FORM 10-Q/A

AMENDMENT NUMBER 1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

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

For the quarterly period ended July 1, 1995

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 0-19768

THE SCOTTS COMPANY
(Exact name of registrant as specified in its charter)

Ohio	31-1199481
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14111 Scottslawn Road
Marysville, Ohio 43041
(Address of principal executive offices)
(Zip Code)

(513) 644-0011
(Registrant's telephone number, including area code)

No change
(Former name, former address and former fiscal year, if changed since last report.)

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 X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

18,672,064	Outstanding at August 9, 1995
Common Shares, voting, no par value	

Exhibit Index at page 16

THE SCOTTS COMPANY AND SUBSIDIARIES

INDEX

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

THE SCOTTS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in thousands except per share data)

	Three Months Ended		Nine Months Ended	
	July 2 1994	July 1 1995	July 2 1994	July 1 1995
Net sales	$200,915	$229,028	$476,665	$563,139
Cost of sales	104,539	120,515	251,003	297,925
Gross profit	96,376	108,513	225,662	265,214
Marketing	32,765	34,627	78,676	95,537
Distribution	30,730	35,714	66,594	80,733
General and administrative	7,781	7,344	22,122	20,308
Research and development	2,814	2,515	7,752	8,243
Other expenses, net	950	1,060	1,754	3,613
Income from operations	21,336	27,253	48,764	56,780
Interest expense	4,749	6,838	12,306	20,646
Income before taxes	16,587	20,415	36,458	36,134
Income taxes	7,182	7,389	15,597	13,912
Net income	$ 9,405	$ 13,026	$ 20,861	$ 22,222
Net income per common share	$ .50	$ .55	$ 1.11	$1.09
Weighted average number of common shares outstanding	18,811	23,580	18,840	20,380

See Notes to Consolidated Financial Statements

THE SCOTTS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine Months Ended July 2 1994	Nine Months Ended July 1 1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 20,861	$ 22,222
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,424	18,427
Postretirement benefits	96	242
Net increase in certain components of working capital	(13,388)	(15,036)
Net change in other assets and liabilities and other adjustments	(4,465)	(203)
Net cash provided by operating activities	19,528	25,652
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in plant and equipment, net	(21,655)	(15,098)
Investment in other assets	--	(599)
Investment in Affiliate	--	(250)
Acquisition of Sierra, net of cash acquired	(118,986)	--
Cash acquired in merger with Miracle-Gro	--	6,448
Net cash used in investing activities	(140,641)	(9,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under term debt	125,000	113,500
Payments on term and other debt	(5,691)	(1,353)
Revolving lines of credit and bank line of credit, net	7,208	(128,121)
Issuance of Class A Common Stock	160	--
Deferred financing costs incurred	--	(473)
Dividends on preferred stock	--	(1,122)
Net cash provided by (used in) financing activities............................	126,677	(17,569)
Effect of exchange rate changes on cash	925	1,393
Net increase (decrease) in cash	6,489	(23)
Cash at beginning of period	2,323	10,695
Cash at end of period	$ 8,812	$ 10,672
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid, net of amount capitalized	$ 7,430	$ 17,610
Income taxes paid	14,229	10,855
Detail of entities acquired:		
Fair value of assets acquired	144,501	235,564
Liabilities assumed	(25,515)	(39,875)
Net cash paid for acquisition of Sierra	118,986	--
Preferred stock issued for acquisition of Miracle-Gro		177,255
Warrants issued for acquisition of Miracle-Gro		14,434

See Notes to Consolidated Financial Statements

THE SCOTTS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands)

ASSETS

	July 2 1994	July 1 1995	September 30 1994
Current Assets:			
Cash	$ 8,812	$ 10,672	$ 10,695
Accounts receivable, less allowances of $3,442, $4,313 and $2,933, respectively	90,468	142,309	115,772
Inventories, net	106,444	155,550	106,636
Prepaid and other assets	16,379	20,838	17,151
Total current assets	222,103	329,369	250,254
Property, plant and equipment, net	131,812	145,721	140,105
Trademarks and other intangibles, net	31,308	115,401	28,880
Goodwill	106,453	185,810	104,578
Other assets	4,736	20,858	4,767
Total Assets	$ 496,412	$ 797,159	$ 528,584

