



Acme United Corp. (ACU)

Acme United Corporation is an innovative supplier of cutting devices, measuring instruments and safety products for school, home, office, industrial and hardware use. The company has facilities in the United States, Canada, Germany, Hong Kong and China. Acme United's products are organized under four global brands: Westcott, Clauss, Camillus and PhysiciansCare, all of which serve a growing customer base that includes the world's premier retailers and merchandisers.

Update Report – May 26, 2011



Acme United Corporation

Investment Highlights

- ✓ Acme United acquired The Pac-Kit Safety Equipment Company late February 2011, a leading manufacturer of first aid kits for the industrial, safety, transportation and marine markets. Pac-Kit is expected to contribute between \$4 and \$4.5 million in sales and between \$100,000 and \$150,000 in earnings for fiscal year 2011.

- ✓ For the first quarter of 2011, ended March 31, Acme reported sales of \$14.4 million, compared to \$13.1 million in the first quarter of 2010, an increase of 10%. Every business unit had sales growth in Q1. Net income was \$120,000 or \$.04 per diluted share for the quarter ended March 31, 2011 compared to \$214,000 or \$.07 per diluted share for the comparable period last year. This decline is both the result of lower gross margins and the one-time Pac-Kit acquisition costs.

- ✓ The Company announced significant measures to make the European segment profitable: prices were raised and expenses were reduced by about €400,000.

- ✓ Earlier this year, Acme intensified its focus on the Asia Pacific region for both sales and manufacturing. Dennis Liang was promoted to Vice President of Sales for the region and he will manage direct import sales to all Acme United's global customers and he will direct resources and his full time attention to increasing Acme's revenues in Asia. Acme also hired YB Pek as Vice President and General Manager for Asia Pacific. He will help Acme to get products developed faster with higher quality and to get to the market faster with better prices.

- ✓ We reiterate our buy recommendation for Acme United. Based on the financial information in this report we calculated an earnings forecast of \$3.10 million, or 1.00 dollar per share, for fiscal year 2011. Our price target is \$14.53, which is about 50% above today's stock price.

Symbol:	ACU
Industry:	Office Supplies
Market:	NYSE Amex
Recent Price:	\$9.40
52-Week Price Range:	\$6.53 - \$13.04
Market Cap:	approx. \$29.19 million

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The Company

Acme United Corporation is a leading worldwide supplier of innovative branded cutting, measuring and safety products for the school, home, office, hardware & industrial markets. Principal products are scissors, shears, rulers, pencil sharpeners, first aid kits and related products. These goods are primarily sold to office superstores, contract stationers and wholesalers, school distributors, mass market, and industrial, hardware and floral distributors.

The Company has its roots dating back to 1867 and has facilities in the United States, Canada, Europe (located in Germany) and Asia (located in Hong Kong and China). The operations in the United States, Canada and Europe are primarily involved in product development, manufacturing, marketing, sales, administrative and distribution activities. The Asian operations consist of sourcing, quality control and sales.

Product innovation and attention to customer needs is what really separates Acme from its competitors and what makes it grow and prosper. The Company works with new, often proprietary, materials and adds new user-friendly features to existing tools. Acme has an on-going goal of generating 30% of its sales from products developed in the last 3 years.

The Company's customers include Staples, Office Depot, Office Max, United Stationers, SP Richards, W.B. Mason, Home Depot, Target, Wal-Mart, Walgreen, School Specialty, Grainger, McMaster Carr, Meijer, Fred Meyer, Zellers, Schlecker, WH Smith, and many other major chains.

Brands

Acme United's products are organized under five global brands: Westcott, Clauss, Camillus, PhysiciansCare and Pac-Kit, which was recently acquired. All these brands serve a growing customer base that includes the world's premier retailers and merchandisers.

The number of products under the five brands continues to expand, providing customers with ever better solutions to their cutting, measuring and safety needs.

Westcott began as a ruler company almost 140 years ago. Today, Westcott sells between 60 and 80 million scissors, and 15 and 18 million rulers annually, making them the leading scissors brand in

the USA and one of the leading ruler brands in North America.

