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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended September 30, 2008

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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Commission file number 001-07698

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

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CONNECTICUT  
(State or other jurisdiction of  
incorporation or organization)

06-0236700  
(I.R.S. Employer  
Identification No.)

60 ROUND HILL ROAD, FAIRFIELD, CONNECTICUT  
(Address of principal executive offices)

06824  
(Zip Code)

Registrant's telephone number, including area code: (203) 254-6060

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  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one).  
Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 20, 2008 the registrant had outstanding 3,448,059 shares of its \$2.50 par value Common Stock.

ACME UNITED CORPORATION

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

	September 30, 2008 (unaudited)	December 31, 2007 (Note 1)
	-----	-----
ASSETS		
-----		
Current assets:		
Cash and cash equivalents	\$ 5,485	\$ 4,988
Accounts receivable, less allowance	16,045	12,727
Inventories:		
Finished goods	19,376	18,069
Work in process	26	113
Raw materials and supplies	838	753
	-----	-----
	20,240	18,935
Prepaid expenses and other current assets	951	1,211
	-----	-----
Total current assets	42,721	37,860
	-----	-----
Property, plant and equipment:		
Land	169	175
Buildings	2,976	2,971
Machinery and equipment	7,453	8,050
	-----	-----
	10,598	11,196
Less accumulated depreciation	8,196	8,717
	-----	-----
	2,402	2,479
Other assets	1,887	1,794
Goodwill	89	89
	-----	-----
Total assets	\$ 47,099	\$ 42,222
	=====	=====

See notes to condensed consolidated financial statements.

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

	September 30, 2008 (unaudited)	December 31, 2007 (Note 1)
	-----	-----

LIABILITIES  
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Current liabilities:		
Accounts payable	\$ 3,734	\$ 4,575
Other accrued liabilities	4,472	3,959
	-----	-----
Total current liabilities	8,206	8,534
Long-term debt, less current portion	12,949	10,135
Other	542	507
	-----	-----
Total liabilities	21,697	19,175

STOCKHOLDERS' EQUITY

Common stock, par value \$2.50: authorized 8,000,000 shares; issued - 4,293,024 shares in 2008 and 4,267,274 shares in 2007	10,731	10,668
Additional paid-in capital	3,838	3,550
Retained earnings	18,025	14,473
Treasury stock, at cost - 787,865 shares in 2008 and 714,391 shares in 2007	(6,930)	(5,930)
Accumulated other comprehensive income:		
Translation adjustment	373	921
Unrecognized net pension benefit costs, net of income taxes	(635)	(635)
	-----	-----
	(262)	286
	-----	-----
Total stockholders' equity	25,402	23,047
	-----	-----
Total liabilities and stockholders' equity	\$ 47,099	\$ 42,222
	=====	=====

See notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	-----	-----	-----	-----
Net sales	\$ 19,158	\$ 17,081	\$ 56,135	\$ 48,321
Cost of goods sold	11,288	9,700	33,361	27,627
Gross profit	7,870	7,381	22,774	20,694
Selling, general and administrative expenses	5,651	5,229	16,690	14,822
Operating income	2,219	2,152	6,084	5,872
Non-operating items:				
Interest expense, net	120	208	306	519
Other (expense) income, net	(138)	91	23	77
Total other expense	258	117	283	442
Income before income taxes	1,961	2,035	5,801	5,430
Income tax expense	610	730	1,968	1,954
Net income	\$ 1,351	\$ 1,305	\$ 3,833	\$ 3,476
	=====	=====	=====	=====
Basic earnings per share	\$ 0.38	\$ 0.37	\$ 1.09	\$ 0.98
	=====	=====	=====	=====
Diluted earnings per share	\$ 0.37	\$ 0.35	\$ 1.05	\$ 0.94
	=====	=====	=====	=====
Weighted average number of common shares outstanding- denominator used for basic per share computations	3,515	3,538	3,517	3,530
Weighted average number of dilutive stock options outstanding	136	172	137	172
Denominator used for diluted per share computations	3,650	3,710	3,654	3,702
	=====	=====	=====	=====
Dividends declared per share	\$ 0.04	\$ 0.04	\$ 0.12	\$ 0.12
	=====	=====	=====	=====

See notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2008	2007
<b>Operating Activities:</b>		
Net income	\$ 3,833	\$ 3,476
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	666	604
Amortization	81	34
Stock compensation expense	220	257
Changes in operating assets and liabilities:		
Accounts receivable	(3,444)	(5,077)
Inventories	(1,551)	(1,336)
Prepaid expenses and other current assets	251	(151)
Accounts payable	(799)	1,249
Other accrued liabilities	857	-
Total adjustments	(3,719)	(4,420)
Net cash provided (used) by operating activities	114	(944)
<b>Investing Activities:</b>		
Purchase of property, plant, and equipment	(611)	(487)
Purchase of patents and trademarks	(173)	(701)
Net cash used by investing activities	(784)	(1,188)
<b>Financing Activities:</b>		
Net borrowing of long-term debt	2,760	2,083
Proceeds from issuance of common stock	133	305
Distributions to stockholders	(422)	(388)
Purchase of treasury stock	(1,000)	(486)
Net cash provided by financing activities	1,471	1,514
Effect of exchange rate changes	(304)	430
Net change in cash and cash equivalents	497	(188)
Cash and cash equivalents at beginning of period	4,988	3,838
Cash and cash equivalents at end of period	\$ 5,485	\$ 3,651

See notes to condensed consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Note 1 -- Basis of Presentation

In the opinion of management, the accompanying condensed consolidated financial statements include all adjustments necessary to present fairly the financial position, results of operations and cash flows of Acme United Corporation (the "Company"). These adjustments are of a normal, recurring

nature. However, the financial statements do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America 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, 2007 for such disclosures. The condensed consolidated balance sheet as of December 31, 2007 was derived from the audited consolidated balance sheet as of that date. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and financial statements and notes thereto, included in the Company's 2007 Annual Report on Form 10-K.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2 -- Contingencies

The Company is involved from time to time in disputes and other litigation in the ordinary course of business and may encounter other contingencies, which may include environmental and other matters. The Company presently believes that none of these matters, individually or in the aggregate, would be likely to have a material adverse impact on its financial position, results of operations or liquidity.

Note 3 -- Pension

Components of net periodic pension cost are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Components of net periodic benefit cost:				
Interest cost	\$ 41,611	\$ 47,500	\$ 131,611	\$ 142,500
Service cost	3,750	7,500	18,750	22,500
Expected return on plan assets	(39,428)	(57,500)	(151,928)	(172,500)
Amortization of prior service costs	1,959	2,250	6,459	6,750
Amortization of actuarial gain	15,983	22,000	53,483	66,000
	\$ 23,875	\$ 21,750	\$ 58,375	\$ 65,250

Note 4 -- Long Term Debt

On June 23, 2008, the Company modified its revolving loan agreement (the "Modified Loan Agreement") with Wachovia Bank. The amendments include (a) an increase in the maximum borrowing amount from \$15 million to \$20 million; (b) an extension of the maturity date of the loan from June 30, 2009 to June 30, 2010; (c) a decrease in the interest rate to LIBOR plus 7/8% (from LIBOR plus 1.0%); and (d) the modification of certain covenant restrictions. Funds borrowed under the Modified Loan Agreement are primarily used for working capital, general operating expenses, share repurchases and certain other purposes.

At September 30, 2008 and December 31, 2007, the Company had outstanding borrowings under the Modified Loan Agreement of \$12,910,000 and \$10,098,000, respectively. Based on the scheduled maturity date, the Company has classified all of such borrowings at September 30, 2008 as long-term liabilities.