LIABILITIES AND SHAREHOLDERS' EQUITY

	July 2 1994	July 1 1995	September 30 1994
Current Liabilities:			
Revolving credit line	$ 913	$ 14,545	$ 23,416
Current portion of term debt	20,403	508	3,755
Accounts payable	37,387	62,820	46,967
Accrued liabilities	32,559	38,874	31,167
Accrued taxes	8,687	17,925	4,383
Total current liabilities	99,949	134,672	109,688
Term debt, less current portion	198,000	243,041	220,130
Postretirement benefits other than pensions	26,742	27,256	27,014
Other liabilities	5,979	7,929	3,592
Total Liabilities	330,670	412,898	360,424
Shareholders' Equity:			
Preferred stock	--	177,255	--
Common Shares, no par value	211	211	211
Capital in excess of par value	193,724	207,569	193,450
Retained earnings	11,853	34,975	13,875
Cumulative translation adjustments	1,395	5,692	2,065
Treasury stock, 2,415 shares at cost	(41,441)	(41,441)	(41,441)
Total Shareholders' Equity	165,742	384,261	168,160
Total Liabilities and Shareholders' Equity	$ 496,412	$ 797,159	$ 528,584

See Notes to Consolidated Financial Statements

THE SCOTTS COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

The Scotts Company ("Scotts") and its wholly owned subsidiaries, Hyponex Corporation ("Hyponex"), Republic Tool and Manufacturing Corp. ("Republic"), Scotts-Sierra Horticultural Products Company ("Sierra") and Scotts Miracle-Gro Products, Inc. ("Miracle-Gro"), (collectively, the "Company"), are engaged in the manufacture and sale of lawn care and garden products. The Company's business is highly seasonal with approximately 70% of sales occurring in the second and third fiscal quarters.

The consolidated balance sheets as of July 2, 1994 and July 1, 1995, the related consolidated statements of income for the three and nine month periods ended July 2, 1994 and July 1, 1995 and the related consolidated statements of cash flows for the nine month periods ended July 2, 1994 and July 1, 1995 are unaudited; however, in the opinion of management, such financial statements contain all adjustments necessary for the fair presentation of the Company's financial position and results of operations. Interim results reflect all normal recurring adjustments and are not necessarily indicative of results for a full year. The interim financial statements and notes are presented as specified by Regulation S-X of the Securities Exchange Act of 1934, and should be read in conjunction with the financial statements and accompanying notes in the Company's fiscal 1994 Annual Report on Form 10-K.

The financial statements included in this Form 10-Q/A, Amendment No. 1 have been revised to reflect a change in the timing of expense recognition related to a promotional allowance offered to retail customers introduced for the first time in fiscal 1995. The impact of this revision is on timing of marketing promotional expense recognition in the first three quarters of the Company's fiscal year and did not impact the full fiscal year results of operations.

2. Mergers and Acquisitions

Effective December 16, 1993 the Company completed the acquisition of Grace-Sierra Horticultural Products Company now known as Scotts-Sierra Horticultural Products Company (all further references will be made as "Sierra"). Sierra is a leading international manufacturer and marketer of specialty fertilizers and related products for the nursery, greenhouse, golf course and consumer markets. Sierra manufactures controlled-release fertilizers in the United States and the Netherlands, as well as water-soluble fertilizers and specialty organics in the United States. Approximately one-quarter of Sierra's net sales are derived from European and other international markets; approximately one-quarter of Sierra's assets are internationally based.

