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

FORM 10-Q

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

For the quarterly period ended **June 30, 2012**

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.)
60 ROUND HILL ROAD, FAIRFIELD, CONNECTICUT	**06824**
(Address of principal executive offices)	(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 definitions of "large accelerated filer" "accelerated filer" and "smaller reporting company" 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 August 7, 2012 the registrant had outstanding 3,103,227 shares of its $2.50 par value Common Stock.

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

	June 30, 2012 (unaudited)	December 31, 2011 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,141	$ 7,853
Accounts receivable, less allowance	23,857	12,904
Inventories:		
Finished goods	24,784	22,887
Work in process	21	45
Raw materials and supplies	1,876	1,563
	26,681	24,495
Prepaid expenses and other current assets	1,859	1,270
Total current assets	59,538	46,522
Property, plant and equipment:		
Land	284	288
Buildings	2,252	2,277
Machinery and equipment	7,855	7,657
	10,391	10,222
Less accumulated depreciation	8,014	7,716
	2,377	2,506
Note receivable	1,734	1,766
Intangible assets	4,288	3,285
Other assets	1,217	1,143
Total assets	$ 69,154	$ 55,222

See notes to condensed consolidated financial statements.

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

	June 30, 2012 (unaudited)	December 31, 2011 (Note 1)
LIABILITIES		
Current liabilities:		
Accounts payable	$ 9,968	$ 4,935
Other accrued liabilities	5,611	3,769
Total current liabilities	15,579	8,704
Long-term debt	23,005	17,569
Other	1,130	1,174
Total liabilities	39,714	27,447
STOCKHOLDERS' EQUITY		
Common stock, par value $2.50:		
authorized 8,000,000 shares;		
issued - 4,459,024 shares in 2012		
and 4,454,024 shares in 2011,		
including treasury stock	11,147	11,134
Additional paid-in capital	5,355	5,120
Retained earnings	26,288	24,403
Treasury stock, at cost - 1,355,797 shares		
in 2012 and 1,319,047 shares in 2011	(12,214)	(11,844)
Accumulated other comprehensive income:		
Minimum pension liability	(1,089)	(1,089)
Translation adjustment	(47)	51
	(1,136)	(1,038)
Total stockholders' equity	29,440	27,775
Total liabilities and stockholders' equity	$ 69,154	$ 55,222

See notes to condensed consolidated financial statements.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2012	2011	2012	2011
Net sales	$ 27,594	$ 24,029	$ 44,472	$ 38,430
Cost of goods sold	17,773	15,346	28,707	24,439
Gross profit	9,821	8,683	15,765	13,991
Selling, general and administrative expenses	6,743	6,223	12,229	11,348
Operating income	3,078	2,460	3,536	2,643
Non-operating items:				
Interest:				
Interest expense	91	114	193	211
Interest income	(29)	(40)	(76)	(90)
Interest expense, net	62	74	117	121
Other expense (income), net	43	3	86	(22)
Total other expense	105	77	203	99
Income before income taxes	2,973	2,383	3,333	2,544
Income tax expense	912	640	1,013	681
Net income	$ 2,061	$ 1,743	$ 2,320	$ 1,863
Basic earnings per share	$ 0.66	$ 0.56	$ 0.74	$ 0.60
Diluted earnings per share	$ 0.66	$ 0.56	$ 0.74	$ 0.60
Weighted average number of common shares outstanding-denominator used for basic per share computations	3,103	3,096	3,118	3,085
Weighted average number of dilutive stock options outstanding	41	21	24	26
Denominator used for diluted per share computations	3,144	3,117	3,142	3,111
Dividends declared per share	$ 0.07	$ 0.06	$ 0.14	$ 0.12

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(all amounts in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Net income	$ 2,061	$ 1,743	$ 2,320	$ 1,863
Other comprehensive (loss) / income -				
Foreign currency translation	(323)	85	(98)	423
Comprehensive income	$ 1,738	$ 1,828	$ 2,222	$ 2,286

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,	
	2012	**2011**
Operating Activities:		
Net income	$ 2,320	$ 1,863
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	421	396
Amortization	98	85
Stock compensation expense	233	209
Changes in operating assets and liabilities:		
Accounts receivable	(10,934)	(10,413)
Inventories	(1,914)	248
Prepaid expenses and other assets	(473)	153
Accounts payable	5,048	2,119
Other accrued liabilities	1,644	1,636
Total adjustments	(5,877)	(5,567)
Net cash used by operating activities	(3,557)	(3,704)
Investing Activities:		
Purchase of property, plant, and equipment	(233)	(296)
Purchase of patents and trademarks	(52)	(50)
Acquisition of certain assets of The C-Thru Ruler Company	(1,474)	-
Acquisition of Pac-Kit	-	(3,127)
Net cash used by investing activities	(1,759)	(3,473)
Financing Activities:		
Borrowing of long-term debt	5,436	5,079
Proceeds from issuance of common stock	21	146
Distributions to stockholders	(437)	(370)
Purchase of treasury stock	(370)	(97)
Net cash provided by financing activities	4,650	4,758
Effect of exchange rate changes	(46)	52
Net change in cash and cash equivalents	(712)	(2,367)
Cash and cash equivalents at beginning of period	7,853	6,601
Cash and cash equivalents at end of period	$ 7,141	$ 4,234

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 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, 2011 for such disclosures. The condensed consolidated balance sheet as of December 31, 2011 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 2011 Annual Report on Form 10-K.

