

ACME UNITED CORP
Form 10-Q
May 13, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **March 31, 2015**

OR

**[X] 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.)

55 WALLS DRIVE, 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 (Sec. 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 the 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

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As of May 3, 2015 the registrant had outstanding 3,315,852 shares of its \$2.50 par value Common Stock.

ACME UNITED CORPORATION

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PART I - FINANCIAL INFORMATION**Item 1. Financial Statements****ACME UNITED CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS****(all amounts in thousands)**

	March 31, 2015 (unaudited)	December 31, 2014 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,797	\$ 2,286
Accounts receivable, less allowance	16,722	19,477
Inventories:		
Finished goods	30,618	28,713
Work in process	598	522
Raw materials and supplies	4,708	4,436
	35,924	33,671
Prepaid expenses and other current assets	2,476	2,077
Total current assets	56,919	57,511
Property, plant and equipment:		
Land	421	436
Buildings	5,377	5,126
Machinery and equipment	10,147	10,067
	15,945	15,629
Less accumulated depreciation	8,785	8,698
	7,160	6,931
Goodwill	1,375	1,375
Intangible assets, less amortization	12,374	12,555
Other assets	972	936
Total assets	\$ 78,800	\$ 79,308

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION**CONDENSED CONSOLIDATED BALANCE SHEETS (continued)****(all amounts in thousands, except share amounts)**

	March 31, 2015 (unaudited)	December 31, 2014 (Note 1)
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,905	\$ 7,773
Other accrued liabilities	5,564	7,590
Total current liabilities	11,468	15,363
Long-term debt	27,551	24,147
Other	314	370
Total liabilities	39,334	39,880

COMMITMENTS AND CONTINGENCIES**STOCKHOLDERS' EQUITY**

Common stock, par value \$2.50: authorized 8,000,000 shares; issued - 4,675,424 shares in 2015 and 4,653,424 in 2014 including treasury stock	11,688	11,633
Additional paid-in capital	8,336	7,941
Retained earnings	33,925	33,784
Treasury stock, at cost - 1,362,072 shares in 2015 and 2014	(12,283)	(12,283)
Accumulated other comprehensive (loss) income:		
Minimum pension liability	(895)	(895)
Translation adjustment	(1,305)	(752)
	(2,200)	(1,647)
Total stockholders' equity	39,466	39,428
Total liabilities and stockholders' equity	\$ 78,800	\$ 79,308

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 March 31	
	2015	2014
Net sales	\$22,837	\$19,152
Cost of goods sold	14,402	12,275
Gross profit	8,435	6,877
Selling, general and administrative expenses	7,608	6,252
Operating income	827	625
Non-operating items:		
Interest:		
Interest expense	132	89
Interest income	(2)	(6)
Interest expense, net	130	83
Other expense, net	76	19
Total other expense, net	206	102
Income before income taxes	621	523
Income tax expense	185	155
Net income	\$436	\$368
Basic earnings per share	\$0.13	\$0.12
Diluted earnings per share	\$0.12	\$0.11
Weighted average number of common shares outstanding- denominator used for basic per share computations	3,300	3,201
Weighted average number of dilutive stock options outstanding	404	242
Denominator used for diluted per share computations	3,704	3,443
Dividends declared per share	\$0.09	\$0.08

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(UNAUDITED)

(all amounts in thousands)

	Three Months Ended March 31	
	2015	2014
Net income	\$436	\$368
Other comprehensive (loss) -		
Foreign currency translation adjustment	(553)	(203)
Comprehensive (loss) income	\$(117)	\$165

See notes to condensed consolidated financial statements.

ACME UNITED CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(all amounts in thousands)

	Three Months Ended March 31,	
	2015	2014
Operating Activities:		
Net income	\$436	\$368
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	320	256
Amortization	181	65
Stock compensation expense	129	126
Changes in operating assets and liabilities:		
Accounts receivable	2,833	(651)
Inventories	(2,849)	(871)
Prepaid expenses and other assets	(535)	(253)
Accounts payable	(1,355)	(505)
Other accrued liabilities	(2,441)	(140)
Total adjustments	(3,717)	(1,973)
Net cash used by operating activities	(3,281)	(1,605)
Investing Activities:		
Purchase of property, plant, and equipment	(574)	(762)
Purchase of patents and trademarks	—	(28)
Net cash used by investing activities	(574)	(790)
Financing Activities:		
Borrowing (repayments) of long-term debt	3,404	(5,626)
Proceeds from issuance of common stock	321	—
Distributions to stockholders	(296)	(256)
Net cash provided (used) by financing activities	3,429	(5,882)