Acme United excels because it constantly re-invents everyday products like scissors, knives and school and office items. The Company applies new materials like titanium carbonitride coatings, making the knives and scissors blades more than 10 times harder than stainless steel. It adds a non-stick coating to scissors, making them useful in difficult environments like the floral area for cutting and trimming flowers and bushes, or in the arts and crafts area, where lots of glue and paste is used. It also opens up new markets by adding Microban, an ingredient that inhibits the growth of bacteria, to school and office products.



The iPoint Evolution. Here in a specially designed pink edition to support Breast Cancer Awareness.

Next to scissors and rulers, Westcott is also known for its iPoint line of electric pencil sharpeners. The original iPoint, and its successor the iPoint Evolution, were extremely well received after being introduced in stores. Part of the reason why the pencil sharpeners are so popular is their trendy design. In fact, both the iPoint and the iPoint Evolution won a GOOD DESIGN* Award from the Chicago Athenaeum, Museum of Architecture and Design. iPoint revenues for fiscal year 2010 were about \$10 million.

* GOOD DESIGN is one of the oldest and most important design competitions worldwide. Each year, the Museum receives hundreds of submissions from

the biggest and most famous brands like Apple, Hewlett Packard, BMW, Porsche, Microsoft, etc.

Because the iPoint pencil sharpener continues to be a phenomenal success, its product family will be expanded.

PhysiciansCare offers a wide assortment of first aid kits, emergency and disaster kits, kit refills, hearing, eye, and head protection, and ergonomic supports and braces. Since 2004, PhysiciansCare also has a successful branded line of over-the-counter medications, including the active ingredients aspirin, acetaminophen and Ibuprofen, etc. These products are sold at Staples, Office Depot, United Stationers, Office Max, Corporate Express and many more.

Acme United owns and operates a U.S. Food and Drug Administration (FDA) facility through which these products are distributed.



PhysiciansCare has a successful branded line of over-the-counter medications including the active ingredients aspirin, acetaminophen, Ibuprofen, etc.

Clauss has its roots dating back to 1877 as a scissors, razors and kitchen knives manufacturer. Nowadays, Clauss has a substantial line of quality cutting tools for the professional market: True Professional sewing shears, hot forged scissors, utility knives, chef shears, hobby knives, etc.

An important product for Clauss is its SpeedPak Utility Knife, a lightweight, ergonomic and innovative alternative for a regular utility knife. The SpeedPak features an interchangeable color coded cartridge system that allows the user to switch between four different blade styles: utility, dubbed, serrated and hook. Each cartridge contains 10 replaceable titanium bonded blades, making them three times stronger than steel. And when a blade is dull, you simply push the button on the side of the SpeedPak, pull the blade out, retract the top button, and it automatically reloads another blade.



The innovative SpeedPak Utility Knife is one of the best selling Clauss products.

In 2008 the Company began shipping the SpeedPak and has been gaining traction, both Europe and the U.S., since. During the last couple of months for example the SpeedPak received an excellent 9.1 member rating from Handy Magazine and was chosen as "Tool of the month" in a large hardware chain in the U.S. The SpeedPak is available through major industrial catalogues and at retailers like Lowe's and Home Depot.

A recent item is the Clauss Damascus knife set. The knives' blades are made by alternating layers of wrought iron (providing elasticity) and tempered steel (providing strength), while the handles are made from stain-resistant bamboo. The Clauss Damascus knife set was the first Acme United product ever carried by Cabela's. Another indication that ACU is opening up more markets and channels of distribution.

Clauss' latest products are two lines of gardening tools. The Enviro-Line is a new line of lawn & garden products like pruners, snips, floral knives, spring assisted scissors, etc. The blades are titanium bonded and the packaging and handles of the tools are made from recycled materials.

The new AirShoc line of professional lawn & garden tools includes loppers, hedge shears, branch saws and grass and garden shears as well as their respective replacement blades. The Titanium-Bonded Non-Stick blades prevent saps and adhesives from sticking to the blades. The tools also feature Microban antibacterial treated blades and grips to protect the user as well as the plants themselves. The AirShoc grips are engineered to reduce the impact and fatigue of cutting through

branches, etc. Like the Enviro-Line, the AirShoc packaging is also environmentally sustainable.