The Company has evaluated events and transactions subsequent to June 30, 2012 and through the date these consolidated financial statements were included in this Form 10-Q and filed with the SEC.

Recent accounting pronouncements

In June 2011, the FASB issued a new accounting standard on the presentation of comprehensive income. The new standard requires the presentation of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The standard was effective for our quarter ended March 31, 2012. The adoption of this standard was limited to a change in the presentation of our results, which we have elected to include as a separate Condensed Consolidated Statement of Comprehensive Income.

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, as set forth in these financial statements.

In December 2008, the Company sold property it owned in Bridgeport, Connecticut to B&E Juices, Inc. for $2.5 million, of which $2.0 million is secured by a mortgage on the property. The property consisted of approximately four acres of land and 48,000 sq. feet of warehouse space. The property was the site of the original Acme United scissor factory which opened in 1887 and was closed in 1996.

Under the terms of the sale agreement, and as required by the Connecticut Transfer Act, the Company is required to remediate any environmental contamination on the property. During 2008, the Company hired an independent environmental consulting firm to conduct environmental studies in order to identify the extent of the environmental contamination on the property and to develop a remediation plan. As a result of those studies and the estimates prepared by the independent environmental consulting firm, the Company recorded an undiscounted liability of approximately $1.8 million related to the remediation of the property. This accrual included the estimated costs of required investigation, remedial activities, and post-remediation operating and maintenance.

Remediation work on the project began in the third quarter of 2009. The Company expects the remediation work to be completed during the second half of 2012. At June 30, 2012, the Company had approximately $188,000 remaining in its accrual for environmental remediation and monitoring, of which approximately $54,000 is classified as a current liability in the accompanying balance sheet.

In addition to the remediation work, the Company, with the assistance of its independent environmental consulting firm, must continue to monitor contaminant levels on the property to ensure they comply with set governmental standards. The Company expects that the monitoring period could last a minimum of three years from the completion of the remediation work.

The change in the accrual for environmental remediation for the three months ended June 30, 2012 follows (in thousands):

Balance at December 31, 2011	Payments	Balance at June 30, 2012
$ 239	$ (51)	$ 188

Also, as part of the sale, the Company provided the buyer with a mortgage of $2.0 million at six percent interest per year. The mortgage is payable in monthly installments of principal and interest with the outstanding balance due in full, one year after remediation and monitoring on the property have been completed.

Note 3 — Pension

Components of net periodic benefit cost are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Components of net periodic benefit cost:				
Interest cost	$ 17	$ 26	$ 43	$ 52
Service cost	12	5	17	10
Expected return on plan assets	(28)	(26)	(54)	(53)
Amortization of prior service costs	2	3	5	5
Amortization of actuarial loss	39	38	77	76
	$ 43	$ 45	$ 87	$ 90

Under applicable laws and regulations, in 2012, the Company is required to contribute to its qualified plan approximately $235,000. The Company expects to make contributions to the plan as required during the remainder of the year.

Note 4 —Debt and Shareholders Equity

On April 5, 2012, the Company entered into a new revolving loan agreement with HSBC Bank, N.A. In conjunction with signing the new revolving loan agreement, the Company ended its agreement with Wells Fargo and used funds borrowed under the new loan agreement to pay all amounts then outstanding under the revolving loan agreement with Wells Fargo Bank.

The new five-year credit facility provides for increased borrowings of up to an aggregate of $30 million at an interest rate of LIBOR plus 1.75%, which is 0.25% lower than the interest rate under the former loan agreement with Wells Fargo. All principal amounts outstanding under the agreement are required to be repaid in a single amount on April 5, 2017, the date the agreement expires; interest is payable monthly. Funds borrowed under the agreement may be used for working capital, general operating expenses, share repurchases and certain other purposes. Under the revolving loan agreement, the Company is required to maintain specific amounts of tangible net worth, a specified debt service coverage ratio, and a fixed charge coverage ratio. These financial covenants in the new loan agreement are similar to the covenants in the prior agreement with Wells Fargo. At June 30, 2012 the Company was in compliance with these covenants under the new agreement with HSBC Bank.

As of June 30, 2012 and December 31, 2011, the Company had outstanding borrowings of $23,004,777 and $17,568,484, respectively, under the respective revolving loan agreements.

During the first six months of 2012, the Company issued 5,000 shares of common stock and received proceeds of $21,000 upon the exercise of employee stock options.

Note 5— Segment Information

The Company reports financial information based on the organizational structure used by management for making operating and investment decisions and for assessing performance. The Company's reportable business segments consist of: (1) United States; (2) Canada and (3) Europe. As described below, the activities of the Company's Asian operations are closely linked to those of the U.S. operations; 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 operations to form one reportable segment called the "United States segment" or "U.S. segment". Each reportable segment derives its revenue from the sales of cutting devices, measuring instruments and safety products for school, office, home, hardware and industrial use.