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Note 5 -- Shareholder's Equity

During the first nine months of 2008, the Company issued a total of 25,750 shares of common stock upon the exercise of outstanding stock options and received aggregate proceeds of \$132,818. During the same period, the Company also repurchased 73,474 shares of common stock for treasury. These shares were purchased at fair value, with a total cost to the Company of \$1,000,410.

Note 6 -- Segment Information

The Company reports financial information based on the organization structure used by management for making operating and investment decisions and for assessing performance. The Company's reportable business segments consist of (1) the United States; (2) Canada and (3) Europe. The Company's Asian operations are closely linked to those of the U.S. operating segment; accordingly, management reviews the financial results of both on a consolidated basis, and the results of the Asian operations have been aggregated with the results of the United States operating segment to form one reportable segment called the "United States operating segment". The determination of reportable segments is based on the guidance set forth in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". Each reportable business segment derives its revenue from the sales of cutting devices, measuring instruments and safety products for school, office, home and industrial use.

The chief operating decision maker evaluates the performance of each operating segment based on segment revenues and operating income. Segment amounts are presented after converting to U.S. dollars and consolidating eliminations.

Financial data by business segment:

(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Sales to external customers:				
United States	\$ 15,117	\$ 13,221	\$ 44,053	\$ 37,137
Canada	1,906	1,890	6,592	6,386
Europe	2,136	1,970	5,490	4,798
Consolidated	\$ 19,159	\$ 17,081	\$ 56,135	\$ 48,321
Operating income (loss):				
United States	\$ 2,107	\$ 2,112	\$ 5,741	\$ 5,707
Canada	183	103	762	562
Europe	(71)	(63)	(419)	(397)
Consolidated	2,219	2,152	6,084	5,872
Interest expense, net	120	208	306	519
Other (expense) income, net	(138)	91	23	77
Consolidated income before taxes	\$ 1,961	\$ 2,035	\$ 5,801	\$ 5,430

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Assets by business segment:

	September 30, 2008	December 31, 2007
United States	\$ 34,379	\$ 28,350
Canada	6,902	7,886
Europe	5,818	5,986
Consolidated	\$ 47,099	\$ 42,222

Note 7 - Stock Based Compensation

The Company recognizes share-based compensation in accordance with the provisions of Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R"). Share-based compensation expense was \$53,606 and \$73,551 for the quarters ended September 30, 2008 and September 30, 2007, respectively. Share-based compensation expense was \$219,869 and \$257,308 for the nine months ended September 30, 2008 and September 30, 2007, respectively. During the three and nine months ended September 30, 2008, the Company issued 68,000 and 80,500 options with a weighted average fair value of \$3.86 and \$3.62, respectively. During the nine months ended September 30, 2007, the Company issued 97,750 options with a weighted average fair value of \$4.96. The Company did not issue stock options during the three months ended September 30, 2007. The assumptions

used to value option grants for the three and nine months ended September 30, 2008 and September 30, 2007 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Expected life in years	5	NA	5	5
Interest rate	3.30%	NA	2.95 - 3.30%	4.51 - 5.18%
Volatility	0.29	NA	0.29 - .31	.32
Dividend yield	1.2%	NA	1.2%	1.1%

As of September 30, 2008, there was a total of \$541,400 of unrecognized compensation cost related to non-vested share -based payments granted to the Company's employees. The remaining unamortized expense is expected to be recognized over a weighted average period of approximately 2.5 years.