The tools are now in stores and received an excellent response from the first customers. Also see growth drivers on page 6.

Camillus is one of the oldest knife manufacturers in the United States. Since its inception in 1876, it was a synonym for the finest knives available. Nevertheless, Camillus had to close its doors in 2007 due to fierce overseas competition after which Acme United purchased the brand name and intellectual property rights.

After almost two years of preparation, the Camillus brand was officially re-launched at the 2009 National Hardware Show in Las Vegas. The first knives had an eye-catching design and were made out of the finest materials, like bamboo handles or blades with titanium carbonitride coatings.

Since then a host of additional knives have been brought to the market, including a line featuring VG10 steel blades. And at the 2011 Shot Show, Camillus re-introduced the Yello-Jaket and Lev-R-Lok. These are two knives that were also manufactured by the old Camillus and are still very popular amongst knife enthusiasts (just do a search on Google or ebay).



The Yello-Jaket has historically been one of the most popular Camillus knives and has now been reintroduced.

The Camillus knives are for sale at major DIY chains, large retailers and at a number of leading industrial distributors. The knives will be carried at about 150 additional stores as of this year.

Pac-Kit sells first aid kits, industrial stations and refills, emergency medical travel and recreational kits, etc. and was acquired by Acme United in February 2011. It's especially known for tailoring its

products to meet user requirements and for rapid turnaround.

Also this brand has a long and vivid history dating back to the 19th century. Its early first aid kits were chosen by global explorers like Captain Robert Scott, Admiral Peary and Theodore Roosevelt on their expeditions.

Acme United purchased the accounts receivable, inventory, equipment, brands, historical records and photographs for \$3.4 million. Pac-Kit produces its products in a 40,000 square foot FDA facility in Norwalk, CT and employs 33 people.

Financials

Fourth Quarter And Full Year 2010 Results

Net sales for the year ended December 31, 2010 were \$63.1 million, compared to \$59.1 million in the same period in 2009, an increase of 7%. This was mainly due to market share gains with the Company's new non-stick products and iPoint pencil sharpeners.

Net income for the fiscal year 2010 was \$2,573,000, or \$.81 per diluted share, compared to \$2,842,000, or \$.85 per diluted share, last year. Although Acme remained solidly profitable in a difficult environment for office products, its net income for fiscal year 2010 decreased by about 9% compared with 2009. Two important items were responsible for this.

First, the earnings for 2009 were higher due to a number of one-time items. In the third quarter of 2009 earnings included a one time pre-tax income of \$458,000 because the remediation of the Company's old Bridgeport property, which was sold in December 2008, went much better than originally projected. In the fourth quarter of 2010 another pre-tax income of about \$100,000 was recorded for the same reason. Also, in the fourth quarter of 2009 the Company donated land to the City of Bridgeport, CT and medical products to Americares for Haitian relief. As a result it recorded a tax benefit of \$464,000.

Second, profits in 2010 were offset by unexpected airfreight expenses of more than \$600,000. Acme had just completed inventory reductions when it was confronted with labour shortages and production constraints in the Asian factories during the back to school season. As a result, Acme had to quickly fly in the goods from China to be able to fulfil their orders.

The Company has taken some decisive measures to tackle this issue. It increased its inventory by almost \$5 million in preparation for back to school, it strengthened its operational leadership in Asia (see Recent Developments on page 7) and it increased its capacity and demand planning.

First Quarter 2011 Results

For the first quarter of 2011, ended March 31, Acme reported sales of \$14.4 million, compared to \$13.1 million in the first quarter of 2010, an increase of 10%. Excluding Pac-Kit, sales increased by 5%.

