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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, 2005

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 001-07698

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	06825
(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 |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|

Registrant had 3,559,983 shares outstanding as of July 12, 2005 of its $2.50 par value Common Stock.

ACME UNITED CORPORATION

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

	June 30 2005 (unaudited)	December 31 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 602	$ 1,888
Accounts receivable, less allowance	12,625	8,885
Inventories:		
Finished goods	10,205	7,739
Work in process	161	92
Raw materials and supplies	775	558
	11,141	8,389
Prepaid expenses and other current assets	539	485
Deferred income taxes	279	279
Total current assets	25,186	19,926
Property, plant and equipment:		
Land	155	251
Buildings	2,512	2,796
Machinery and equipment	6,178	6,102
	8,845	9,149
Less accumulated depreciation	6,642	6,853
	2,203	2,296
Other assets	720	656
Goodwill	89	89
Total assets	$ 28,198	$ 22,967

See notes to condensed consolidated financial statements.

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

	June 30 2005 (unaudited)	December 31 2004
LIABILITIES		
Current liabilities:		
Accounts payable	$ 3,770	$ 2,316
Other accrued liabilities	4,559	4,682
Current portion of long-term debt	4,968	1,379
Total current liabilities	13,297	8,377
Deferred income taxes	131	131
Long-term debt, less current portion	54	55
Other	410	420
Total liabilities	13,892	8,983

STOCKHOLDERS' EQUITY		
Common stock, par value $2.50: authorized 8,000,000 shares; issued 4,142,074 shares in 2005 and 3,849,512 in 2004, including treasury stock	10,355	9,624
Treasury stock, at cost - 582,091 shares in 2005 and 436,091 shares in 2004	(4,078)	(1,875)
Additional paid-in capital	2,288	2,231
Retained earnings	6,811	5,034
Accumulated other comprehensive loss:		
Translation adjustment	(448)	(351)
Derivative financial instruments	(24)	(81)
Minimum pension liability	(598)	(598)
	(1,070)	(1,030)
Total stockholders' equity	14,306	13,984
Total liabilities and stockholders' equity	$ 28,198	$ 22,967

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 amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
Net sales	$ 14,904	$ 12,298	$ 25,487	$ 20,865
Costs and expenses:				
Cost of goods sold	8,173	6,779	13,895	11,626
Selling, general and administrative expenses	4,577	3,579	8,296	6,550
	12,750	10,358	22,191	18,176
Income before non-operating items	2,154	1,940	3,296	2,689
Non-operating items:				
Interest expense	43	40	56	85
Other expense	97	80	146	74
	140	120	202	159
Income before income taxes	2,014	1,820	3,094	2,530
Income tax expense	700	745	1,130	1,062
Net income	1,314	1,075	1,964	1,468
Other comprehensive expense - Foreign currency translation	(81)	(73)	(96)	(130)
Comprehensive income	$ 1,233	$ 1,002	$ 1,868	$ 1,338
Basic earnings per share	$ 0.37	$ 0.32	$ 0.56	$ 0.44
Diluted earnings per share	$ 0.34	$ 0.29	$ 0.52	$ 0.40
Weighted average number of common shares outstanding-denominator used for basic per share computations	3,541	3,368	3,508	3,334
Weighted average number of dilutive stock options outstanding	307	354	302	311
Denominator used for diluted per share computations	3,848	3,722	3,810	3,645
Dividends declared per share	0.03	0.02	0.05	0.02

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	
	2005	2004
Operating Activities:		
Net income	$ 1,964	$ 1,468
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	259	229
Amortization	21	10
Deferred income taxes	-	20
Loss on disposal/sale of assets	43	42
Changes in operating assets and liabilities:		
Accounts receivable	(3,708)	(4,702)
Inventories	(2,888)	(204)
Prepaid expenses and other current assets	(61)	(109)
Other assets	-	28
Accounts payable	1,488	423
Other accrued liabilities	(51)	1,421
Total adjustments	(4,897)	(2,842)
Net cash used by operating activities	(2,933)	(1,374)
Investing Activities:		
Purchase of property, plant, and equipment	(453)	(190)
Proceeds from sale of property, plant, and equipment	166	31
Purchase of patents and trademarks	(85)	(14)
Net cash used by investing activities	(372)	(173)
Financing Activities:		
Net short-term borrowings	3,594	450
Payments of long-term debt		(225)
Proceeds from issuance of common stock	788	625
Distribution to stockholders	(146)	
Purchase of 146,000 shares of common stock in 2005 and 46,830 shares of common stock in 2004 for treasury	(2,203)	(235)
Net cash provided by financing activities	2,033	616
Effect of exchange rate changes	(14)	93
Net change in cash and cash equivalents	(1,286)	(838)
Cash and cash equivalents at beginning of period	1,888	1,250
Cash and cash equivalents at end of period	$ 602	$ 412