Domestic sales orders are filled from the Company's distribution center in North Carolina. The Company is responsible for the costs of shipping, insurance, customs clearance, duties, storage and distribution related to such products. Orders filled from the Company's inventory are generally for less than container-sized lots.

Direct import sales are products sold by the Company's Asian subsidiary, directly to major U.S. retailers, who take ownership of the products in Asia. These sales are completed by delivering product to the customers' common carriers at the shipping points in Asia. Direct import sales are made in larger quantities than domestic sales, typically full containers. Direct import sales represented approximately 28% and 22% of the Company's total net sales for the three and six months ended June 30, 2012 compared to 23% and 18% for the comparable periods in 2011.

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 segment:

(in thousands)

	Three months ended June 30,		Six months ended June 30,	
Sales to external customers:	2012	2011	2012	2011
United States	$ 22,563	$ 18,527	$ 35,160	$ 29,086
Canada	3,310	3,324	4,967	5,178
Europe	1,721	2,178	4,345	4,166
Consolidated	$ 27,594	$ 24,029	$ 44,472	$ 38,430
Operating income (loss):				
United States	$ 2,587	$ 1,862	$ 2,753	$ 1,983
Canada	521	599	571	749
Europe	(30)	(1)	212	(89)
Consolidated	$ 3,078	$ 2,460	$ 3,536	$ 2,643
Interest expense, net	62	74	117	121
Other expense (income), net	43	3	86	(22)
Consolidated income before taxes	$ 2,973	$ 2,383	$ 3,333	$ 2,544

Assets by segment:
(in thousands)

	June 30, 2012	December 31, 2011
United States	$ 57,236	$ 43,174
Canada	6,326	6,033
Europe	5,592	6,015
Consolidated	$ 69,154	$ 55,222

Note 6 – Stock Based Compensation

The Company recognizes share-based compensation at the fair value of the equity instrument on the grant date. Compensation expense is recognized over the required service period. Share-based compensation expense was $145,237 and $125,828 for the quarters ended June 30, 2012 and 2011, respectively. Share-based compensation expense was $232,753 and $209,438 for the six months ended June 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the Company issued 20,000 options with a weighted average fair value of $2.44 per share. During the six months ended June 30, 2012 the Company issued 84,938 options with a weighted average fair value of $2.28.

As of June 30, 2012, there was a total of $645,000 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 3 years.

Note 7 – Fair Value Measurements

The carrying value of the Company's bank debt and note receivable approximates fair value. Fair value was determined using a discounted cash flow analysis.

Note 8 – Business Combination

On June 7, 2012, the Company purchased certain assets of The C-Thru Ruler Company, a leading supplier of drafting, measuring, lettering and stencil products. The Company purchased inventory and intellectual property related to C-Thru's lettering and ruler business for approximately $1.47 million using funds borrowed under its revolving loan agreement with HSBC. The Company recorded approximately $0.42 million for inventory, as well as approximately $1.05 million for intangible assets, consisting primarily of customer relationships.

Unaudited net sales and net income for the three and six months ended June 30, 2012 attributable to C-Thru were not material to the Company's financial statements for those periods.

Assuming C-Thru was acquired on January 1, 2012, unaudited proforma combined net sales for the three and six months ended June 30, 2012 for the Company were approximately $28.2 million and $45.6 million, respectively.

Assuming C-Thru was acquired on January 1, 2011, unaudited proforma combined net sales for the three and six months ended June 30, 2011, for the Company were approximately $24.7 million and $39.7 million, respectively.

On February 28, 2011, the Company purchased substantially all of the assets of The Pac-Kit Safety Equipment Company, a leading manufacturer of first aid kits for the industrial, safety, transportation and marine markets. The Company purchased the accounts receivable, inventory, equipment and intangible assets of Pac-Kit for approximately $3.4 million, less liabilities assumed of $310,000.

Assuming Pac-Kit was acquired on January 1, 2011, unaudited proforma net sales and net income for the six months ended June 30, 2011 attributable to Pac-Kit were approximately $3.2 million and $155,000, respectively.

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 systems and financial markets, including the impact on the Company's suppliers and customers, the continuing labor shortage in southeast China, currency fluctuations, changes in client needs and consumer spending habits, the impact of competition and technological change on the Company, and the Company's ability to manage its growth effectively, including its ability to successfully integrate any business which it might acquire. A more detailed discussion of risk factors is set forth in Item 1A, "Risk Factors", included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. 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, 2011.

Results of Operations

On June 7, 2012, the Company purchased certain assets of The C-Thru Ruler Company, a leading supplier of drafting, measuring, lettering and stencil products. The Company purchased inventory and intellectual property related to C-Thru's lettering and ruler business for approximately $1.47 million using funds borrowed under its revolving loan agreement with HSBC. The Company recorded approximately $0.42 million for inventory, as well as approximately $1.05 million for intangible assets, consisting of customer relationships.

