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 September 30, 1995

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)

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 3,337,620 shares outstanding as of November 9, 1995 of its $ 2.50 par value Common Stock.

PART 1 - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

ACME UNITED CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

ASSETS

	September 30 1995 (Unaudited)	December 31 1995
Current Assets:		
Cash and cash equivalents	$ 180,313	$ 450,480
Accounts and other receivables	9,855,727	7,893,838

Inventories:		
Finished goods	11,504,100	11,227,978
Work in process	5,251,400	5,246,507
Raw materials & supplies	4,540,256	4,525,053
Deferred income taxes	407,302	356,874
Prepaid expenses and other current assets	1,233,922	747,758
Total current assets	32,973,020	30,448,488
Plant, Property and Equipment:		
Land	793,754	756,625
Buildings	4,731,410	4,580,669
Machinery and equipment	16,324,276	16,063,066
Additions	782,412	-
Total plant, property and equipment	22,631,852	21,400,360
Less, accumulated depreciation	14,037,266	12,852,430
Net plant, property and equipment	8,594,586	8,547,930
Licensing agreements	1,262,013	1,705,416
Other assets	1,136,588	1,330,109
Goodwill	828,962	856,480
Total assets	$ 44,795,169	$ 42,888,423

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See notes to financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

LIABILITIES

	September 30 1995 (Unaudited)	December 31 1995
Current Liabilities:		
Accounts payable	$ 2,103,410	$ 2,473,125
Notes payable due within one year	5,621,261	4,000,069
Accrued liabilities:		
Pension	505,455	470,400
Employee benefit claims	472,255	435,041
Other accrued liabilities	1,848,121	2,035,705
Total current liabilities	10,550,502	9,414,340
Deferred income taxes	663,983	1,003,893
Long term debt	15,244,521	14,387,590
Total liabilities	26,459,006	24,805,823

STOCKHOLDERS' EQUITY

Common stock, par value $2.50: authorized 4,000,000 shares; Issued 3,384,620, outstanding 3,337,620	8,461,550	8,461,550
Treasury Stock, 47,000 shares	(357,631)	(357,631)
Additional paid-in capital	2,145,119	2,145,119
Retained earnings	8,981,157	8,973,803
Translation adjustment	(894,032)	(1,140,241)
Total stockholders' equity	18,336,163	18,082,600
Total liabilities and stockholders' equity	$ 44,795,169	$ 42,888,423

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See notes to financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
Unaudited

	Three months ended		Nine months ended	
	September 30 1995	September 30 1994	September 30 1995	September 30 1994
Net Sales	$ 13,837,518	$ 13,389,145	$ 41,204,804	$ 40,110,339
Other income	14,484	68,762	52,816	198,414
	13,852,002	13,457,907	41,257,620	40,308,753
Costs and expenses:				
Cost of goods sold	10,020,288	9,518,323	29,586,653	29,020,803
Selling, general and administrative expense	3,444,891	3,499,585	10,176,348	10,092,087
Interest expense	526,093	423,115	1,479,055	1,154,549
	13,991,272	13,441,023	41,242,056	40,267,439
Income (loss) before income taxes	(139,270)	16,884	15,564	41,314
Provision (benefit) for income taxes	27,060	(2,453)	8,210	(41,120)
Net income (loss)	$ (166,330)	$ 19,337	$ 7,354	$ 85,434
Weighted average common and dilutive common equivalent shares	3,337,620	3,337,620	3,337,620	3,337,620
Income (loss) per common share	$ (.05)	$ .01	$ .00	$ .03

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See notes to financial statements

ACME UNITED CORPORATION
Consolidated Statement of Cash Flows
Unaudited

	Nine months ended	
	September 30 1995	September 30 1994
Cash flows from operating activities:		
Net income	$ 7,354	$ 85,434
Adjustments for non-cash transactions:		
Depreciation	1,021,311	937,847
Amortization	420,957	420,372
Deferred tax credits	(423,737)	(167,631)
Gain on sale of property, plant and equipment	(22,785)	-
Change in assets and liabilities:		
Increase in accounts receivable	(2,270,609)	(1,262,797)
Decrease/(Increase) in inventory	171,309	(118,590)
Decrease/(Increase) in prepaid expenses and other current assets	115,389	(228,707)
Decrease in other assets	216,747	29,269
Decrease in accounts payable	(465,927)	(1,576,107)
Increase in income taxes payable	300,226	358,735
(Decrease)/Increase in other liabiliti	(483,164)	615,368
Total adjustments	(1,420,283)	(992,223)
Net cash used by operations	(1,412,929)	(906,789)
Cash flow from investing activities:		
Capital expenditures	(783,486)	(1,015,056)
Proceeds from sales of property, plant and equipment	38,577	74,636
Net cash used for investing activities	(744,909)	(940,420)
Cash flows from financing activities:		
Net borrowings	1,895,793	1,749,518
Net cash provided by financing activities	1,895,793	1,749,518
Effect of exchange rate changes on cash	(8,122)	12
Net change in cash and cash equivalents	(270,167)	(97,679)
Cash and cash equivalents at beginning of perid	450,480	318,660
Cash and cash equivalents at end of period	$ 180,313	$ 220,981

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See notes to financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of Management, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the financial position as of September 30, 1995 and December 31, 1994 and the results of its operations for the three and nine month periods ended September 30, 1995 and 1994 and changes in the cash flows for the nine months then ended. The financial statements reflect all recurring adjustments but do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the annual Form 10-K filing. Please refer to the Company's annual report, incorporated by reference into Form 10-K, for year ended December 31, 1994 for such disclosures.