Amounts in \$000's	03/31/11	03/31/10
Net Sales	14,401	13,121
Cost of Goods Sold	9,093	8,008
S, G & A Expenses	5,125	4,812
Income From Operations	183	301
Pre-Tax Income	161	267
Income Tax Expense	41	53
Net Income	120	214
Shares Outstanding	3,105	3,170
Earnings Per Share	0.04	0.07
Most important income statement data for the quarters ending March 31, 2011 and March 31, 2010.		
Source: Company Filings		

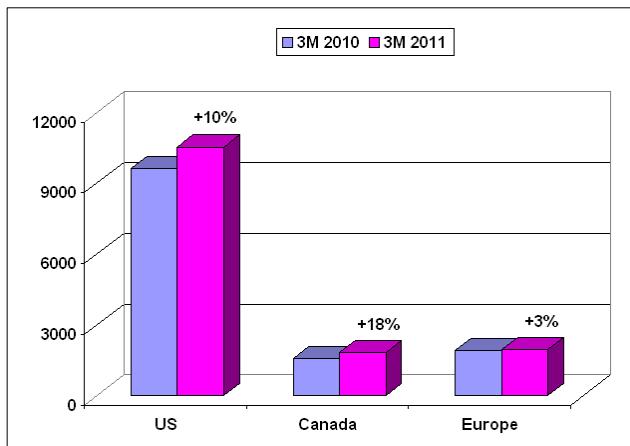
Gross margins were 37% in the first quarter of 2011 compared to 39% in the first quarter of 2010. The drop was mainly due to higher sales of seasonal over-the-counter medications. The Company expects that gross margins will improve in the second quarter as it returns to a more normal product mix.

Operating profit was \$183,000 for the quarter ended March 31, 2011 compared to \$301,000 for the comparable period last year. Operating profit in the first quarter of 2011 was reduced by approximately \$100,000 in transaction and integration costs related to the Pac-Kit acquisition.

As a result, net income was \$120,000 or \$.04 per diluted share for the quarter ended March 31, 2011 compared to \$214,000 or \$.07 per diluted share for the comparable period last year. Obviously, the decline in net income was both the result of lower gross margins and the one-time Pac-Kit acquisition costs.

Walter Johnsen, Acme United's Chairman and CEO, indicated during the first quarter conference call that the Company is beginning to feel an overall

strengthening of the market, evidenced by the fact that every business unit had sales growth in Q1.



Sales breakdown per segment in thousands of dollars for the quarters ending March 31, 2011 and March 31, 2010. All business segments grew during the quarter and contributed to Acme United's performance. Source: Company Filings and Smallcaps.us calculations.

Very interesting is that the Company announced significant measures to make the European segment profitable:

- Prices were raised; and
- Expenses were reduced by about €400,000.

Mr. Johnsen also said that Acme is in a stronger position compared with 2010. Because most of the products for the back to school season are already in the Company's warehouses, substantial savings in expedited shipping and airfreight costs can be expected in the coming quarters.

Balance Sheet As Of March 31, 2011

The Company's bank debt less cash on March 31, 2011 was \$13.2 million compared to \$3.4 million on March 31, 2010. This difference can be explained as follows:

- On February 28, 2011 the Company paid approximately \$3.5 million for Pac-Kit;
- During the 12 month period ended March 31, 2011, Acme purchased 160,000 shares of its common stock for treasury for a total of approximately \$1.7 million;
- The Company paid \$700,000 in dividends on its common stock; and

- The inventory increased by \$3.8 million in preparation for seasonal back to school sales.

Amounts in \$000's	03/31/11	03/31/10
Cash and Cash Equivalents	5,102	5,468
Accounts Receivable	12,711	10,230
Inventories	23,354	18,497
Total Current Assets	42,780	35,424
Total Assets	51,367	41,908
Accounts Payable	3,379	4,030
Total Current Liabilities	5,784	6,611
Long-Term Debt	18,345	8,908
Total Liabilities	25,652	17,334
Total Stockholder Equity	25,714	24,574
Most important balance sheet data for the periods ending March 31, 2011 versus March 31, 2010.		
Source: Company Filings		

As of March 31, 2011, there were 190,000 shares that may be purchased under the Company's stock repurchase program. However, stock buybacks will temporarily be reduced because both the purchase of Pac-Kit and the expected expansion of the business requires working capital.

Growth Drivers

Pac-Kit

The Pac-Kit Safety Equipment Company, a leading manufacturer of first aid kits for the industrial, safety, transportation and marine markets is Acme United's latest acquisition. The products it sells are somewhat similar to PhysiciansCare's.

