, 2020. A portion of the proceeds from this loan was used to repay amounts borrowed under the Agreement.

The Company, among other things, is restricted with respect to dividends, additional borrowings, investments, mergers, distributions, and property and equipment acquisitions. Further, the Company is required to maintain specific amounts of tangible net worth, and a specified debt service coverage ratio, and a fixed charge coverage ratio, all as defined. The Company was in compliance with all covenants as of or through September 30, 2000 and believes these financial covenants will be met for the remainder of the term of the loan.

Cash expected to be generated from operating activities, together with funds available under the Agreement, is expected, under current conditions, to be sufficient to finance the Company's planned operations over the next year.

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

For the Nine Months Ended September 30, 2000

Results of Operations

Net Sales

Traditionally, the Company's sales are stronger in the second and third quarters, and weaker in the first and fourth quarters of the fiscal year due to the seasonal nature of the business specific to the back-to-school season. Consolidated net sales for the quarter ended September 30, 2000 were $8,760,000 compared with $9,751,000 for 1999. Beginning in the first quarter of 2000, the Company is classifying outgoing freight expense as selling expense. Such expenses were previously classified as a component of net sales. Outgoing freight expense for the quarter ended September 30, 1999 of $231,000 has been reclassified to conform with the current period presentation. Net sales for the first nine months of 2000 were $27,003,000 compared with $27,872,000 for 1999, a 3% decrease.

Domestic sales were down 20% in the third quarter of 2000 compared with the same period in 1999, and down 6% for the first nine months of 2000 compared to 1999. Lower sales to office superstores and wholesalers coupled with a decline in the very price competitive bid business resulted in reduced sales in this segment year over year.

International sales for the third quarter of 2000 were 16% above 1999 levels. Strong sales growth in England and Canada offset weakness in Germany. For the first nine months of 2000, international sales increased 3% over 1999 levels.

Gross Profit

The gross profit for the third quarter of 2000 was $3,148,000 (35.9% of net sales) compared to $2,620,000 (27.6% of net sales) for the third quarter of 1999. The gross margin was 34.7% for the first nine months of 2000 versus 26.4% in the same period of 1999. Resourcing of scissor products to Asia coupled with aggressive purchasing practices and improved manufacturing efficiencies in the USA were the main reasons for the improved gross margins.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the third quarter of 2000 were $2,452,000 (28.0% of net sales) compared with $2,561,000 (26.3% of net sales) for the same period of 1999, an increase of $109,000. SG&A were 28.2% of net sales for the first nine months of 2000 versus 26.1% in the same period of 1999.

Income (Loss)

Net income for the third quarter of 2000 is $302,000, or 9 cents per share (basic), 8 cents per share (diluted) compared to a net income of $136,000, or 4 cents per share (basic and diluted) for the same period of 1999. Net income from continuing operations for the first nine months of 2000 was $923,000 versus a net loss of $281,000 for the same period of 1999.

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

For the Nine Months Ended September 30, 2000

Financial Condition

Liquidity and Capital Resources

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

	September 30, 2000	December 31, 1999
Working capital..................	$8,164,000	$6,956,000
Current ratio....................	1.80 to 1	1.81 to 1
Long term debt to equity ratio....	.65	.72

During the first nine months of 2000, total debt increased by $874,000 compared to total debt at December 31, 1999 as a result of additional borrowings to fund higher inventory levels and higher accounts receivable due to seasonal sales volume.

On January 19, 2000, the Company entered into a loan agreement (the Agreement) with a bank to refinance debt. Under the Agreement the Company may borrow up to $11,500,000 through January 19, 2003 (the maturity date) based on a formula which applies specific percentages to balances of accounts receivable and inventories. Throughout the next twelve months, the Company expects to have a minimum of $4.4 million outstanding under this arrangement as such, amounts borrowed in excess of $4.4 million are classified as part of the current portion of long term debt. Under the Agreement, the Company borrowed an additional $325,000 which is payable in monthly installments of $5,417, plus interest, through November 1, 2002 and a final installment of $65,822, plus interest, due December 1, 2002. Amounts outstanding under the Agreement bear interest at varying rates as provided for in the Agreement. As of September 30, 2000 the North American operations had $1.6 million in excess availability under the Agreement.

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The Company, among other things, is restricted with respect to dividends, additional borrowings, investments, mergers, distributions, and property and equipment acquisitions. Further, the Company is required to maintain specific amounts of tangible net worth, and a specified debt service coverage ratio, and a fixed charge coverage ratio, all as defined. The Company was in compliance with all covenants as of or through September 30, 2000 and believes these financial covenants will be met for the remainder of the term of the loan.

Capital expenditures for the next 12 months are not expected to be material and are expected to be financed by cash provided by investing activities and future operating activities.

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

For the Nine Months Ended September 30, 2000

Safe Harbor for Forward-looking Statements

Forward-looking statements in this report, including without limitation, statements related to the Company's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties including without limitation the following: (i) the Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the Company's plans and results of operations will be affected by the Company's ability to manage its growth and inventory; (iii) other risks and uncertainties indicated from time to time in the Company's filings with the Securities and Exchange Commission.

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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

None.

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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/ WALTER C. JOHNSEN

Walter C. Johnsen
President and
Chief Executive Officer

Dated: November 13, 2000

By /s/ RONALD P. DAVANZO

Ronald P. Davanzo
Vice President and
Chief Financial Officer

Dated: November 13, 2000

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