

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarter ended July 1, 1994

Commission file No. 1-10585

CHURCH & DWIGHT CO., INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

13-4996950

(I.R.S. Employer Identification No.)

469 North Harrison Street, Princeton, N.J.
(Address of principal executive office)

08543-5297

(Zip Code)

Registrant's telephone number, including area code: (609) 683-5900

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 twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of July 29, 1994, there were 19,534,169 shares of Common Stock outstanding.

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PART I - FINANCIAL INFORMATION

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(Unaudited)

(In thousands, except per share data)	Three Months Ended		Six Months Ended	
	July 1, 1994	July 2, 1993*	July 1, 1994	July 2, 1993*
Net Sales	\$130,656	\$130,308	\$242,167	\$254,205
Cost of sales	72,858	69,431	137,049	134,183
Gross profit	57,798	60,877	105,118	120,022
Selling, general and administrative expenses	49,393	53,264	94,935	104,823
Income from Operations	8,405	7,613	10,183	15,199
Investment income	175	205	364	554
Gain on disposal of product lines	102	106	205	208
Other income/(expense)	(50)	158	114	274
Interest expense	244	20	268	129
Equity in joint venture income	2,194	2,143	3,815	3,943
Income before taxes and cumulative effect of accounting changes	10,582	10,205	14,413	20,049
Income taxes	4,194	3,762	5,606	7,480

Income before cumulative effect of accounting changes	6,388	6,443	8,807	12,569
Cumulative effect of accounting changes (Note 4) (net of income tax effect):				
Accrual of postretirement benefits	-	-	-	(5,647)
Accrual of postemployment benefits	-	-	-	(533)
Accounting for income taxes	-	-	-	2,980
Net Income	6,388	6,443	8,807	9,369
Retained earnings at beginning of period	170,643	153,534	170,434	152,640
	177,031	159,977	179,241	162,009
Dividends paid	2,141	2,029	4,351	4,061
Retained earnings at end of period	\$174,890	\$157,948	\$174,890	\$157,948
Weighted average shares outstanding	19,673	20,289	19,872	20,302
Earnings Per Share: (Note 6)				
Income before cumulative effect of accounting changes	\$.32	\$.32	\$.44	\$.62
Cumulative effect of accounting changes:				
Accrual of postretirement benefits	-	-	-	(.28)
Accrual of postemployment benefits	-	-	-	(.03)
Accounting for income taxes	-	-	-	.15
Net income per share	\$.32	\$.32	\$.44	\$.46

* Restated as discussed in Notes 4 and 5.

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CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	July 1, 1994 (Unaudited)	December 31, 1993
Assets		
Current Assets		
Cash and cash equivalents	\$5,690	\$5,581
Short-term investments	1,000	4,000
Accounts receivable	53,606	42,340
Inventories (Note 2)	58,197	52,739
Income taxes receivable	-	3,010
Deferred income taxes	9,797	11,149
Prepaid expenses	5,265	4,634
Total Current Assets	133,555	123,453
Property, Plant and Equipment (Note 3)	129,864	122,195
Note Receivable from Joint Venture	11,000	11,000
Equity Investment in Joint Venture	15,150	16,557
Long-Term Supply Contracts	4,754	4,929
Intangibles, principally Goodwill	3,556	3,607
Total Assets	\$297,879	\$281,741
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings	\$26,300	\$2,000
Accounts payable and accrued expenses	67,455	66,812

Income taxes payable	2,370	-
Total Current Liabilities	96,125	68,812
Long-Term Debt	7,500	7,644
Deferred Income Taxes	19,382	22,530
Deferred Income	544	749
Deferred Liabilities	1,244	1,282
Nonpension Postretirement and Postemployment Benefits	11,904	11,357
Stockholders' Equity		
Preferred Stock - \$1 par value Authorized 2,500,000 shares, none issued	-	-
Common Stock - \$1 par value Authorized 100,000,000 shares, issued 23,330,494 shares	23,330	23,330
Additional paid-in capital	32,725	32,100
Retained earnings	174,890	170,434
Cumulative translation adjustments	(741)	(494)
	230,204	225,370
Less common stock in treasury, at cost 3,796,625 shares in 1994 and 3,251,280 shares in 1993	69,024	56,003
Total Stockholders' Equity	161,180	169,367
Total Liabilities and Stockholders' Equity	\$297,879	\$281,741