Effective May 19, 1995, the Company completed the merger with Stern's Miracle-Gro Products, Inc. and affiliated companies for an aggregate purchase price of approximately $195,689,000. The merger cost was comprised of $195,000,000 face amount of convertible preferred stock of Scotts with a fair value of $177,255,000, warrants to purchase 3,000,000 common shares of Scotts with a fair value of $14,434,000 and $4,000,000 of estimated transaction costs. The preferred stock has a dividend yield of 5.0% and is convertible into common shares of Scotts at $19.00 per share. The warrants are exercisable for 1,000,000 common shares at $21.00 per share, 1,000,000 common shares at $25.00 per share and 1,000,000 common shares at $29.00 per share. The fair value of the warrants has been included in capital in excess of par value in the Company's July 1, 1995 balance sheet.

Miracle-Gro is engaged in the marketing and distribution of plant foods and lawn and garden products primarily in the United States and Canada and Europe. On December 31, 1994, Miracle-Gro Products Limited ("MG Limited"), a subsidiary of Miracle-Gro, entered into an agreement to exchange its equipment and a license for distribution of Miracle-Gro products in certain areas of Europe for a 32.5% equity interest in a U.K. based garden products company. The initial period of the license is five years and may be extended up to twenty years from January 1, 1995, under certain circumstances set forth in the license agreement.

MG Limited is entitled to annual royalties for the first five years of the license. The Company accounts for this investment on the equity method.

The Federal Trade Commission ("FTC"), in granting permission for the Miracle-Gro acquisition, required that the Company divest its Peters line of consumer water soluble fertilizers. See Note 8.

The merger has been accounted for using the purchase method. Accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition. The excess of purchase price over the estimated fair values of the net assets acquired ("goodwill") of approximately $83,506,000 is being amortized on a straight-line basis over 40 years. Miracle-Gro's results of operations have been included in the Consolidated Statements of Income from the acquisition date of May 19, 1995.

The following pro forma results of operations give effect to the above Sierra acquisition as if it had occurred on October 1, 1992 and the Miracle-Gro acquisition as if it had occurred on October 1, 1993.

	Nine Months Ended (in thousands, except per share amounts) July 2 1994	July 1 1995
Net sales	$ 591,409	$651,491
Net income	$ 34,815	$ 32,809
Net income per common share	$ 1.20	$ 1.13

Miracle-Gro contributes net sales of $103,459 and $93,918, net income of $12,600 and $14,066 and net income per common share of $.43 and $.48 for the nine months ended July 1, 1995 and July 2, 1994, respectively. For purposes of computing earnings per share, the convertible preferred stock is considered a common stock equivalent. Pro forma primary earnings per share for the nine months ended July 1, 1995 and July 2, 1994 are calculated using the weighted average common shares outstanding for Scotts of 18,860 and 18,840, respectively and the common shares that would have been issued assuming conversion of preferred stock at the beginning of the year to 10,263 common shares. The computation of pro forma primary earnings per share assuming reduction of earnings for preferred dividends and no conversion of preferred stock was anti-dilutive.

The pro forma information provided does not purport to be indicative of actual results of operations if the Miracle-Gro acquisition had occurred as of October 1, 1993, and is not intended to be indicative of future results or trends.

3. Reclassifications

Certain reclassifications have been made to the prior periods' financial statements to conform to July 1, 1995 presentation.

4. Inventories
(in thousands)

Inventories consisted of the following:

	July 2 1994	July 1 1995	September 30 1994
Raw material	$ 35,332	$ 66,246	$ 51,656
Finished products	71,112	89,304	54,980
Total Inventories	$106,444	$155,550	$106,636

5. Long-Term Debt
(in thousands)

	July 2 1994	July 1 1995	September 30 1994
Revolving Credit Line	$ 28,913	$158,045	$ 53,416
Senior Subordinated Notes ($100 million face amount)	99,287	99,221	
Term Loan	190,000	--	93,598
Capital Lease Obligations	6,382	762	1,066
	225,295	258,094	247,301
Less current portions	21,316	15,053	27,171
	$203,979	$243,041	$220,130

On March 17, 1995, the Company entered into the Fourth Amended and Restated Credit Agreement ("Agreement") with Chemical Bank ("Chemical") and various participating banks. The Agreement provides, on an unsecured basis, up to $375 million to the Company, comprised of an uncommitted commercial paper/competitive advance facility and a committed revolving credit facility through the scheduled termination date of March 31, 2000. The Agreement contains a requirement limiting the maximum amount borrowed to $225 million for a minimum of 30 consecutive days each fiscal year. Expenses expected to be incurred related to the Agreement were approximately $500,000 and were deferred.