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 include all adjustments necessary to present fairly the financial position, results of operations and cash flows. 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, 2004 for such disclosures. The condensed consolidated balance sheet as of December 31, 2004 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.

Note 2 -- Contingencies

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 there will not be a material adverse impact on financial position, results of operations, or liquidity from these matters.

Note 3 -- Pension

Components of net periodic pension cost are as follows for the periods ended:

	Three Months Ended		Six Months Ended	
	June 30 2005	June 30 2004	June 30 2005	June 30 2004
Components of net periodic benefit cost:				
Interest cost	$ 53,365	$ 49,727	$ 102,115	$ 99,453
Service cost	8,750	8,750	17,500	17,500
Expected return on plan assets	(69,045)	(64,281)	(130,045)	(128,563)
Amortization of prior service costs	2,138	2,194	4,388	4,388
Amortization of actuarial gain	17,102	12,399	33,102	24,797
	$ 12,310	$ 8,789	$ 27,060	$ 17,575

Note 4 -- Accounting for Stock-Based Compensation

The Company has elected to adopt only the disclosure provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, and continues to measure costs for its employee stock compensation plans by using the accounting methods prescribed by APB Opinion No. 25, Accounting for Stock Issued to Employees, which allows that no compensation cost be recognized unless the exercise price of the options granted is less than the fair market value of the Company's stock at date of grant. Generally, no stock-based employee compensation cost is reflected in net income, as all options granted had an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table illustrates the proforma effect on net income and earnings per share as if the Company had applied the fair value method under SFAS No. 123, Accounting for Stock Based Compensation, to stock-based employee compensation for the periods ended:

	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
Net income, as reported	$ 1,314,000	$ 1,074,551	$ 1,964,000	$ 1,467,618
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related income tax effects	119,297	18,521	148,974	38,826
Pro forma net income	$ 1,194,703	$ 1,056,030	$ 1,815,026	$ 1,428,792
Basic-as reported	$ 0.37	$ 0.32	$ 0.56	$ 0.44
Basic-pro forma	$ 0.34	$ 0.31	$ 0.52	$ 0.43
Diluted-as reported	$ 0.34	$ 0.29	$ 0.52	$ 0.40
Diluted-pro forma	$ 0.31	$ 0.28	$ 0.48	$ 0.39

Note 5 -- Capital Structure

During the first six months of 2005, the Company issued 292,562 shares of common stock with proceeds of $788,164 upon the exercise of outstanding stock options. The Company also repurchased 146,000 shares of common stock for treasury. The shares were purchased at fair market value, with a total cost to the Company of $2,203,104.

Note 6 -- Business Combination

On May 28, 2004, the Company purchased Clauss Cutlery, a division of Alco Industries, Inc.. Sales of Clauss products for three and six months ended June 30, 2004 were $196,000. The purchase price was the aggregate value of inventory, trademarks and brand names totaling $446,754. Included in the accompanying Statement of Operations for the three and six months ended June 30, 2005 is the operations of the acquired business. Sales for Clauss products for the three and six months ended June 30, 2005 were $990,000 and $1,750,000, respectively. In accordance with Regulation S-X, proforma information for the six months ended June 30, 2004 is not provided because of the immateriality of the transaction.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2. - 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, 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.