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CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

(Dollars in thousands)	Six Months Ended	
	July 1, 1994	July 2, 1993*
Cash Flow From Operating Activities		
Net Income	\$8,807	\$9,369
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	6,256	5,602
Provision for postretirement benefits	709	483
Deferred income taxes	(1,799)	750
Equity in joint venture income	(3,815)	(3,943)
Cumulative effect of accounting changes	-	3,200
(Gain) on asset disposals	(205)	(198)
Other	(256)	393
Change in assets and liabilities:		
(Increase) in accounts receivable	(11,280)	(10,443)
(Increase) in inventories	(5,570)	(3,966)
(Increase) in prepaid expenses	(641)	(172)
Increase in accounts payable	541	2,409
Increase/(Decrease) in income taxes payable	5,348	(978)
Net Cash Provided By (Used in) Operating Activities	(1,905)	2,506
Cash Flow From Investing Activities		
Decrease in short-term investments	3,001	1,024
Additions to property, plant and equipment	(13,117)	(12,259)
Investment in subsidiary	(625)	(325)
Distributions from joint venture	5,222	3,977
Net Cash Used In Investing Activities	(5,519)	(7,583)
Cash Flow From Financing Activities		

Proceeds from short-term borrowing	24,300	-
Payment of cash dividends	(4,351)	(4,061)
Proceeds from sale of common stock	1,595	1,935
Proceeds from stock options exercised	458	610
Purchase of treasury stock	(14,469)	(4,489)
Net Cash Provided by (Used In) Financing Activities	7,533	(6,005)
Net Change In Cash and Cash Equivalents	109	(11,082)
Cash And Cash Equivalents At Beginning Of Year	5,581	14,044
Cash And Cash Equivalents At End Of Period	\$5,690	\$2,962

* Restated as discussed in Notes 4 and 5.

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CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The consolidated balance sheet as of July 1, 1994, the consolidated statements of income and retained earnings for the six months ended July 1, 1994 and July 2, 1993, and the consolidated statements of cash flow for the six months then ended have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flow at July 1, 1994 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 1993 annual report to shareholders. The results of operations for the period ended July 1, 1994 are not necessarily indicative of the operating results for the full year.

2. Inventories consist of the following:
(in thousands)

	July 1, 1994	Dec. 31, 1993
Raw materials and supplies	\$15,705	\$12,690
Work in process	116	103
Finished goods	42,376	39,946
	\$58,197	\$52,739

3. Property, Plant and Equipment consist of the following:
(in thousands)

	July 1, 1994	Dec. 31, 1993
Land	\$3,096	\$3,103
Buildings and improvements	57,309	54,125
Machinery and equipment	118,090	108,665
Office equipment and leasehold improvements	12,052	11,974
Mineral rights	5,020	3,145
	195,567	181,012
Less accumulated depreciation and amortization	80,163	74,248
	115,404	106,764
Construction in progress	14,460	15,431
Net Property, Plant and Equipment	\$129,864	\$122,195

4. Accounting Changes

The Company adopted three new accounting standards as of January 1, 1993. Statement of Financial Accounting Standards No. 106 (SFAS 106), "Employers' Accounting for Postretirement Benefits Other than Pensions" requires the accrual of the estimated cost of postretirement benefits. The cost of these benefits was previously expensed on a pay-as-you-go basis. Adoption of SFAS 106 resulted in an after-tax charge against earnings of \$5.6 million or \$.28 per share. Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," changed the method by which companies account for deferred income taxes, and its adoption resulted in an after-tax credit of \$3.0 million or \$.15 per share.