On February 28, 2011, the Company purchased substantially all of the assets of The Pac-Kit Safety Equipment Company, a leading manufacturer of first aid kits for the industrial, safety, transportation and marine markets. The Company purchased the accounts receivable, inventory, equipment and intangible assets of Pac-Kit for approximately $3.4 million using funds borrowed under its revolving loan agreement with Wells Fargo. The Pac-Kit line of products consists of high quality, unitized first aid kits sold to a broad range of customers and distributors. The Company recorded approximately $1.9 million for assets acquired from Pac-Kit, including accounts receivable, inventory and fixed assets, as well as approximately $1.5 million for intangible assets, consisting of customer relationships and the Pac-Kit trade name.

Net sales

Consolidated net sales for the three months ended June 30, 2012 were $27,594,000 compared with $24,029,000 in the same period in 2011, a 15% increase (16% in local currency). Consolidated net sales for the six months ended June 30, 2012 were $44,472,000, compared with $38,430,000 for the same period in 2011, a 16% increase (17% in local currency). Net sales for the three and six months ended June 30, 2012 in the U.S. segment increased 22% and 21%, respectively, compared with the same periods in 2011. Sales in the U.S. for both periods increased primarily due to initial shipments for new distribution of the Company's Camillus brand knives. Also contributing to the increase were higher sales of iPoint pencil sharpeners, paper trimmers and first aid products. Net sales in Canada for the three months ended June 30, 2012 remained constant in U.S. dollars but increased 4% in local currency. Net sales in Canada for the six months ended June 30, 2012 decreased 4% in U.S. dollars and 1% in local currency compared with the same period in 2011.

European net sales for the three months ended June 30, 2012 decreased 21% U.S. dollars (11% in local currency) compared with the same period in 2011. The decrease in net sales in Europe for the three month period on a comparative basis was primarily due to the loss of a large customer, Schlecker, as a result of their financial troubles. Schlecker, once one of Germany's largest drug store chains, filed for bankruptcy and is in the process of liquidating a majority of its business. European net sales for the six months ended June 30, 2012 increased 4% in U.S. dollars and 13% in local currency. The increase in sales was primarily due to market share gains with mass market customers which were partially offset by lower sales as result of the loss of the large customer.

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.

Gross profit

Gross profit for the three months ended June 30, 2012 was $9,821,000 (35.6% of net sales) compared to $8,683,000 (36.1% of net sales) for the same period in 2011. Gross profit for the six months ended June 30, 2012 was $15,765,000 (35.5% of net sales) compared to $13,991,000 (36.4% of net sales) in the same period in 2011. The gross margin as a percent of sales for the three and six months ended June 30, 2012 was negatively impacted by the mix of customers and products sold during the three and six month periods. The mix included a higher proportion of first aid products, pencil sharpeners and paper trimmers, which in general, yield a lower gross margin than the Company's historical average gross margins.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses for the three months ended June 30, 2012 were $6,743,000 (24.4% of net sales) compared with $6,223,000 (25.8% of net sales) for the same period of 2011, an increase of $520,000. SG&A expenses for the six months ended June 30, 2012 were $12,229,000 (27.5% of net sales) compared with $11,348,000 (29.5% of net sales) in the comparable period of 2011, an increase of $881,000. The increases in SG&A expenses for the three and six months ended June 30, 2012, compared to the same periods in 2011, were primarily the result of, an increase in shipping expense and sales commissions as a result of higher sales, personnel related expenses as well as an increase in spending on new product development.

Operating income

Operating income for the three months ended June 30, 2012 was $3,078,000 compared with $2,460,000 in the same period of 2011. Operating income for the six months ended June 30, 2012 was $3,536,000 compared to $2,643,000 in the same period of 2011. Operating income in the U.S. segment increased by $725,000 and $770,000 for the three and six months, respectively, compared to the same periods in 2011. The increase in operating income is principally due to higher sales. Operating income in the Canadian segment decreased by $78,000 and $178,000 for the three and six months, respectively, compared to the same periods in 2011. The decrease in operating income in Canada is principally due to the decline in sales.

The operating loss in Europe increased by $29,000 for the three months ended June 30, 2012 compared to the same period in 2011. The increase in the operating loss is primarily related to the loss of a major German customer due to their financial troubles which resulted in the liquidation of a majority of their business. Europe had operating income of $212,000 for the six months ended June 30, 2012 compared to an operating loss of $89,000 for the comparable period in 2011. The increase in operating income is principally due to increased sales to mass market customers which were partially offset by the losses incurred due to the loss of the major customer.

Interest expense, net

Interest expense, net for the three months ended June 30, 2012 was $62,000, compared with $74,000 for the same period of 2011, a $12,000 decrease. Interest expense, net for the six months ended June 30, 2012, was $117,000 as compared to $121,000 for the same period in 2011.

Other expense (income), net

Net other expense was $43,000 in the three months ended June 30, 2012 as compared to $3,000 in the same period of 2011. Net other expense was $86,000 in the first six months of 2012 compared to net other income of $22,000 in the first six months of 2011. The increase in other expense (income), net for the three and six months ended June 30, 2012, was primarily due to loses from foreign currency transactions.

Income taxes

The effective tax rates for the three and six month periods ended June 30, 2012 were 31% and 30% respectively, compared to 27% in the same periods of 2011. The increase in the effective tax rate for the three and six months ended June 30, 2012 was due to a higher proportion of earnings in jurisdictions with higher tax rates.