Pac-Kit's revenues for the last 10 months of 2011 (the company was bought late February 2011) are expected to range between \$4 and \$4.5 million. However, Pac-Kit immediately set a record month when it reached sales of \$596,000 in March 2011. Also when I visited Pac-Kit in May, several temps were there to help ship all the orders. So that's a sign that business is still doing very well.

In order to substantially increase revenues, Acme is working on a number of new opportunities for Pac-Kit. For example a hurricane preparedness kit or emergency kits for earthquakes and tornados. In fact

a similar first aid promotion has already been shipped to a major hardware chain. Acme is also actively introducing Pac-Kit's products into other chains where Pac-Kit, before the acquisition, didn't have a chance to be considered.



The Pac-Kit manufacturing plant in South Norwalk, Connecticut.

Additionally, Acme is going to start using Pac-Kit's fascinating history as a way to market the brand. Can you imagine the "Theodore Roosevelt outdoors survival kit"?

On the earnings front, Pac-Kit is anticipated to contribute \$100,000 to \$150,000 this year before operational efficiencies. In the short term, Acme's management sees cost savings with the purchase of raw materials and with its direct sourcing capability in China whereas Pac-Kit had to use more intermediaries. In the longer term, Acme may integrate its North Carolina manufacturing facility (assembly of first aid kits) into the bigger Pac-Kit manufacturing facility in Connecticut.

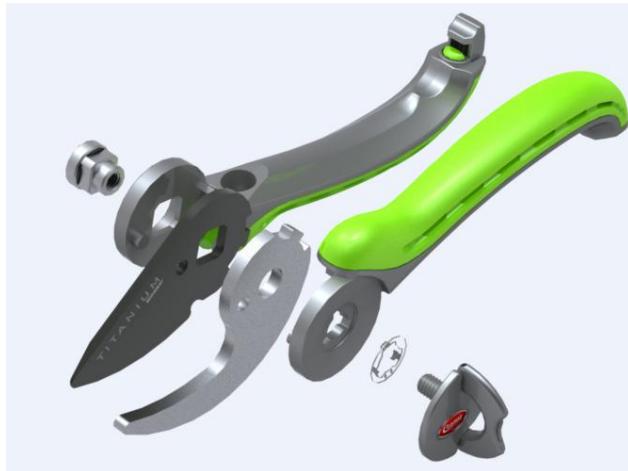
Time will tell how the integration Pac-Kit/PhysiciansCare evolves, but one thing is for sure Pac-Kit already contributed \$596,000 in sales in March and my visit tells me it was still very busy in May.

Clauss Garden Tools

Clauss recently started shipping two complete new lines of gardening tools. The Enviro-Line is a new line of lawn & garden products like pruners, snips, floral knives, spring assisted scissors, etc. While the AirShoc line of professional lawn & garden tools includes loppers, hedge shears, branch saws and grass and garden shears as well as their respective replacement blades.

The tools received an excellent response from the first customers and Mr. Constantine, the Vice

President of Marketing for Clauss, said that pre-sales numbers were actually better than expected. He believes that garden tool sales will gradually increase and become a meaningful part of total Clauss revenues over the next several years.



The AirShoc line features "Tool-Less Blade Change" allowing the user to change from a bypass blade to an anvil blade to a snip in seconds. This eliminates the need to have multiple loppers or pruners just for different blade requirements.

When I visited Acme's head office a couple of weeks ago, I was most fascinated by the Clauss garden tools. These are quite unique products. And when compared with the garden tools from Fiskars, Clauss' strongest competitor in this product category, they honestly are in another league.

The garden tools market is over \$200 million in North America alone. I'm very positive that Clauss will capture a good piece of that pie.

Recent Developments

Strategic Decisions in Asia

Earlier this year, Acme promoted Dennis Liang to Vice President of Sales for Asia Pacific and hired YB Pek as Vice President and General Manager for the same region. Both men are based in Hong Kong.