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CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

During the fourth quarter of 1993, the Company elected to adopt, effective as of January 1, 1993, the accounting provisions of Statement of Financial Accounting Standards No. 112 (SFAS 112), "Employers' Accounting for Postemployment Benefits". First quarter 1993 results have been restated to reflect such adoption. This standard requires that the cost of benefits provided to former or inactive employees be recognized on the accrual basis of accounting. Previously, the Company recognized postemployment benefit costs when paid. The cumulative effect of this change resulted in a charge against earnings of \$.5 million or \$.03 per share. The combined effect of adopting the three new accounting standards was a charge against earnings of \$3.2 million, or \$.16 per share.

5. Investment in Joint Venture

In financial statements originally issued for periods prior to December 31, 1993, the Company had consolidated its proportionate share of each of the individual assets, liabilities, revenues and expenses of the Armand Products Company joint venture. In 1993, the Company restated its financial statements to reflect the 50 percent interest in the joint venture on the equity method of accounting for investments. This method reflects the Company's proportionate share of the joint venture net profit as a single-line item, "Equity in joint venture income," in the income statement. Similarly, the Company's investment and cumulative share of profits less distributions received from the joint venture is reflected as a single-line item, "Equity investment in joint venture," in the Company's balance sheet. This change had no effect upon stockholders' equity or the net income of the Company for any period.

Summarized income statement data for Armand Products Company is as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 1, 1994	July 2, 1993	July 1, 1994	July 2, 1993
Net sales	\$12,021	\$10,853	\$22,824	\$20,013
Gross profit	4,973	4,854	8,791	8,794
Net income	4,160	4,062	7,176	7,430
Company's share in net income	2,080	2,031	3,588	3,715
Elimination of Company's share of intercompany interest expense	114	112	227	228
Equity in joint venture income	\$2,194	\$2,143	\$3,815	\$3,943

The financial information presented above is based upon the results of operation of the Armand Products Company, a joint venture partnership. Product and services are provided to the Armand Products Company by the joint venture partners at cost. As a result, the above information would not be indicative of the results of operations had the joint venture operated on a stand-alone basis.

6. Net income per share is computed based upon the weighted average number of shares outstanding during the period. Common equivalent shares have not been included as their effect is not material.

7. Officer Loan Guarantees

In accordance with a long-term compensation plan approved by the Board of Directors, 70,000 shares of Company common stock were sold to senior officers in the second quarter of 1994 at a price of \$22.63 per share. In the second quarter of 1993, the Company sold 60,000 shares of common stock to senior officers at a price of \$32.25 per share. The selling price in both cases was the market price on the date of sale. These transactions, amounting to \$1.6 million and \$1.9 million, respectively, were financed by loans to the individuals by financial institutions. These loans have been guaranteed by the Company.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

For the quarter ended July 1, 1994, net income was \$6.4 million or \$.32 per share. These results were essentially equal to same time period a year ago. For the first six months of 1994, net income was \$8.8 million or \$.44 per share. This compares with net income of \$9.4 or \$.46 per share for the first half of 1993. In the first quarter of 1993, the Company adopted three new accounting standards; Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions," Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" and Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits". The net effect of adopting the new accounting standards was a net charge against earnings of \$3.2 million or \$.16 per share.

Net sales in the second quarter amounted to \$130.7 million, which were slightly ahead of a year ago. Volume gains of ARM & HAMMER (registered trademark) Powder Laundry Detergent, the newly introduced ARM & HAMMER Deodorant Anti-Perspirant and international sales of ARM & HAMMER DENTAL CARE (registered trademark) were experienced during the quarter. These gains were partially offset by lower domestic unit volume of ARM & HAMMER DENTAL CARE, ARM & HAMMER Baking Soda, which experienced an exceptionally strong second quarter in 1993 and the reduced price strategy implemented in late 1993 on ARM & HAMMER Powder Laundry Detergent. Specialty Product sales were essentially unchanged from the same period of a year ago.