Interest pursuant to the commercial paper/competitive advance facility is determined by auction. Interest pursuant to the revolving credit facility is at a floating rate initially equal, at the Company's option, to the Alternate Base Rate as defined in the Agreement without additional margin or the Eurodollar Rate as defined in the Agreement plus a margin of .3125% per annum, which margin may be decreased to .25% or increased up to .625% based on the changes in the unsecured debt ratings of the Company. Applicable interest rates for the facilities ranged from 6.29% to 9.00% at July 1, 1995. The Agreement provides for the payment of an annual administration fee of $100,000 and a facility fee of .1875% per annum, which fee may be reduced to .15% or increased up to .375% based on the changes in the unsecured debt ratings of the Company.

The Agreement contains certain financial and operating covenants, including maintenance of interest coverage ratios, maintenance of consolidated net worth, and restrictions on additional indebtedness and capital expenditures. The Company was in compliance with all required covenants at July 1, 1995.

Miracle-Gro maintains a secured line of credit facility with the Chase Manhattan Bank for up to $25,000,000. This line bears interest at a rate of prime less 1/4% (8.75% as of July 1, 1995) and expires on July 31, 1995. Miracle-Gro also has outstanding debt with an entity owned by its shareholders,The Hagedorn Family Fund, of $1,600,000 at July 1, 1995.

Maturities of term debt for the next five years are as follows: (in thousands)

Fiscal Year	
1995	$ 14,629
1996	440
1997	158
1998	79
1999	-
2000 and thereafter	243,500

6. Income Taxes

The Company's effective tax rate for the quarter and the year-to-date has been adjusted to reflect the anticipated annual effective tax rate. The principal difference in the effective tax rate from prior quarters relate to the effects of goodwill in the Miracle-Gro acquisition and the effect of the disposition of the Peters line of consumer water soluble fertilizers. See Note 8.

7. Foreign Exchange Instruments

The Company enters into forward foreign exchange and currency options contracts to hedge its exposure to fluctuations in foreign currency exchange rates. These contracts generally involve the exchange of one currency for a second currency at some future date. Counterparties to these contracts are major financial institutions. Gains and losses on these contracts generally offset gains and losses on the assets, liabilities and transactions being hedged.

Realized and unrealized foreign exchange gains and losses are recognized and offset foreign exchange gains or losses on the underlying exposures. Unrealized gains and losses that are designated and effective as hedges on such transactions are deferred and recognized in income in the same period as the hedged transactions. The net unrealized gain deferred totaled $264,000 at July 1, 1995.

At July 1, 1995, the Company's European operations had foreign exchange risk in various European currencies tied to the Dutch guilder. These currencies are: the Australian Dollar, Belgian Franc, German Mark, Spanish Peseta, French Franc, British Pound and the U. S. Dollar. The Company's U. S. operations have foreign exchange rate risk in the Canadian Dollar, the Dutch Guilder and the British Pound which are tied to the U. S. Dollar. As of July 1, 1995, the Company had outstanding forward foreign exchange contracts with a contract value of approximately $8.2 million and outstanding purchased currency options with a contract value of approximately $1.2 million. These contracts have maturity dates ranging from July 13, 1995 to August 1, 1995.

8. Subsequent Event

On July 28, 1995, the Company divested its Peters U. S. consumer water-soluble fertilizer business for approximately $10 million. The transaction is pursuant to a FTC consent order which the Company entered into in connection with its merger with Miracle-Gro.