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 back-to-school business. Consolidated net sales for the quarter ended June 30, 2005 were $14,904,000 compared with $12,298,000 for the same period in 2004, a 21% increase. Net sales for the first six months of 2005 were $25,487,000 compared with $20,865,000 for the same period in 2004, a 22% increase. Excluding the favorable effect of currency gains in Canada and Europe, the net sales increase represented 20%. The sales increase was mainly driven by a 25% increase in U.S. sales and Hong Kong direct import sales due to market share gains, new product launches and the Clauss business acquired on May 28, 2004. Combined Europe and Canada sales were up 7% in local currency.

Gross Profit

Gross profit for the second quarter of 2005 was $6,731,000 (45.2% of net sales) compared to $5,519,000 (44.9% of net sales) for the second quarter of 2004. Gross profit for the first six months of 2005 was $11,592,000 (45.5% of net sales compared to $9,239,000 (44.3% of net sales) in the same period of 2004. The increased percentage of new products with higher gross margins coupled with positive impacts from product rationalization efforts and sales of a more profitable product mix in Europe were the main reasons for the improved gross margins. Offsetting factors to the improved margins were increased raw material costs and a higher volume of airfreight costs due to orders of some items in excess of those anticipated.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the second quarter of 2005 were $4,577,000 (31% of net sales) compared with $3,579,000 (29% of net sales) for the same period of 2004, an increase of $998,000. SG&A expenses were 33% of net sales for the first six months of 2004 versus 31% in the comparable period of 2004. The majority of the increase relates to higher sales commission and freight costs associated with increased sales, investment in new products and the addition of sales, marketing, logistics and quality control personnel.

Interest Expense

Interest expense for the second quarter of 2005 was $43,000, compared with $40,000 for the same quarter of 2004. Interest expense for the first six months of 2005 was $56,000, compared with $85,000 for the same period of 2004, a $29,000 decrease. This decrease is mainly attributable to the decline in bank debt (the amount outstanding under the Company's revolving credit facility).

Other Expense, Net

Net other expense was $97,000 in the second quarter of 2005 compared to net other expense of $80,000 in the second quarter of 2004. Net other expense was $146,000 for the first six months of 2005 as compared to $74,000 for the same period of 2004. The change from 2004 is primarily due to higher foreign exchange transaction losses in 2005.

Income Before Income Taxes

Income before income taxes was $2,014,000 in the second quarter of 2005 compared with $1,820,000 in the second quarter of 2004, an increase of $194,000. Income before income taxes was $3,094,000 for the first six months of 2005 compared with $2,530,000 in the first six months of 2004, an improvement of $564,000. Pretax income for North America and Asia increased by $234,000. The European operations had a net loss of $60,000 in the first six months of 2005 compared to a net loss of $390,000 in the same period of 2004. The results of the European operations are improving due to higher sales, product rationalization efforts and a more profitable product mix. The higher sales are primarily due to increases in the sales force and increased advertising.

Income Taxes

The effective tax rate in the first six months of 2005 was 37% compared to 42% in 2004. The lower effective tax rate is principally due to lower losses in Europe for which there is no recorded tax benefit because the losses in Europe cannot be utilized to offset earnings in other countries.

Net Income

Net income for the second quarter of 2005 was $1,314,000, or 34 cents per share (diluted), compared to a net income of $1,075,000, or 29 cents per share (diluted), for the same period of 2004. Net income for the first six months of 2005 was $1,964,000, or 52 cents per share (diluted), compared to a net income of $1,468,000, or 40 cents per share (diluted), for the same period of 2004.

Financial Condition

Liquidity and Capital Resources

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

	June 30, 2005	December 31, 2004
Working capital	$ 11,888,952	$ 11,548,693
Current ratio	1.89	2.38
Long term debt to equity ratio	0.4%	0.4%

During the first six months of 2005, total debt increased by $3,588,000 compared to total debt at December 31, 2004 principally as a result of the buildup of inventory in anticipation of the Company's stronger sales in the second and third quarters and the repurchase of company stock.