#### Note 8 - Comprehensive Income

Comprehensive income for the three and nine months ended September 30, 2008 and September 30, 2007 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Sales to external customers:				
Net income	\$ 1,351	\$ 1,305	\$ 3,833	\$ 3,476
Other comprehensive (loss) / income - Foreign currency translation	(532)	660	(548)	1,192
Comprehensive income	\$ 819	\$ 1,965	\$ 3,285	\$ 4,668

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

#### Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations

##### Forward-Looking Information

The Company may from time to time make written or oral "forward-looking statements" including statements contained in this report and in other communications by the Company, which are made in good faith by the Company pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements include statements of the Company's plans, objectives, expectations, estimates and intentions, which are subject to change based on various important factors (some of which are beyond the Company's control). The following factors, in addition to others not listed, could cause the Company's actual results to differ materially from those expressed in forward looking statements: the strength of the domestic and local economies in which the Company conducts operations, the impact of current uncertainties in global economic conditions and the ongoing financial crisis affecting the domestic and foreign banking system and financial markets, including the impact on the Company's suppliers and customers, changes in client needs and consumer spending habits, the impact of competition and technological change on the Company, the Company's ability to manage its growth effectively, including its ability to successfully integrate any business which it might acquire, and currency fluctuations. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The

Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

#### Critical Accounting Policies

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

#### Results of Operations

##### Net Sales

Consolidated net sales for the three months ended September 30, 2008 were \$19,158,000 compared with \$17,081,000 in the same period in 2007, a 12% increase (11% at constant currency). Consolidated net sales for the nine months ended September 30, 2008 were \$56,135,000, compared with \$48,321,000 for the same period in 2007, a 16% increase (14% at constant currency). Net sales for the three and nine months ended September 30, 2008 in the U.S. segment increased 14% and 19%, respectively, as compared to the similar periods in 2007, primarily as a result of market share gains in all channels of distribution and market acceptance of new anti-microbial school scissors, rulers, and math kits and iPoint pencil sharpeners. Net sales in Canada for the three and nine months ended September 30, 2008 increased by 1% and 3% in U.S. dollars, as compared to the similar periods in 2007, but declined 0% and 5% in local currency, primarily due to soft demand in the overall office products market. European net sales for the three and nine months ended September 30, 2008 increased 8% and 14% in U.S. dollars, as compared to the similar periods in 2007. In local currency, European net sales declined 2% for the three months ended September 30, 2008 and increased 1% for the nine months ended September 30, 2008, as compared to the similar periods in 2007.

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 back-to-school market.

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##### Gross Profit

Gross profit for the three months ended September 30, 2008 was \$7,870,000 (41.1% of net sales) compared to \$7,381,000 (43.2% of net sales) for the same period in 2007. Gross profit for the nine months ended September 30, 2008 was \$22,774,000 (40.6% of net sales) compared to \$20,694,000 (42.8% of net sales) in the same period in 2007. The gross margin declines for the three and nine months ended September 30, 2008 were primarily due to increased costs of material, labor and energy, as well as the appreciation of the Chinese currency against the U.S. dollar. Also, during the second and third quarters of 2008 the Company gained additional market share in the highly competitive back to school market which reduced gross margins due to the highly competitive nature of that market.

##### Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the three months ended September 30, 2008 were \$5,650,000 (29.5% of net sales) compared with \$5,229,000 (30.6% of net sales) for the same period of 2007, an increase of \$421,000. SG&A expenses for the nine months ended September 30, 2008 were \$16,690,000 (29.7% of net sales) compared with \$14,822,000 (30.7% of net sales) in the comparable period of 2007, an increase of \$1,868,000. SG&A expenses increased for the three and nine months ended September 30, 2008 primarily as a result of the addition of sales, marketing, logistics and quality control personnel as well as incrementally higher freight costs and sales commissions associated with higher sales.

##### Operating Income

Operating income for the three months ended September 30, 2008 was \$2,219,000 compared with \$2,152,000 in the same period of 2007, an increase of \$67,000 or 3.1%. Operating income for the nine months ended September 30, 2008 was \$6,084,000 compared to \$5,872,000 in the same period of 2007.



## Interest Expense

Interest expense for the three months ended September 30, 2008 was \$120,000, compared with \$208,000 for the same period of 2007, an \$88,000 decrease. Interest expense for the nine months ended September 30, 2008 was \$306,000, as compared to \$519,000 for the same period in 2007, a \$213,000 decrease. The decrease in interest expense for both the three and nine months ended September 30, 2008 was primarily the result of lower interest rates under the Company's revolving credit facility, partially offset by a higher average outstanding debt balance.

