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 March 31, 1998

OR

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

For the transition period from _____________ to _____________

Commission File Number Q4823

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

Connecticut	06-0236700
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
75 Kings Highway Cutoff, Fairfield, Connecticut	06430
(Address of principal executive offices)	(Zip Code)

(203) 332-7330
Registrant's telephone number, including area code

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Registrant had 3,369,875 shares outstanding as of April 30, 1998 of its $ 2.50 par value Common Stock.

<PAGE 2>
PART 1 - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

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

ASSETS

	MARCH 31 1998 (UNAUDITED)	DECEMBER 31 1997 (UNAUDITED)
Current Assets:		
Cash and cash equivalents	$ 21	$ 25
Accounts receivable, net	7,445	7,446
Inventories:		
Finished goods	7,325	7,658
Work in process	2,246	1,229
Raw materials and supplies	4,258	5,194
	13,829	14,081
Prepaid expenses and other current assets	1,004	176
Total current assets	22,299	21,728
Property, plant and equipment		
Land	415	420
Buildings	3,678	3,746
Machinery and equipment	15,962	15,528
	20,055	19,694
Less accumulated depreciation	12,996	12,929
	7,059	6,765
Other assets	807	837
Goodwill	522	527
Total assets	$ 30,687	$ 29,857

See notes to condensed consolidated financial statements

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

	MARCH 31 1998 (UNAUDITED)	DECEMBER 31 1997 (UNAUDITED)
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 4,392	$ 3,525
Notes payable	3,575	3,727
Restructuring liability	557	557
Other accrued liabilities	3,202	3,902
Total current liabilities	11,726	11,711
Long term debt	12,741	11,852
Total liabilities	24,467	23,563

STOCKHOLDERS' EQUITY

Common stock, par value $2.50:

Authorized-4,000,000 shares; Issued-3,481,495 shares in 1998 and 3,473,995 shares in 1997	8,704	8,685
Additional paid-in capital	2,249	2,238
Retained-earnings deficit	(2,806)	(2,714)
Translation adjustment	(1,238)	(1,226)
Treasury stock-111,620 shares	(689)	(689)
Total stockholders' equity	6,220	6,294
Total liabilities and stockholders' equity	$ 30,687	$ 29,857

See notes to condensed consolidated financial statements

<PAGE 4>

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

	THREE MONTHS ENDED MARCH 31	
	1998	1997
Net sales	$ 11,045	$ 10,880
Other income	53	885
	11,098	11,765
Costs and expenses:		
Cost of goods sold	8,222	7,700
Selling, general and administrative expenses	2,635	2,972
Interest expense	338	282
Restructuring and other charges	---	530
	11,195	11,484
(Loss) income before income taxes	(97)	281
(Benefit) provision for income taxes	(5)	---
Net (loss) income	(92)	281
Other comprehensive expenses- foreign currency translation	(12)	(123)
Comprehensive (loss) income	$ (104)	$ 158
Basic (loss) earnings per share	$ (.03)	$ .08
Diluted (loss) earnings per share	$ (.03)	$ .08
Weighted average number of common shares outstanding-denominator for basic per share computation	3,368	3,369
Weighted average number of dilutive stock options outstanding	---	298
Denominator for diluted per share computation	3,368	3,667

See notes to condensed consolidated financial statements

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

	THREE MONTHS ENDED MARCH 31 1998	1997
Operating activities:		
Net (loss) income	$ (92)	$ 281
Adjustments to reconcile net (loss) income to net cash used by operating activities:		
Depreciation	263	202
Amortization	6	70
Increase in deferred income taxes	28	---
Gain on disposal of property, plant, and equipment	(3)	---
Change in operating assets and liabilities:		
Accounts receivable	(410)	(1,440)
Inventories	255	(2,270)
Prepaid expenses and other current assets	(425)	(210)
Other assets	3	976
Accounts payable	869	1,602
Other accrued liabilities	(692)	671
Net cash used by operating activities	(198)	(118)
Investing activities:		
Capital expenditures	(647)	(388)
Proceeds from sale of property, plant, and equipment	44	---
Net cash used by investing activities	(603)	(388)
Financing activities:		
Net borrowings	767	678
Treasury Stock purchased	---	(330)
Common Stock issued for stock options exercised	30	9
Net cash provided by financing activities	797	357
Effect of exchange rate changes on cash	---	(1)
Net change in cash and cash equivalents	(4)	(150)
Cash and cash equivalents at beginning of period	25	427
Cash and cash equivalents at end of period	$ 21	$ 277

