

ACME UNITED CORP
Form 10-Q
August 05, 2011
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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, 2011

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
(State or other jurisdiction of incorporation or organization)

06-0236700
(I.R.S. Employer Identification No.)

60 ROUND HILL ROAD, FAIRFIELD, CONNECTICUT
(Address of principal executive offices)

06824
(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

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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 definition of “accelerated filer and large accelerated filer” 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 5, 2011 the registrant had outstanding 3,101,587 shares of its \$2.50 par value Common Stock.

ACME UNITED CORPORATION

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

	June 30, 2011 (unaudited)	December 31, 2010 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,234	\$ 6,601
Accounts receivable, less allowance	23,481	12,331
Inventories:		
Finished goods	22,031	21,109
Work in process	96	172
Raw materials and supplies	1,448	1,012
	23,575	22,293
Prepaid expenses and other current assets	1,298	1,403
Total current assets	52,588	42,628
Property, plant and equipment:		
Land	173	160
Buildings	2,526	2,438
Machinery and equipment	9,554	8,905
	12,253	11,503
Less accumulated depreciation	9,950	9,287
	2,303	2,216
Note receivable	1,810	1,839
Intangible assets	3,331	1,866
Other assets	1,032	1,032
Total assets	\$ 61,064	\$ 49,581

See notes to condensed consolidated financial statements.

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

	June 30, 2011 (unaudited)	December 31, 2010 (Note 1)
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 8,210	\$ 5,679
Other accrued liabilities	5,145	3,539
Total current liabilities	13,355	9,218
Deferred income taxes		
Bank debt	18,601	13,522
Other	1,583	1,489
Total liabilities	33,539	24,229
STOCKHOLDERS' EQUITY		
Common stock, par value \$2.50: authorized 8,000,000 shares; issued - 4,416,824 shares in 2011 and 4,374,574 shares in 2010, including treasury stock		
	11,041	10,936
Additional paid-in capital	4,853	4,603
Retained earnings	23,884	22,399
Treasury stock, at cost - 1,315,237 shares in 2011 and 1,305,237 shares in 2010	(11,808)	(11,711)
Accumulated other comprehensive income:		
Translation adjustment	711	281
Unrecognized pension costs	(1,156)	(1,156)
	(445)	(875)
Total stockholders' equity	27,525	25,352
Total liabilities and stockholders' equity	\$ 61,064	\$ 49,581

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	
	2011	2010	2011	2010
Net sales	\$ 24,029	\$ 20,585	\$ 38,430	\$ 33,706
Cost of goods sold	15,346	13,034	24,439	21,042
Gross profit	8,683	7,551	13,991	12,664
Selling, general and administrative expenses	6,223	5,605	11,348	10,417
Operating income	2,460	1,946	2,643	2,247
Non-operating items:				
Interest:				
Interest expense	114	79	211	131
Interest income	(40)	(41)	(90)	(73)
Interest expense, net	74	38	121	58
Other expense (income), net	3	24	(22)	39
Total other expense	77	62	99	97
Income before income taxes	2,383	1,884	2,544	2,150
Income tax expense	640	317	681	370
Net income	\$ 1,743	\$ 1,567	\$ 1,863	\$ 1,780
Basic earnings per share	\$ 0.56	\$ 0.50	\$ 0.60	\$ 0.56
Diluted earnings per share	\$ 0.56	\$ 0.48	\$ 0.60	\$ 0.54
Weighted average number of common shares outstanding- denominator used for basic per share computations	3,096	3,158	3,085	3,163
Weighted average number of dilutive stock options outstanding	21	131	26	107
Denominator used for diluted per share computations	3,117	3,289	3,111	3,270
Dividends declared per share	\$ 0.06	\$ 0.05	\$ 0.12	\$ 0.10

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (UNAUDITED)
 (all amounts in thousands)

	2011	Six Months Ended June 30,	2010
Operating Activities:			
Net income	\$ 1,863		\$ 1,780
Adjustments to reconcile net income to net cash used by operating activities:			
Depreciation	396		394
Amortization	85		57
Stock compensation expense	209		189
Changes in operating assets and liabilities:			
Accounts receivable	(10,413)		(10,025)
Inventories	248		(974)
Prepaid expenses and other current assets	153		(86)
Accounts payable	2,119		2,794
Other accrued liabilities	1,636		1,071
Total adjustments	(5,567)		(6,580)
Net cash used by operating activities	(3,704)		(4,800)
Investing Activities:			
Purchase of property, plant, and equipment	(296)		(346)
Purchase of patents and trademarks	(50)		(44)
Acquisition of Pac-Kit			