2. The results of operations for the three and nine months ended September 30, 1995 are not necessarily indicative of the results to be expected for the full year.

3. Net Income per share is based on the weighted average number of common shares and dilutive common equivalent shares (common stock options) outstanding using the treasury stock method.

4. The Company was unsuccessful in the relaunch of the OPCO Line of I.V. therapy products and incurred a $210,000 charge in the third quarter of 1995 for the remaining assets which included inventory and licensing rights.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED STATEMENTS OF OPERATION

RESULTS OF OPERATIONS

Net Sales

Consolidated net sales increased $448,000 or 3% and $1,094,000 or 3% for the three and nine month periods ended September 30, 1995 as compared to the similar periods in 1994. Net sales for consumer operations increased $619,000 or 7% and $1,463,000 or 5% for the three and nine month periods in 1995 over 1994 which can be mainly attributed to an increase in U.S. Consumer operations and the effect of exchange rates on the translation of foreign operations. Net sales for medical operations decreased $171,000 or 4% and $369,000 or 3% for the three and nine month periods in 1995 over 1994 mainly due to a volume decrease in some wound care products.

Net sales from U.S. operations were $9,143,000 and $27,211,000 for the three and nine month periods ended September 30, 1995, a decrease of $94,000 or 1% and an increase of $835,000 or 3%, respectively, compared to similar 1994 periods. U.S. Consumer operations posted increases of $99,000 or 2% and $1,102,000 or 8% and U.S. Medical operations declined $193,000 or 5% and $267,000 or 2% for the three and nine month periods ended September 30, 1995, respectively, compared with similar prior year periods. Foreign operations' net sales were $4,695,000 and $13,994,000 for the three and nine month periods which resulted in an increase of $542,000 or 13% and $259,000 or 2%, respectively, compared to 1994. Foreign sales were positively impacted on translation by approximately $243,000 and $1,175,000 for the three and nine month periods, primarily on the strength of the German mark and British pound, and negatively impacted by volume declines in European operations.

Gross Profit Margin

The consolidated gross profit margin for the three and nine month periods ended September 30, 1995 was 28%, as compared to 29% and 28%, respectively, in 1994. The medical operation margins were 36% and 37% for the three and nine month periods in 1995 as compared to 37% for the same periods in 1994 which can be attributed to product sales mix, the decision not to pass on higher costs on selected products because of competitive market conditions and an $84,000 charge for the remaining inventory of the OPCO I.V. therapy product line. The consumer operation margins were 24% for the three and nine month periods in 1995, compared to 25% and 23%, respectively. Margins on U.S. Consumer operations for the three and nine month periods were 26% and 28% as compared to 25% and 23%, respectively, which can be attributed to product sales mix, lower manufacturing costs and price increases. Foreign Consumer margins were 22% and 21% as compared to 25% and 23%, and were the result of pricing pressure and product sales mix.

Restructuring

Due to continued poor performance at the Company's German subsidiary Peter Altenbach & Son GmbH, the Company is evaluating restructuring alternatives for its European operations which may result in a future restructuring charge.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $55,000 or 2% and increased $84,000 or 1% for the three and nine month periods ended September 30, 1995 over 1994. The Company has selectively reduced costs in 1995 which have been offset by inflationary increases and the effect of a stronger German mark and British pound on the translation of results. The Company reported a charge of $126,000 in the third quarter related to the write-off of licensing rights of the OPCO I.V. therapy product line.

Interest Expense

Interest expense increased $103,000 and $325,000 for the three and nine month periods ended September 30, 1995 as compared to 1994 which is attributable to increased average borrowings and higher interest rates on the U.S. revolving line of credit.

Provision for Income Taxes

The effective tax rate for the three and nine month periods ended September 30, 1995 was negative 19% and 53% as compared to negative 15% and negative 107% for 1994. Tax expense for the three and nine month periods ended September 30, 1995 have been increased $71,000 due to the creation of a valuation allowance related to the current deferred income tax asset.

The consolidated effective tax rates vary from year to year because income (loss) before taxes vary from year to year by country of operation and the statutory rates and laws vary by country of operation.

Liquidity and Capital Commitments

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

	September 30, 1995	December 31, 1994
Working capital	$22,423,000	$21,035,000
Current ratio	3.13 to 1	3.23 to 1
Long term debt to equity ratio	.83	.80

Capital expenditures were $783,000 and $1,031,000 for the nine month periods ended September 30, 1995 and 1994. The 1995 capital expenditures are expected to be approximately $1,000,000.

The Company has a $13,000,000 U.S. revolving line of credit due to expire in March 1997 and foreign overdraft arrangements due to expire at various times in 1995. Based on maintaining the U.S. revolving line of credit and foreign overdraft arrangements, current cash balances and cash flow from operations, the Company believes it can meet capital expenditure and other planned financial commitments in 1995.

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) No Form 8-K was filed by the Company during the three months ended September 30, 1995.

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: November 9, 1995

Stephen T. Bajda
____
Stehpen T. Bajda
Senior Vice President-Finance

Date: November 9, 1995

Richard L. Windt
____
Richard L. Windt
Controller

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