During September 2004, the Company renewed its revolving loan agreement, which originally allowed for borrowings up to a maximum of $10,000,000 based on a borrowing base formula, which applied specific percentages to balances of accounts receivable and inventory. The renewal modified several terms of the original agreement, the most significant of which are reducing the interest rate to LIBOR plus 1.50% from LIBOR plus 1.75%, eliminating the borrowing base formula, allowing the Company to borrow up to $10,000,000, regardless of its inventory and receivable levels, and extending the maturity of the loan to June 30, 2007. As of June 30, 2005, $4,967,500 was outstanding and $5,032,500 was available for borrowing under this agreement. The Company anticipates that all debt currently outstanding under this loan agreement will be paid off in 2005. However, the Company may draw down additional funds under this loan agreement in the future.

Cash expected to be generated from operating activities, which together with funds available under its existing loan agreement, are expected, under current conditions, to be sufficient to finance the Company's planned operations over the next twelve months. Over that same period, the Company does not expect to make significant investments in property, plant, and equipment.

Recently Issued Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS 123 (R)"), "Share-Based Payment", which revised SFAS No. 123, "Accounting for Stock-Based Compensation". This statement supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". The revised statement addresses the accounting for share-based payment transactions with employees and other third parties, eliminates the ability to account for share-based compensation transactions using APB 25 and requires that the compensation costs relating to such transactions be recognized in the consolidated statement of operations. The revised statement is effective as of the first annual period beginning after June 15, 2005. Acme will adopt the statement on January 1, 2006 as required. The impact of adoption of SFAS 123 (R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had Acme adopted SFAS 123 in prior periods, the impact of that standard would have approximated the impact of Statement 123 as described in the disclosure of pro forma net income and net income per share in the stock-based compensation accounting policy note included in Note 4 to the consolidated financial statements.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4," to clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage) should be recognized as current period charges, and that fixed production overheads should be allocated to inventory based on normal capacity of production facilities. This statement is effective for Acme's fiscal year 2006. We do not expect the adoption of this standard to have a material effect on our financial position, results of operations or cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS-Continued

Item 3. Quantitative and Qualitative Disclosure About Market Risk

There are no material changes in market risks as disclosed in our annual Report on Form 10-K for the year ended December 31, 2004.

Item 4. 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 June 30, 2005, 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 June 30, 2005, there were no changes in our internal control over financial reporting that materially affected, or was reasonably likely to materially affect, this control.

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 financial position, results of operations, or liquidity from these matters.

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

(c) On July 23, 2003, the Company announced a stock repurchase program of up to 150,000 shares. In April, 2005, all shares available under this program had been repurchased. On March 30, 2005, the Company announced a further stock repurchase program of up to 150,000 shares. The new program does not have an expiration date. The following table discloses the total shares repurchased under these programs for the quarter ended June 30, 2005:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that can be Purchased Under the Program
April	64,700	14.00	64,700	
May	8,500	15.65	8,500	
June	12,800	16.40	12,800	
	86,000	14.52	86,000	71,670

Item 3 -- Defaults Upon Senior Securities

None

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

The Company's Annual Meeting of shareholders was held on April 25, 2005.

A. The following individuals were elected Directors at the Meeting and comprise the entire Board.

	Votes for	Votes against
George R. Dunbar	3,436,337	89,739
Richmond Y. Holden, Jr.	3,439,139	86,673
Walter C. Johnsen	3,308,337	217,485
Wayne R. Moore	3,436,583	89,239
Susan H. Murphy	3,438,749	87,073
Brian Olschan	3,309,337	216,485
Gary D. Penisten	3,438,683	87,139
Stevenson E. Ward	3,438,149	87,673

B. The 2005 Non-Employee Director Stock Option Plan was approved with 2,003,297 votes for the proposal, 172,578 votes against and 2,797 votes abstaining.

C. The Amendment to the Employee Stock Option Plan was approved with 1,996,196 votes for the proposal, 179,864 votes against and 2,612 votes abstaining.

Item 5 -- Other Information

None

Item 6 -- Exhibits

Documents filed as part of this report.