## Other (Expense) Income, Net

Net other expense was \$138,000 in the three months ended September 30, 2008, as compared to other income of \$91,000 in the same period of 2007. Net other income was \$23,000 in the first nine months of 2008, compared to \$77,000 in the first nine months of 2007. The change in other (expense) income, net for the three months ended September 30, 2008 was primarily due to losses from foreign currency transactions. The decrease in other (expense) income, net for the nine months ended September 30, 2008 was primarily related to lower gains from foreign currency transactions.

## Income Taxes

The effective tax rate for the three months ended September 30, 2008 was 31%, compared to 36% in the same period of 2007. The effective tax rate for the nine months ended September 30, 2008 was 34% compared to 36% in the same period of 2007. The decrease in the effective tax rate for the three and nine months ended September 30, 2008 is primarily related to a higher proportion of earnings in a foreign tax jurisdiction with a lower tax rate.

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## Financial Condition

### Liquidity and Capital Resources

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

(000's omitted from dollar amounts)	September 30, 2008	December 31, 2007
	-----	-----
Working capital	\$ 34,515	\$ 29,326
Current ratio	5.21	4.44
Long term debt to equity ratio	51.0%	44.0%

During the first nine months of 2008, total debt outstanding under the Company's Modified Loan Agreement, (referred to below) increased by \$2,812,000 compared to total debt at December 31, 2007, principally due to an increase in borrowings for inventory and accounts receivables for the back to school season as well as share repurchases, partially offset by earnings. As of September 30, 2008, \$12,910,000 was outstanding and \$7,090,000 was available for borrowing under the Modified Loan Agreement.

On June 23, 2008, the Company modified its revolving loan agreement (the "Modified Loan Agreement") with Wachovia Bank. The Modified Loan Agreement amends certain provisions of the original revolving loan agreement. The amendments include (a) an increase in the maximum borrowing amount from \$15 million to \$20 million; (b) an extension of the maturity date of the loan from June 30, 2009 to June 30, 2010; (c) a decrease in the interest rate to LIBOR plus 7/8% (from LIBOR plus 1.0%) and (d) modification of certain covenant restrictions. Funds borrowed under the Modified Loan Agreement are used for working capital, general operating expenses, share repurchases and certain other purposes.

Cash expected to be generated from operating activities, together with funds available under the Modified Loan Agreement are expected, under current conditions, to be sufficient to finance the Company's planned operations over the next twelve months. However, the recent financial crisis affecting the domestic and foreign banking systems and financial markets, and the going

concern threats to investment banks and other financial institutions have resulted in a tightening in the credit markets, a low level of liquidity in many financial markets, and extreme volatility in fixed income, credit and equity markets. There could be a number of follow on effects from the credit crisis on the Company's business, including weakening or insolvency of key suppliers resulting in product delays; inability of customers to obtain credit to finance purchases of our products and/or customer insolvencies.

#### Recently Issued Accounting Standards

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value under Generally Accepted Accounting Principles (GAAP) and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. SFAS No. 157 also expands financial statement disclosures about fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position (FSP) 157-2 which delayed the effective date of SFAS No. 157 for one year, for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS No. 157 and FSP 157-2 are effective for financial statements issued for fiscal years beginning after November 15, 2007. We will elect a partial deferral of SFAS No. 157 under the provisions of FSP 157-2 related to the measurement of fair value used when evaluating long-lived assets for impairment and valuing asset retirement obligations. The impact of partially adopting SFAS No. 157 effective January 1, 2008 was not material to our financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," ("SFAS No. 159") which provides companies with an option to report selected financial assets and liabilities at fair value in an attempt to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. This statement is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. The Company chose not to adopt these fair value provisions.