Net sales for the first six months of 1994 were \$242.2 million, representing a 4.7 percent decline from a year ago. This is primarily due to lower domestic unit volume of ARM & HAMMER DENTAL CARE, ARM & HAMMER Baking Soda, and the price reduction on ARM & HAMMER Powder Laundry Detergent, partially offset by volume associated with ARM & HAMMER Deodorant Anti-Perspirant and sales of ARM & HAMMER DENTAL CARE internationally. The Specialty Products Division net sales were slightly lower than in 1993, as a result of lower unit volume of MEGALAC (registered trademark) Rumen Bypass Fat, partially offset by gains of performance sodium bicarbonate.

The Company's gross margin was 44.2 percent in the second quarter and 43.4 percent in the first half of 1994. This compares with 46.7 percent

and 47.2 percent in the corresponding quarter and six months of last year. The decline can be attributed to the price reduction on ARM & HAMMER Powder Laundry Detergent and lower volume of high margin ARM & HAMMER DENTAL CARE.

Selling, general and administrative costs decreased by \$3.9 million and \$9.9 million in the second quarter and first half of 1994, respectively as compared with the same periods a year ago. The reduction in costs was primarily the result of lower advertising and promotion for ARM & HAMMER DENTAL CARE and reduced spending in the area of systems development. These lower costs were partially offset by introductory marketing support for ARM & HAMMER Deodorant Anti-Perspirant.

Other Income/Expense

Investment income decreased in the current quarter and year-to-date as compared to the corresponding periods of last year as a result of a decrease in the amounts available for investment. Interest payments were higher in the current quarter and year-to-date as compared to the same periods of last year due to an increase in short-term borrowing.

Income Taxes

The effective tax rate for the first half of 1994 was 38.9 percent, up from 37.3 percent in the first half of 1993. This is primarily due to the 1993 increase of the U.S. corporate statutory tax rate which was enacted during the third quarter of 1993.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The Company considers cash and short-term investments as the principal measurement of its liquidity. At July 1, 1994, cash including cash equivalents and short-term investments totaled \$6.7 million as compared to \$9.6 million at December 31, 1993.

During the first half of 1994, operating activities required \$1.9 million of additional investment primarily in working capital. The Company received \$5.2 million in distributions from its Armand Products joint venture, increased its short-term borrowings by \$24.3 million and received \$1.6 million in connection with the sale of Company stock to senior officers. Significant expenditures include additions to property, plant and equipment of \$13.1 million, the purchase of 669,400 shares of Company common stock for the treasury totaling \$14.5 million and the payment of cash dividends of \$4.4 million.

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PART II - Other Information

Item 4. Results of Vote of Security Holders

The Company's Annual Meeting of Stockholders was held on May 5, 1994. The following nominees were elected to the Company's Board of Directors for a term of three years.

Nominee	For	Withhold
John D. Leggett, III	41,829,372	290,682
Robert A. McCabe	41,387,649	732,405
Jarvis J. Slade	41,808,269	311,785

The results of voting on the following additional items were as follows:

Approval of the appointment of Deloitte & Touche as independent auditors of the Company's 1994 financial statements.

For	Against	Abstained	Broker Non-Votes
41,859,032	127,710	133,312	0

To consider and act upon a stockholder proposal requesting that the Board of Directors take the steps necessary to provide for the election of Directors annually and not by class.

For	Against	Abstained	Broker Non-Votes
4,093,461	35,164,437	537,908	2,324,248

To consider and act upon a stockholder proposal requesting that the Board of Directors search for qualified minority candidates for nomination to the Board of Directors.

For	Against	Abstained	Broker Non-Votes
2,397,088	36,519,432	879,332	2,324,202

Item 6. Exhibits and Reports on Form 8-K

- (a) No reports on Form 8-K were filed for the three months ended July 1, 1994.

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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.

CHURCH & DWIGHT CO., INC.
(REGISTRANT)

DATE: August 10, 1994

/s/ Anthony P. Deasey
ANTHONY P. DEASEY
VICE PRESIDENT FINANCE

DATE: August 10, 1994

/s/ Mark L. Stolp
MARK L. STOLP
CONTROLLER

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