Mr. Liang was previously General Manager for Acme United. His new role will encompass direct import sales to all Acme United's global customers and he will direct resources and his full time attention to increasing Acme's revenues in Asia.

Thanks to the sustained economic growth in Thailand, the Philippines, Indonesia and China a real middle class is created for the first time in those

countries. These people can now spend money on non-vital goods and services. For example, in China car sales surged by 32 percent in 2010. That's happening across many product lines and also causes increased demand for Acme's products.

So it's good that Acme increases its sales efforts in Asia at this moment. Expanding your distribution at a time when your potential customer base is expanding makes perfect sense.

On the manufacturing side, Mr. Pek, formerly General Manager of Phillips NV consumer products in Zhuhai, China, has years of experience with coatings and plastics, with sourcing, high volume production and logistics. He is now responsible for all operational aspects of Acme's Asian Pacific business, including product development, manufacturing, quality control, supply chain, and finance.

His expertise will help Acme to get products developed faster with higher quality and to the market faster with better prices. Additionally, YB Pek will help prevent the high unexpected airfreight expenses as described above under financials.

It's clear that with this decision, Acme is intensifying its focus on the Asia Pacific region for both sales and manufacturing. These are strategic decisions of which we'll undoubtedly see the impact in 6 to 12 months.

Modified Revolving Loan Agreement

Late February 2011, Acme modified its revolving loan agreement with Wells Fargo Bank. The amendments include an increase in the maximum borrowing amount from \$18 million to \$20 million and an extension of the maturity date of the loan from February 1, 2012 to March 31, 2013. The interest rate remains at LIBOR plus 2%, which is about 2.20% today.

The funds borrowed under the credit facility may be used for growth, share repurchases, dividends, acquisitions, and other related business activities.

Acme United seized a good opportunity to extend its agreement at the same interest rate because chances of a rate increase between now and February 1, 2012 are much higher than a decrease.

Outlook & Valuation

First quarter sales grew by 10%, which was in line with Acme's aggressive growth targets for 2011. From the \$63.15 million in sales for 2010 it aims to reach revenues between \$72 (+14%) and \$74.5 million (+18%) in 2011. Both organic growth (\$5 to \$7 million) and the Pac-Kit acquisition (\$4 to \$4.5 million) should be strong contributors to the expansion.

The organic growth is anticipated to come from:

- Continued strong iPoint pencil sharpener and non-stick products sales;
- The Clauss brand, which saw its sales increase by 40% in 2010. The same growth rate is expected this year;
- Camillus knives that sees its sales rise month by month;
- The recently launched garden tools that received enthusiastic first reactions from customers.

This growth should find its way to the bottom line. Taken into account that overall margins decrease to the high 20s, due to Pac-Kit, and that the tax rate increases to about 28%, we have an earnings forecast of \$3.10 million, or 1.00 dollar per share, for fiscal year 2011. This is up more than 20% compared with fiscal year 2010.

Amounts in \$000's	2009	2010	2011E
Total Revenue	59,149	63,149	72,000
Net Income	4,467	2,573	3,100
Annual sales and earnings FY 2009 – 2011E. Source: Company Filings and Smallcaps.us estimates			

Peer Comparison

Acme United competes with many other companies in each market and geographic area. For example, the major competitor in the cutting and gardening category is Fiskars Corporation, the major competitor in the measuring category is Helix International Ltd and the major competitor in the safety and first aid category is Johnson and Johnson.

Nevertheless, it's hard to identify a peer group of companies, because there's no other Company that's in exactly the same line of business as Acme United. Moreover, some of these other companies that engage in the Company's line-of-business do so

through divisions or subsidiaries that are not publicly-traded.

For reason of comparison, we have placed the Company in the office supplies industry. The average P/E ratio for a Company in the office supplies industry is 14.53x, slightly down from 14.99x in our previous report.

Valuation

Acme United still is very profitable and has a solid financial base. Earnings for 2010 were lower compared with the year before due to one-time items that were tackled head on and which shouldn't reoccur in the future.

The past few years, Acme invested a lot in new product development (e.g. the Clauss garden tools took 2.5 years to develop). These products are now on the market, but it takes some time to grow them big enough to have an impact on total numbers. Camillus, for instance, entered the market in 2009 and is now growing every month and Clauss product sales are now growing 40% annually.