Exhibit 10.6 Modification to Revolving Promissory Note and Revolving Credit and Security Agreement, and Reaffirmation of Guaranty

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

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: July 28, 2005

By /s/ PAUL G. DRISCOLL

Paul G. Driscoll
Vice President and
Chief Financial Officer

Dated: July 28, 2005

Exhibit 10.6

MODIFICATION TO REVOLVING PROMISSORY NOTE AND
REVOLVING CREDIT AND SECURITY AGREEMENT,
AND REAFFIRMATION OF GUARANTY

Acme United Corporation
1931 Black Rock Turnpike
Fairfield, Connecticut 06432
(Hereinafter referred to as "Borrower")

Acme United Limited
351 Foster Street
Mount Forest, Ontario, Canada, NOG 2LO
(Individually and collectively "Guarantor")

Wachovia Bank, National Association
300 Main Street
Stamford, Connecticut 06901
(Hereinafter referred to as "Bank")

THIS AGREEMENT is entered into as of September 30, 2004 by and between Bank, Borrower and Guarantor.

RECITALS

Bank is the holder of a certain Revolving Promissory Note in the original principal amount of up to $10,000,000.00 (the "Note"), which is dated August 2, 2002, and which evidences a certain revolving loan from Bank to Borrower (the "Loan");

The Loan is made pursuant to the terms of a certain Revolving Credit And Security Agreement dated August 2, 2002 (the "Loan Agreement", and collectively with the Note and all of the other documents which evidence or secure the Loan, the "Loan Documents");

Borrower has requested a modification of the interest rate payable under the Note, an extension of the maturity date of the Note, and certain other changes to the Loan Documents and Bank has agreed to such modifications;

Pursuant to its Unconditional Guaranty dated August 2, 2002 (the "Guaranty"), Guarantor unconditionally agreed to the full payment and performance of all Guaranteed Obligations, as defined in the Guaranty;

In consideration of Bank's agreement to such modifications and the other agreements contained herein, the parties agree as follows:

AGREEMENT

ACKNOWLEDGMENT OF BALANCE. Borrower acknowledges that the most recent Commercial Loan Invoice sent to Borrower with respect to the Indebtedness, as that term is defined in the Loan Agreement, is correct.

MODIFICATIONS.

1. The Note is hereby modified as follows:

a. The first sentence of the paragraph entitled "LIBOR Market Index Rate" is hereby deleted in its entirety and the following is substituted therefor: "LIBOR Market Index plus 1.50% per annum, as LIBOR Market Index may change from day to day (`LIBOR Market Index-Based Rate')." Any other reference in the Note or in any other Loan Documents to the LIBOR Market Index-Based Rate shall be deemed to refer to such rate of interest as modified hereby.

b. The paragraph in the Note entitled "Revolving Credit Advances" is hereby deleted in its entirety and the following is substituted therefor:

> REVOLVING CREDIT ADVANCES. This is a revolving credit note. Borrower may borrow, repay and reborrow, and Bank may advance and readvance under this Note respectively from time to time (each an "Advance" and together the "Advances"), so long as the total indebtedness and all other Advances under

the Loan Agreement outstanding at any one time does not exceed the principal amount stated on the face of this Note. Bank's obligation to advance or readvance under this Note shall terminate if an Event of Default exists.

c. The maturity date of the Note of July 31, 2005, set forth in the paragraph entitled "Repayment Terms", is hereby amended to be June 30, 2007. Any other reference in the Note or in any other Loan Documents to the maturity date of the Note shall be deemed to refer to June 30, 2007.

2. The Loan Agreement is hereby modified as follows:

a. The definitions of "Borrowing Base" and "Borrowing Base Certificate" set forth in the Loan Agreement are hereby deleted in their entirety. In furtherance of the foregoing:

(i) Any other reference in the Loan Agreement or in any other Loan Documents to the Borrowing Base, or to the requirement that Borrower submit a Borrowing Base Certificate, is hereby deleted.

(ii) Any use of the phrase "...will not exceed the lesser of (i) the Maximum Loan Amount and (ii) the Borrowing Base" in the Loan Agreement or in any other Loan Documents is hereby modified as follows: "...will not exceed the Maximum Loan Amount".