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of Management, the accompanying condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position as of March 31, 1998 and December 31, 1997 and the results of its operations and cash flows for the three month periods ended March 31, 1998 and 1997. 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, 1997 for such disclosures. The condensed balance sheet as of December 31, 1997 was derived from the audited financial statements as of that date. The results of operations for the three months ended March 31, 1998 are not necessarily indicative of the results to be expected for the full year.

2. The Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128") as of its December 31, 1997 year-end. As such, per share amounts for the first quarter of 1997 as presented herein reflect the adoption of SFAS. Such adoption did not have a significant impact.

3. As of January 1, 1998, the Company adopted SFAS 130, "Reporting Comprehensive Income". The adoption of this Statement had no impact on the Company's net income or shareholders' equity. Under SFAS 130 the Company's foreign currency translation adjustments, which are reported separately in shareholders' equity, are also required to be included in the determination of other comprehensive income or loss. The prior year financial statements have been reclassified to conform to the requirements of SFAS 130.

4. 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. Based on information available, the Company does not expect a significant impact on the financial position, future operations or cash flows of the Company, relating to these matters.

The Company is in the process of making a complete assessment of the impact of the Year 2000. In the U.S., the Company implemented a new information system in 1997, which should address any computer system issues related to the Year 2000. The Company has established a Year 2000 Task Force to fully evaluate the company-wide impact of the Year 2000. The Task Force is in the process of identifying all issues, and determining an action plan for testing and validating all systems. Management believes that the Year 2000 issue will not materially affect future financial results, or cause reported financial results not to be necessarily indicative of future operating results or future financial condition.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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. Consolidated net sales for the quarter ended March 31, 1998 were $11,045,000, compared to $10,880,000 for the same period last year, an increase of $165,000, or 2%. Sales for the first quarter of 1997 included $965,000 for product lines that were sold to Seton Healthcare International Limited ("Seton") in 1997. Sales for the first quarter of 1998 of $440,000 were associated with the Rotex division of Esselte Canada which the Company purchased in December 1997. Net sales for the first quarter of 1998 adjusted for the Seton sale and Rotex purchase were $690,000, or 7%, higher than the first quarter of 1997 similarly adjusted.

Domestic consumer net sales totaled $5,505,000 in the first quarter of 1998, compared to $4,575,000 in the first quarter of

1997, an increase of $930,000, or 20%. The sales growth was due to an increase in the core business and product line expansion. Net sales from foreign operations were $2,966,000 in the first quarter of 1998 compared to $2,491,000 in the first quarter of 1997. The sales increase of $475,000, or 19%, was primarily due to sales from the Rotex products. Net sales of medical products were $2,574,000 in the first quarter of 1998 compared to $3,814,000 in the first quarter of 1997, a decrease of $1,240,000. The revenue decline was primarily due to the sale of the Seton product line, and reduced sales to the Asian market.

Gross Profit Margin

For the quarter the Company reported a gross profit margin of 29.4% in 1998 compared to 32.6% in 1997. The margin for the consumer business declined slightly from 23.5% for the first quarter of 1997 to 22.9% for the first quarter of 1998. The margin for the medical business declined from 39.9% in the first quarter of 1997 to 34.3% for the first quarter of 1998. The decline was due primarily to sales mix.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses of $2,635,000 for the first quarter of 1998 decreased $337,000, or 11%, compared with the first quarter of 1997. The first quarter of 1997 included $162,000 of non-recurring charges. Excluding the non-recurring charges, SG&A expense in the first quarter of 1998 declined by $175,000 due to headcount reductions in the United Kingdom, and the elimination of certain expenses incurred in 1997 associated with the product lines sold to Seton.