Financial Condition

Liquidity and Capital Resources

During the first six months of 2012, working capital increased approximately $6,141,000 compared to December 31, 2011. Inventory increased by approximately $2,186,000 at June 30, 2012 compared to December 31, 2011. Inventory turnover, calculated using a twelve month average inventory balance, was 2.2 at June 30, 2012 compared to 2.0 at December 31, 2011. Receivables increased by approximately $10,953,000 at June 30, 2012 compared to December 31, 2011. The increase in accounts receivables occurred primarily due to the higher sales in the second quarter of 2012 compared to the fourth quarter of 2011. The average number of days sales outstanding in accounts receivable was 62 days at June 30, 2012 and December 31, 2011.

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

	June 30, 2012	December 31, 2011
(in thousands)		
Working capital	$ 43,959	$ 37,818
Current ratio	3.82	5.34
Long term debt to equity ratio	78.1%	63.3%

During the first six months of 2012, total debt outstanding under the Company’s credit facility increased by approximately $5,437,000 compared to total debt thereunder at December 31, 2011. As of June 30, 2012, $23,004,777 was outstanding and $6,995,223 was available for borrowing under the Company’s credit facility.

On April 5, 2012, the Company entered into a new revolving loan agreement with HSBC Bank, N.A. In conjunction with signing the new agreement, the Company ended its agreement with Wells Fargo and used funds borrowed under the new loan agreement to pay all amounts then outstanding under the revolving loan agreement with Wells Fargo Bank.The new five-year credit facility provides for increased borrowings of up to an aggregate of $30 million at an interest rate of LIBOR plus 1.75%, which is 0.25% lower than the interest rate under our former loan agreement. All principal amounts outstanding under the agreement are required to be repaid in a single amount on April 5, 2017, the date the agreement expires; interest is payable monthly. Funds borrowed under the agreement may be used for working capital, general operating expenses, share repurchases and certain other purposes. Under the revolving loan agreement, the Company is required to maintain specific amounts of tangible net worth, a specified debt service coverage ratio, and a fixed charge coverage ratio. These financial covenants in the new loan agreement are similar to the covenants in the prior agreement with Wells Fargo. At June 30, 2012, the Company was in compliance with these financial covenants.

As discussed above, the Company lost the business of a large European customer due to its financial troubles. Schlecker, once one of Germany’s largest drug store chains, filed for bankruptcy and is in the process of liquidating a majority of its business. Sales to Schlecker represented approximately 2% of the Company’s total net sales in 2011. The Company has not incurred and does not expect to incur any future material charges related to the write-off of receivables or inventory related to the loss of the Schlecker business.

As discussed in Note 2, at June 30, 2012 the Company had approximately $188,000 remaining in its accrual for environmental remediation and monitoring, with approximately $54,000 classified as a current liability. The Company intends to use cash flow from operations , borrowings under its revolving credit facility and/or payments made to the company under the 2008 mortgage to pay for these costs.

The Company believes that cash expected to be generated from operating activities, together with funds available under its new revolving credit facility are expected, under current conditions, to be sufficient to finance the Company's planned operations over the next twelve months.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Not applicable.

Item 4. Controls and Procedures

(a) Evaluation of Internal Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

(b) Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2012, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1 — Legal Proceedings

There are no pending material legal proceedings to which the registrant is a party.

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, 2011.

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

None.

Item 3. —Defaults Upon Senior Securities

None.

Item 4 — Mine Safety Disclosures

Not Applicable

Item 5 — Other Information

None.

Item 6 — Exhibits

Documents filed as part of this report.

Exhibit 10.1 Acme United Corporation 2012 Employee Stock Option Plan

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
Chairman of the Board and
Chief Executive Officer

Dated: August 14, 2012

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

Dated: August 14, 2012

ACME UNITED CORPORATION
2012 EMPLOYEE STOCK OPTION PLAN

1. PURPOSE

The purpose of this plan (the “Plan”) is to promote the interests of Acme United Corporation (the "Corporation”) by enabling its key employees to acquire an increased proprietary interest in the Corporation and thus to share in the future success of the Corporation's business. Accordingly, the Plan is intended as a means not only of attracting and retaining outstanding management personnel but also of promoting a closer identity of interests between employees and stockholders. Since the employees eligible to receive Options under the Plan will be those who are in a position to make important and direct contributions to the success of the Corporation, the Directors believe that the grant of the Options under the Plan will be in the best interests of the Corporation.

2. DEFINITIONS

Unless the context clearly indicates otherwise, the following terms when used in the Plan, shall have the meanings set forth in this Section 2.

(a) "Beneficiary" means the person or persons who shall acquire the right to exercise an option by bequest or inheritance.

(b) “Board of Directors" or "Board” means the Board of the Directors of the Corporation.

(c) “Code" means the Internal Revenue Code of 1986, as amended from time to time, and related treasury regulations.

(d) “Committee" means the Compensation Committee of the Board which consists of two or more members of the Board in accordance with Section 4(b), below.