(iii) Section 5.6(a) of the Loan Agreement, entitled "Periodic Borrowing Base Information" is hereby deleted in its entirety and the following is substituted therefor:

"Summary Reports. Within twenty (20) days of the end of each month (or more frequently if required by Bank), a summary accounts receivable report and a summary inventory report, setting forth such information as Bank may require. Notwithstanding the foregoing, Bank reserves the right, under certain circumstances, to request and receive a monthly borrowing base certificate, detailed accounts receivable report and detailed inventory report, each setting forth such additional information as Bank may require, and to reinstate the requirement that Advances be made pursuant to a borrowing base formula. These circumstances are a material adverse change in the financial condition of the Borrower, a default by the Borrower of one or more loan covenants, or should the Bank deem itself under secured."

b. The first sentence of Section 5.1 of the Loan Agreement, entitled "Use of Loan Proceeds" is hereby deleted in its entirety and the following is substituted therefor:

"Shall use the proceeds of the Loan only for general corporate purposes, including working capital needs of the Borrower and its Subsidiaries (including repayment of such Subsidiaries debts), and for stock repurchases and dividend payments by the Borrower."

c. The requirement that Bank be permitted to conduct field examinations of Borrower's properties set forth in Sections 5.5 and 10.3(iv) of the Loan Agreement, is hereby deleted, provided however that Bank reserves all rights set forth in the Loan Agreement and any other Loan Document to review Borrower's books and records at Bank's sole discretion.

d. The dollar amount of $6,300,000.00 set forth in the first sentence of Section 7.2 of the Loan Agreement, entitled "Tangible Net Worth" is hereby modified to be $9,000,000.00.

e. The ratio of 2.00 to 1.00 set forth in the first sentence of Section 7.3 of the Loan Agreement, entitled "Total Liabilities to Tangible Net Worth Ratio" is hereby modified to be 1.75 to 1.00.

f. The definition of "Termination Date" set forth in the Loan Agreement is hereby deleted in its entirety, and the following is substituted therefor:

"'Termination Date' means June 30, 2007.

3. Except as modified herein, all other terms, covenants and conditions set forth in any Loan Document shall remain unmodified and in full force and effect.

ACKNOWLEDGMENTS AND REPRESENTATIONS. Borrower and Guarantor acknowledge and represent that the Note, the Loan Agreement, the Guaranty and all other Loan Documents, as amended hereby, are in full force and effect without any defense, counterclaim, right or claim of set-off; that, after giving effect to this Agreement, no default or event that with the passage of time or giving of notice would constitute a default under the Loan Documents has occurred; that all representations and warranties contained in the Loan Documents are true and correct as of this date; that all necessary action to authorize the execution and delivery of this Agreement has been taken; and that this Agreement is a modification of an existing obligation and is not a novation.

COLLATERAL. Borrower and Guarantor acknowledge and confirm that there have been no changes in the ownership of the collateral pledged to secure the Loan (the "Collateral") since the Collateral was originally pledged; that the Bank has existing, valid first priority security interests and liens in the Collateral; and that such security interests and liens shall secure Borrower's and Guarantor's obligations to Bank, including without limitation the Note as amended hereby, and all future modifications, extensions, renewals and/or replacements of the Loan Documents.

REAFFIRMATION OF GUARANTY. Guarantor hereby consents to the modifications contained herein and hereby ratifies and confirms: (a) that it unconditionally guarantees to Bank the payment and performance from and by Borrower of the Guaranteed Obligations, as defined in the Guaranty, upon the terms and conditions set forth in the Guaranty and (b) such Guaranteed Obligations include, without limitation, the Note and Loan Agreement as modified hereby. Guarantor acknowledges that its reaffirmation and ratification of the Guaranty is a material inducement for Bank to enter into this Agreement and that Bank would not do so without said reaffirmation and ratification. This Agreement and the Guaranty are Guarantor's valid and binding obligation enforceable against it in accordance with their terms.

MISCELLANEOUS. This Agreement shall be construed in accordance with and governed by the laws of the applicable state as originally provided in the Loan Documents, without reference to that state's conflicts of law principles. This Agreement and the other Loan Documents constitute the sole agreement of the parties with respect to the subject matter thereof and supersede all oral negotiations and prior writings with respect to the subject matter thereof. No amendment of this Agreement, and no waiver of any one or more of the provisions hereof shall be effective unless set forth in writing and signed by the parties hereto. The illegality, unenforceability or inconsistency of any provision of this Agreement shall not in any way affect or impair the legality, enforceability or consistency of the remaining provisions of this Agreement or the other Loan Documents. This Agreement and the other Loan Documents are intended to be consistent. However, in the event of any inconsistencies among this Agreement and any of the Loan Documents, the terms of this Agreement, and then such Loan Document, shall control. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts. Each such counterpart shall be deemed an original, but all such counterparts shall together constitute one and the same agreement. Terms used in this Agreement which are capitalized and not otherwise defined herein shall have the meanings ascribed to such terms in the Note and the Loan Agreement.