Net (Loss) Income

The Company reported a net loss for the first quarter of 1998 of $92,000, or $.03 per share, compared to a net income in the first quarter of 1997 of $281,000, or $.08 per share. The first quarter of 1997 included a gain on the sale of marketing rights to Seton offset by one-time charges; an increase in net income of $157,000 was recognized.

FINANCIAL CONDITION

Liquidity and Capital Resources

During the first quarter of 1998, the total debt increased by $737,000 compared to total debt at December 31, 1997. The increase supported capital expenditures and increased sales growth.

For the remainder of 1998, cash generated from operating activities is expected to be sufficient to reduce debt and fund capital expenditures. The Company's current debt and line of credit arrangements coupled with cash expected from operating activities are considered adequate to meet liquidity needs for the remainder of 1998.

The Company's working capital, current increase supported capital expenditures and increased sales growth.

For the remainder of 1998, cash generated from operating activities is expected to be sufficient to reduce debt and fund capital expenditures. The Company's current debt and line of credit arrangements coupled with cash expected from operating activities are considered adequate to meet liquidity needs for the remainder of 1998.

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

	March 31, 1998	December 31, 1997
Working capital	$10,573,000	$10,017,000
Current ratio	1.90 to 1	1.86 to 1
Long term debt to equity ratio	2.05	1.88

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
none

ITEM 2. CHANGES IN SECURITIES
none

ITEM 3. DEFAULT UPON SENIOR SECURITIES
none

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A. The Annual Meeting was held on April 27, 1998.

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

	Votes for	Votes against	Votes withheld
David W. Clark, Jr.	3,020,482	208,108	141,285
George R. Dunbar	3,020,408	208,182	141,285
Richmond Y. Holden,Jr.	3,012,982	215,608	141,285
Walter C. Johnsen	3,020,482	208,108	141,285
Wayne R. Moore	3,020,408	208,182	141,285
Gary D. Penisten	3,020,482	208,108	141,285
James L.L. Tullis	3,020,482	208,108	141,285
Henry C. Wheeler	3,020,408	208,182	141,285

C. The Amendment to the Non-Salaried Director Stock Option Plan was approved with 1,786,876 shares voting for the Plan, 302,127 shares voting against the Plan, 104,302 votes withheld and 1,176,570 shares not voted.

D. The Amendment to the Employees' Stock Option Plan was approved with 1,562,150 shares voting for the Plan, 526,956 shares voting against the Plan, and 104,199 votes withheld and 1,176,570 shares not voted.

ITEM 5. OTHER INFORMATION
none

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

A. Form 8-K was filed by the Company on March 6, 1998. A second Form 8-K was filed by the Company on April 6, 1998 and revised on April 17, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACME UNITED CORPORATION

(Registrant)

Date: April 30, 1998	/s/ Cheryl L. Kendall ----------------------------- Cheryl L. Kendall Vice President and Chief Financial Officer
Date: April 30, 1998	/s/ Richard L. Windt ----------------------------- Richard L. Windt Vice President/Corporate Controller

<ARTICLE> 5
<LEGEND>
This schedule contains summary financial information extracted from the Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Operations and is qualified in its entirety by reference to such financial statements.
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-END>	MAR-31-1998
<CASH>	21
<SECURITIES>	0
<RECEIVABLES>	7,670
<ALLOWANCES>	225
<INVENTORY>	13,829
<CURRENT-ASSETS>	22,299
<PP&E>	20,055
<DEPRECIATION>	12,996
<TOTAL-ASSETS>	30,687
<CURRENT-LIABILITIES>	11,726
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	8,704
<OTHER-SE>	(2,484)
<TOTAL-LIABILITY-AND-EQUITY>	30,687
<SALES>	11,045
<TOTAL-REVENUES>	11,098
<CGS>	8,222
<TOTAL-COSTS>	10,857
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	338
<INCOME-PRETAX>	(97)
<INCOME-TAX>	(5)
<INCOME-CONTINUING>	(92)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(92)
<EPS-PRIMARY>	(.03)
<EPS-DILUTED>	(.03)