(e) “Common Stock” shall mean common stock, par value S2.50 per share, of the Corporation.

(f) "Disability" means a disability as defined in the Corporation's Long-Term Disability Plan, as amended from time to time.

(g) “Fair Market Value" shall mean the closing price for a share of the Common Stock on the date on which the option is granted, determined as follows: if the Common Stock is listed on any established stock exchange or a national market system, including, without limitation, the New York Stock Exchange or the NASDAQ Stock Market, the Fair Market Value shall be the closing price of a share of Common Stock (or if no sales were reported on that date, the closing price on the date immediately preceding such date) as quoted on such exchange or system on the date of determination. In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Board, acting on the recommendation of the Committee, and such determination shall be conclusive and binding on all persons.

(h) “Incentive Stock Option" shall mean a stock option granted pursuant to this Plan and intended to satisfy the requirements of Section 422 of the Code.

(i) “Option" shall mean a stock option granted pursuant to the Plan.

(j) “Optionee" shall mean a person to whom an Option has been granted under the Plan.

(k) “Option Agreement" shall mean the written agreement to be entered into by the Corporation and the Optionee, as provided in Section 6 hereof.

(l) “Retirement” shall mean retirement pursuant to the 401(k) Profit Sharing Plan for Employees of Acme United Corporation, as amended from time to time.

(m) “Share" shall mean the Common Stock of the Corporation, as adjusted in accordance with Section 16 of the Plan.

(n) "Subsidiary" shall mean any subsidiary corporation of the Corporation within the meaning of Section 424(f)of the Code (or a successor provision of similar import).

Where used herein, unless the context indicates otherwise, words in the masculine form shall be deemed to refer to females as well as to males.

3. SHARES SUBJECT TO THE PLAN

(a) The stock to be covered by the Options is the Common Stock of the Corporation. The aggregate number of shares of Common Stock which may be delivered on exercise of the Options is 170,000 shares, subject to adjustment pursuant to Section 16.

(b) As determined by the Board from time to time, such shares may be previously issued shares reacquired by the Corporation or authorized but unissued shares. If any Option expires or terminates for any reason without having been exercised in full, the Shares covered by the unexercised portion of such Option shall again be available for future grants of Options, within the limits specified above. However, shares delivered or withheld by the Company to satisfy any tax withholding obligation shall not become available again for future Option grants.

4. ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by the Board of Directors of the Corporation, which shall accept, amend, or reject recommendations made by the Committee. In addition to its duties with respect to the Plan stated elsewhere in the Plan, Board shall have full authority, consistent with the Plan, to interpret the Plan, to promulgate such rules and regulations with respect to the Plan as it deems desirable and to make all other determinations necessary or desirable for the administration of the Plan. All decisions, determinations, and interpretations of the Board shall be binding upon all persons.

(b) The Committee shall consist of members of the Board who (i) are “outside directors,” as defined under Section 162(m) of the Code; (ii) “non-employee directors,” as defined under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (iii) “independent,’ as defined in Section 803 of rules of the NYSE Amex, as said sections and rule may be amended or superseded from time to time.

(c) The Board may, with the consent of the Optionee, substitute Options which are not intended to be Incentive Stock Options for outstanding Incentive Stock Options. Any such substitution shall not constitute the grant of a new Option for the purposes of this Plan, and shall not require a revaluation of the Option exercised prior to the substituted Option. Any such substitution shall be implemented by an amendment to the applicable Option Agreement or in such other manner as the Board in its discretion shall determine.

(d) The Committee, subject to the approval of the Board, shall make such provision as it deems necessary or appropriate for the withholding of any federal, state, local or other tax required to be withheld with regard to the exercise of an Option under the Plan.

5. EMPLOYEES ELIGIBLE TO RECEIVE OPTIONS

(a) The Board, upon the recommendation of the Committee, shall from time to time in its discretion select the employees to whom the options shall be granted from among the key employees of the Corporation and any Subsidiary.

(b) Members of the Board of Directors who are not regular salaried employees of the Corporation or a Subsidiary shall not be eligible to receive Options under this Plan.

(c) An individual employee may receive more than one Option.

6. OPTION AGREEMENT

(a) No Option shall be exercised by an Optionee unless he or she shall have executed and delivered an Option Agreement.

(b) Appropriate officers of the Corporation are hereby authorized to execute and deliver Option Agreements in the name of the Corporation as directed from time to time by the Board.

7. GRANTS OF OPTIONS

(a) The Board, acting upon the recommendation of the Committee, shall in it discretion determine the time or times when Options shall be granted and the number of shares of Common Stock to be subject to each Option.

(b) The aggregate fair market value (determined as of the date the Option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year (under all stock option plans of the Corporation and its Subsidiaries) shall not exceed $100,000.00.

(c) No Incentive Stock Option shall be granted to an employee who, at the time the Option is granted, owns (within the meaning of Section 422(b) (6) of the code) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Corporation unless the following requirements are satisfied: (i) notwithstanding the provisions of Section 8, the purchase price for each share of common stock subject to an Option shall be at least 110 percent of the Fair Market Value of the Common Stock subject to the Option; and (ii) the Option is not exercisable after the expiration of five (5) years from the date such Option is granted.