LIMITATION ON LIABILITY; WAIVER OF PUNITIVE DAMAGES. EACH OF THE PARTIES HERETO, INCLUDING BANK BY ACCEPTANCE HEREOF, AGREES THAT IN ANY JUDICIAL, MEDIATION OR ARBITRATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO, IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF, OR BE LIABLE TO THE OTHER FOR, (1) INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES. EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING, CLAIM OR CONTROVERSY, WHETHER THE SAME IS RESOLVED BY ARBITRATION, MEDIATION, JUDICIALLY OR OTHERWISE.

CONNECTICUT PREJUDGMENT REMEDY WAIVER. BORROWER ACKNOWLEDGES THAT THE TRANSACTIONS REPRESENTED BY THIS AGREEMENT ARE COMMERCIAL TRANSACTIONS AND HEREBY VOLUNTARILY AND KNOWINGLY WAIVE ANY RIGHTS TO NOTICE OF AND HEARING ON PREJUDGMENT REMEDIES UNDER CHAPTER 903A OF THE CONNECTICUT GENERAL STATUTES OR OTHER STATUTES AFFECTING PREJUDGMENT REMEDIES, AND AUTHORIZE THE BANK'S ATTORNEY TO ISSUE A WRIT FOR A PREJUDGMENT REMEDY WITHOUT COURT ORDER, PROVIDED THE

COMPLAINT SHALL SET FORTH A COPY OF THIS WAIVER.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER BY EXECUTION HEREOF AND BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO ACCEPT THIS AGREEMENT. EACH OF THE PARTIES AGREES THAT THE TERMS HEREOF SHALL SUPERSEDE AND REPLACE ANY PRIOR AGREEMENT RELATED TO ARBITRATION OF DISPUTES BETWEEN THE PARTIES CONTAINED IN ANY LOAN DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT HERETOFORE EXECUTED IN CONNECTION WITH, RELATED TO OR BEING REPLACED, SUPPLEMENTED, EXTENDED OR MODIFIED BY, THIS AGREEMENT.

BORROWER HEREBY REPRESENTS AND WARRANTS TO BANK THAT THE WITHIN WAIVERS ARE THEIR FREE ACT AND DEED MADE KNOWINGLY AND VOLUNTARILY FOLLOWING CONSULTATION WITH INDEPENDENT COUNSEL OF THEIR CHOICE.

PLACE OF EXECUTION AND DELIVERY. Borrower hereby certifies that this Agreement and the Loan Documents were executed in the State of Connecticut and delivered to Bank in the State of Connecticut.

IN WITNESS WHEREOF, the undersigned have signed and sealed this Agreement the day and year first above written.

WITNESSES:

--------------------	Acme United Corporation
	By: /s/ Walter C. Johnsen
--------------------	Walter C. Johnsen Its: President
--------------------	Acme United Limited
	By: /s/ Walter C. Johnsen
--------------------	Walter C. Johnsen Its: President
--------------------	WACHOVIA BANK, NATIONAL ASSOCIATION
	By: /s/ Joan Troost
--------------------	Joan Troost Its: Vice President, Duly Authorized

Exhibit 31.1

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)) 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) 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

(c) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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

Walter C. Johnsen
President and
Chief Executive Officer

Dated: July 28, 2005

Exhibit 31.2

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)) 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) 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

(c) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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

Paul G. Driscoll
Vice President and
Chief Financial Officer

Dated: July 28, 2005

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

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 June 30, 2005 (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

Walter C. Johnsen
President and
Chief Executive Officer

Dated: July 28, 2005

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.

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

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 June 30, 2005 (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

Paul G. Driscoll
Vice President and
Chief Financial Officer

Dated: July 28, 2005

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.