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#### Item 3. Quantitative and Qualitative Disclosure About Market Risk

There are no material changes in market risks as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

#### Item 4T. Controls and Procedures

##### (a) Evaluation of Internal Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of our disclosure controls and procedures, which included inquiries made to certain other of our employees. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have each concluded that, as of September 30, 2008, our disclosure controls and procedures were effective and sufficient to ensure that we record, process, summarize and report information required to be disclosed by us in our periodic reports filed under the Securities and Exchange Commission's rules and forms.

##### (b) Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2008, there were no changes in our internal control over financial reporting that materially affected, or was reasonably likely to materially affect, this control.

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## PART II. OTHER INFORMATION

#### Item 1 -- Legal Proceedings

The Company is involved from time to time in disputes and other litigation in the ordinary course of business, including certain environmental and other matters. The Company presently believes that none of these matters, individually

or in the aggregate, would be likely to have a material adverse impact on its financial position, results of operations, or liquidity.

Item 1A - Risk Factors

See Risk Factors set forth in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and the discussion in Item 1, above, under "Financial Condition - Liquidity and Capital resources.

Item 2 -- Unregistered Sales of Equity Securities and Use of Proceeds

(c) On October 4, 2005, the Company announced a stock repurchase program of up to 150,000 shares. In addition, on January 23, 2008, the Company announced a new stock repurchase program of up to 150,000 shares. These programs do not have an expiration date. The following table discloses the total shares repurchased under these programs for the quarter ended September 30, 2008:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares that may yet be Purchased Under the Programs
July	100	\$ 13.27	117,700	182,300
August	10,400	13.38	128,100	171,900
September	5,774	12.66	133,874	166,126
Total	16,274	\$ 13.76	133,874	166,126

Item 3 -- Defaults Upon Senior Securities

None.

Item 4 -- Submission of Matters to a Vote of Security Holders

None.

Item 5 -- Other Information

None.

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Item 6 -- Exhibits

Documents filed as part of this report.

Exhibit 31.1 Certification of Walter C. Johnsen pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31.2 Certification of Paul G. Driscoll pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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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  
              Chairman of the Board and  
              Chief Executive Officer

Dated: October 29, 2008

By            /s/ PAUL G. DRISCOLL  
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              Paul G. Driscoll  
              Vice President and  
              Chief Financial Officer

Dated: October 29, 2008

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, WALTER C. JOHNSEN, certify that:

I have reviewed this Quarterly Report on Form 10-Q of Acme United Corporation;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By \_\_\_\_\_  
/s/ WALTER C. JOHNSEN  
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Walter C. Johnsen  
Chairman of the Board and  
Chief Executive Officer  
Dated: October 29, 2008



CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, PAUL G. DRISCOLL, certify that:

I have reviewed this Quarterly Report on Form 10-Q of Acme United Corporation;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By                    /s/ PAUL G. DRISCOLL  
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                    Paul G. Driscoll  
                    Vice President and  
                    Chief Financial Officer  
                    Dated: October 29, 2008





CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Acme United Corporation (the "Company") hereby certifies to my knowledge that the Company's quarterly report on Form 10-Q for the quarterly period ended September 30, 2008 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be a part of the Report or "filed" for any purpose whatsoever.

By                    /s/ WALTER C. JOHNSEN  
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Walter C. Johnsen  
Chairman of the Board and  
Chief Executive Officer

Dated: October 29, 2008

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Acme United Corporation and will be retained by Acme United Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Acme United Corporation (the "Company") hereby certifies to my knowledge that the Company's quarterly report on Form 10-Q for the quarterly period ended September 30, 2008 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed a part of the Report or "filed" for any purpose whatsoever.

By                    /s/ PAUL G. DRISCOLL  
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Paul G. Driscoll  
Vice President and  
Chief Financial Officer

Dated: October 29, 2008

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Acme United Corporation and will be retained by Acme United Corporation and furnished to the Securities and Exchange Commission or its staff upon request.