(d) The Board may in its discretion grant Options that are intended to constitute Incentive Stock Options or options that are intended to be non-qualified options.

(e) Each Option shall be evidenced by an Option Agreement, in such form as the Board shall from time to time approve, which shall state the terms and conditions of the Option in accordance with the Plan, and also shall contain such additional provisions as may be necessary or appropriate under applicable laws, regulations, and rules.

8. OPTION PRICE

Subject to Section 7(c), the purchase price for each share of Common Stock subject to an Option shall be one hundred percent (100%) of the Fair Market Value of the Common Stock on the date the Option is granted provided, however, that the purchase price shall not be less than the par value of the Common Stock which is the subject of the Option.

9. OPTION PERIOD; EXERCISE RIGHTS

a) Each Option shall be for such term as the Board shall determine, but not more than ten years from the date it is granted, and shall be subject to earlier termination as provided in Section 1O.

b) Subject to (i) the continued employment of Optionee and (ii) Sections 10 and 17, below, Options shall vest and therefore become exercisable in four equal installments on the first day after each of the first, second, third and fourth anniversaries of the Option grant.

c) Upon the purchase of shares of Common Stock under an Option, the Stock certificate or certificates may, at the request of the purchaser, be issued in his name and the name of another person as joint tenants with the right of survivorship.

d) The exercise of each Option granted under the Plan shall be subject to the condition that if at any time the Corporation shall determine in its discretion that the listing, registration, or qualification of any shares of Common Stock otherwise deliverable upon such exercise upon any securities exchange or under any State or Federal law, or the consent or approval of any regulatory body, is necessary or desirable as a condition of, or in connection with, such exercise or the delivery or purchase of shares thereunder, then in any such event such exercise shall not be effective unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Corporation. Any such postponement shall not extend the time within which the Option may be exercised; and neither the Corporation nor its directors or officers shall have any obligation or liability to the Optionee or to a Beneficiary with respect to any shares of Common Stock as to which the Option shall lapse because of such postponement.

e) No fractional shares of Common Stock shall be issuable or issued upon exercise of any Option. In lieu of a fractional share, the Company shall pay to the Optionee cash in an amount equal to the Fair Market Value of the fractional share which the Optionee would otherwise have been entitled to receive, with such amount to be determined on the date of exercise of the relevant Option.

10. EXERCISE RIGHTS UPON TERMINATION OF EMPLOYMENT

(a) Retirement
Except as provided in paragraph (e) of this section 10, if an Optionee retires under a retirement or pension plan of the Corporation or of a Subsidiary, the Optionee's Option shall terminate one year after the date of such retirement but in no event later than the date on which it would have expired if the Optionee had not retired, provided, however, that if the Option is exercised later than three months from the date of such retirement such Option shall not constitute an Incentive Stock Option. During such period the Optionee may exercise the Option in whole or in part notwithstanding the limitations of Section 9(b) or any limitation that may have been set by the Board pursuant thereto.

(b) Disability
Except as provided in paragraph (e) of this section 10, if an Optionee becomes disabled, the Optionee may exercise the Option (i) within one year after the date of Disability, but in no event later than the date on which it would have expired if the Optionee had not become disabled, or (ii) within such other period, not exceeding three years after the date of Disability, as shall be prescribed in the Option Agreement; provided, however, that if the Option is exercised later than one year after the date of Disability, it shall not constitute an Incentive Stock Option. During such period the Optionee may exercise the Option in whole or in part notwithstanding the limitations of Section 9(b) or any limitation that may have been set by the Board pursuant thereto.

(c) Death
If an Optionee dies during a period in which he or she is entitled to exercise an Option (including the period referred to in paragraphs (a), (b),(d),and (e)of this Section 1O), the Option may be exercised at any time within one year from the date of the Optionee's death, but in no event later than the date on which it would have expired if the Optionee had lived, by the Optionee's Beneficiary, in whole or in part notwithstanding the limitations of Section 9(b) or any limitation that may have been set by the Board pursuant thereto.

(d) Termination of Employment for Any Other Reason
Except as provided in paragraph (e) of this section 10, if an Optionee ceases to be employed by the Corporation or a Subsidiary for any reason other than retirement, disability, or death, the Optionee's Option shall terminate 30 days after the date of such cessation of employment, but in no event later than the date on which it would have expired if such cessation of employment had not occurred. During such period the option may be exercised only to the extent that the Optionee was entitled to do so under Section 9(b) at the date of cessation of employment unless the Board, in its sole and nonreviewable discretion, permits exercise of the Option to a greater extent. Except to the extent required by law, the employment of an Optionee shall not be deemed to have ceased upon his or her absence from the Corporation or a Subsidiary on a leave of absence granted in accordance with the usual procedure of the Corporation or Subsidiary.