Also important to note are Acme's Asian growth opportunities. The new middle-class in Thailand, the Philippines, Indonesia and China has enough money to spend on Acme's products. That's why the Company took the strategic decision, earlier this year, to dedicate more resources on increasing its revenues in Asia.

There's also Pac-Kit which should immediately be a nice contributor to earnings especially in light of the expected cost savings.

Using the \$1.00 EPS projection for FY 2011 and applying the 14.53x P/E multiple for the peer group, we reach the following calculation: \$1.00 estimated EPS multiplied by 14.53 = \$14.53.

We reiterate our buy recommendation for Acme United Corp. Based on our calculations, the Company is clearly undervalued compared with its peers.

Acme is expected to grow its top line thanks to a series of new products that just entered the market. Additionally, Pac-Kit's sales are very strong and cost savings are ahead.

Ownership

The principal owners of the Company's common stock are Walter Johnsen (13.01%), First Wilshire Securities Management (8.61), North Star Investment Management Corporation (7.83%), Dimensional Fund Advisors (3.27%), Brian Olschan (1.99%) and Renaissance Technologies Corp. (1.97%).

Management

➤ **Walter Johnsen - Chairman and CEO**

Mr. Johnsen has served as director since 1995 and as Chairman and Chief Executive Officer since November 30, 1995. Before joining the Company he was Vice Chairman and a principal of Marshall Products, Inc., a medical supply distributor.

➤ **Paul Driscoll - Vice President and CFO, Secretary and Treasurer**

Mr. Driscoll has served as Vice President and Chief Financial Officer, Secretary and Treasurer since October 2, 2002. Mr. Driscoll joined Acme as Director International Finance on March 19, 2001. From 1997 to 2001 he was employed by Ernest and Julio Gallo Winery including two years in Japan as Director of Finance and Operations. Prior to Gallo he served in several increasingly responsible positions in Sterling Winthrop Inc. in New York City and Sanofi S.A. in France.

➤ **Brian Olschan - President and COO**

Mr. Olschan served as Senior Vice President of Sales and Marketing from September 10, 1996 until January 22, 1999. Effective January 23, 1999, he was promoted to President and Chief Operating Officer. From 1984 to 1996, he was employed by General Cable Corporation in various executive positions.

Annual Income Statement FY 2008 – 3M 2011

PERIOD ENDING	All numbers in thousands			
	FY 2008	FY 2009	FY 2010	3M 2011
Total Revenue	68,719	59,149	63,149	14,401
Cost of Revenue	41,062	37,075	39,784	9,093
Gross Profit	27,657	22,073	23,365	5,308
Operating Expenses				
Research Development	-	-	-	-
Selling General and Administrative	20,778	19,047	20,385	5,125
Non Recurring	-	-	-	-
Others	-	-	-	-
Total Operating Expenses	20,778	19,047	20,385	5,125
Operating Income or Loss	6,879	3,027	2,980	183
Income from Continuing Operations				
Total Other Income/Expenses Net	193	581	232	70
Earnings Before Interest And Taxes	7,072	3,608	3,212	285
Interest Expense	396	155	301	97
Income Before Tax	6,676	3,453	2,911	161
Income Tax Expense	2,209	611	338	41
Minority Interest	-	-	-	-
Net Income From Continuing Ops	4,467	2,842	2,573	120
Non-recurring Events				
Discontinued Operations	-	-	-	-
Extraordinary Items	-	-	-	-
Effect Of Accounting Changes	-	-	-	-
Other Items	-	-	-	-
Net Income	4,467	2,842	2,573	120
Preferred Stock And Other Adjustments	-	-	-	-
Net Income Applicable To Common Shares	\$4,467	\$2,842	\$2,573	\$120

Annual Income Statement FY 2008 – 3M 2011. Source: Company Filings



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[Smallcaps.us](#), highlights solid and honest companies with a market cap below \$100 million. We focus on fundamentally undervalued Companies with real revenues and earnings and we have a special interest in stocks with a high potential, innovative product or service.

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