(e) Notwithstanding any language of the Plan to the contrary, if an Optionee ceases to be employed by the Corporation or a Subsidiary and becomes, or continues to be, a member of the Board of Directors prior to the time the Optionee's Option(s) would have otherwise expired pursuant to this Section 10, the Optionee's Option(s) shall continue to vest in accordance with Section 9(b) hereof and shall continue to be exercisable for the remainder of the term of the Option(s); provided, that, if an Optionee described in this Section 10(e) ceases to be a member of the Board of Directors for any reason, the Optionee's Option(s) shall terminate in accordance with the provisions of Section 2.4(a) of the Amended and Restated Acme United Corporation Non-Salaried Director Stock Option Plan. Any Incentive Stock Option which is not exercised by the Optionee within the three-month period immediately following the Optionee's termination of employment, or, in the case of termination of employment on account of Disability, within one year after the date of Disability, shall cease to be an Incentive Stock Option.

11. METHOD OF EXERCISE

(a) **Each exercise of an Option shall be by written notice to the Secretary of the Corporation, stating the number of shares to be purchased. An Option may be exercised with respect to all, or any part of, the Shares of Common Stock as to which it is exercisable at the time.**

(b) **The purchase price of the shares being purchased shall be paid in full at the time the Option is exercised. Such payment shall be made in cash in United States currency.**

12. NONTRANSFIERABILITY OF OPTIONS

Each Option shall be nonassignable and nontransferable by the Optionee other than by will or by the laws of descent and distribution. Each Option shall be exercisable during the Optionee's lifetime only by the Optionee.

13. SHAREHOLDER RIGHTS

No person shall have any rights of a shareholder by virtue of an Option except with respect to shares actually issued to him and registered on the transfer books of the Corporation, and the issuance of shares shall confer no retroactive right to dividends.

14. USE OF PROCEEDS

The proceeds received by the Corporation from the sale by it of shares of Common Stock to persons exercising an Option pursuant to the Plan will be used for the general purposes of the Corporation or any Subsidiary.

15. GENERAL PROVISIONS

The grant of an Option in any year shall not give the Optionee any right to similar grants in future years or any right to be retained in the employ of the Corporation or any Subsidiary.

16. ADJUSTMENT UPON CHANGES IN CAPITALIZATION

If there is a change in the number or kind of outstanding shares of the Corporation's stock by reason of a stock dividend, stock split, recapitalization, merger, consolidation, combination, or other similar event, appropriate adjustments shall be made by the Board to the number and kind of shares subject to the Plan, the number and kind of shares under Options then outstanding, the maximum number of shares available for Options or the Option Price and other relevant provisions.

17. EFFECT OF MERGER OR OTHER REORGANIZATION

If the Corporation shall be the surviving corporation in a merger or other reorganization, an Option shall extend to stock and securities of the Corporation to the same extent that a holder of that number of Shares immediately before the merger or consolidation corresponding to the number of Shares covered by the Option would be entitled to have or obtain stock and securities of the Corporation under the terms of the merger or consolidation. If the Corporation dissolves, sells substantially all of its assets, is acquired in a stock for stock or securities exchange, or is a party to a merger or other reorganization in which it is not the surviving corporation (each of the foregoing being referred to as a "Transaction"), then each Option shall fully vest and become fully exercisable commencing upon the date the action of the shareholders (or the Board if shareholders' action is not required) is taken to approve the Transaction and thereafter may be exercised for a period of sixty (60) days, and, upon the expiration of that period, all Options and all rights thereto shall automatically terminate; provided, however, that each Option to purchase shares authorized for issuance under the Plan by shareholder action taken on or after April 25, 2011, shall, instead, fully vest and become fully exercisable upon the occurrence of a Transaction and thereafter may be exercised for a period of sixty (60) days, and, upon the expiration of that period, each such Option and all rights thereto shall automatically terminate.

18. TERMINATION; AMMENDMENTS

(a) The Board may at any time terminate the Plan. Unless the Plan shall previously have been terminated by the Board, it shall terminate on February 21, 2022. No Option may be granted after such termination.

(b) The Board may at any time or times amend the Plan or amend any outstanding Option for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which at the time may be permitted by law.

(c) Except as provided in Section 16, no such amendment shall, without the approval of the shareholders of the Corporation: (i) increase the maximum number of shares of Common Stock for which the Options may be granted under the Plan; (ii) reduce the Option price of outstanding Options; (iii) extend the period during, which Options may be granted; (iv) materially increase in any other way the benefits accruing to Optionees; or (v) change the class of persons eligible to be Optionees.

(d) No termination or amendment of the Plan shall without the consent of an Optionee or Beneficiary, adversely affect the Optionee's or Beneficiary's right under any Option previously granted, but it shall be conclusively presumed that any adjustment for changes in capitalization in accordance with Section 16 hereof does not adversely affect any such right.

19. EFFECTIVE DATE

The effective date of the Plan is February 21, 2012.

20. GOVERNING LAW

The Plan shall be construed and its provisions enforced and administered in accordance with and under the laws of Connecticut except to the extent that such laws may be superseded by any Federal law.

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)) 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
Walter C. Johnsen
Chairman of the Board and
Chief Executive Officer
Dated: August 14, 2012

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)) 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

Paul G. Driscoll
Vice President and
Chief Financial Officer
Dated: August 14, 2012

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, 2012 (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
Chairman of the Board and
Chief Executive Officer

Dated: August 14, 2012

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, 2012 (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: August 14, 2012

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.