9. Contingencies

The Company is involved in various lawsuits and claims which arise in the normal course of business. In the opinion of management, these claims individually and in the aggregate are not expected to result in a material adverse effect on the Company's financial position or result of operations, however, there can be no assurance that future quarterly or annual operating results will not be materially affected by final resolution of these matters. The following details the more significant of these matters.

The Company has been involved in studying a landfill to which it is believed some of the Company's solid waste had been hauled in the 1970s. In September 1991, the Company was named by the Ohio Environmental Protection Agency ("Ohio EPA") as a Potentially Responsible Party ("PRP") with respect to this landfill. Pursuant to a consent order with the Ohio EPA, the Company together with four other PRPs identified to date, is investigating the extent of contamination at the landfill and developing a remediation program.

In July 1990, the Company was directed by the Army Corps of Engineers (the "Corps") to cease peat harvesting operations at its New Jersey facility. The Corps has alleged that the peat harvesting operations were in violation of the Clean Water Act ("CWA"). The United States Department of Justice has commenced a legal action to seek a permanent injunction against peat harvesting at this facility and to recover civil penalties under the CWA. This action had been suspended while the parties engaged in discussion to resolve the dispute. Those discussions have not resulted in a settlement and accordingly the action has been reinstated. The Company intends to defend the action vigorously but if the Corps' position is upheld the Company could be prohibited from further harvesting of peat at this location and penalties could be assessed against the Company. In the opinion of management, the outcome of this action will not have a material adverse effect on the Company's financial position or results of operations. Furthermore, management believes the Company has sufficient raw material supplies available such that service to customers will not be adversely affected by continued closure of this peat harvesting operation.

Sierra has been named as a Potentially Responsible Party ("PRP") in an environmental contamination action in connection with a landfill near Allentown, Pennsylvania. By agreement with W. R. Grace-Conn., Sierra's liability is limited to a maximum of $200,000 with respect to this site. Based on estimates of the clean-up costs and that the Company denies any liability in connection with this matter, management believes that the ultimate outcome will not have a material impact on the financial position or results of operations of the Company.

Sierra is subject to potential fines in connection with certain EPA labeling violations under the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA"). The fines for such violations are based upon formulas as stated in FIFRA. As determined by these formulas, Sierra's maximum exposure for the violations is approximately $810,000. The formulas allow for certain reductions of the fines based upon achievable levels of compliance. Based upon management's anticipated levels of compliance, they estimate Sierra's liability to be $200,000, which has been accrued in the financial statements.

An action was commenced against Miracle-Gro on March 2, 1995 in a U. S. District Court in Alabama by Pursell Industries. This action alleges, among other things, that Miracle-Gro breached an alleged joint venture contract with the Plaintiff, committed fraud and breached an alleged fiduciary duty owed to the Plaintiff by not informing it of the negotiations concerning the merger with The Scotts Company described in Note 2. The Plaintiff seeks compensatory and punitive damages in excess of $10 million. Prior to that, Miracle-Gro had filed suit in New York seeking a declatory judgment there was no enforceable joint venture agreement. The cases are presently in discovery and there are several motions pending. The Company does not believe the Alabama action has any merit and intends to defend it vigorously. The financial statements do not include any adjustments that might result from the outcome of this litigation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS ENDED JULY 1, 1995, VERSUS THREE MONTHS ENDED JULY 2, 1994

Net sales increased 14% to $229,028,000 primarily due to increased volume. The increase included $15,107,000 of sales from Miracle-Gro which merged with the Company on May 19, 1995. Net sales for the Consumer Business Group increased by 5.2% to $157,980,000 due to sales volume increases primarily in the organics product line. Commercial Business Group (previously referred to as the Professional Business Group) sales of $39,265,000 increased by approximately 8.1% resulting from sales volume increases in all product lines. International sales increased 15.3% to $16,576,000 due to increased volume (approximately 6.1%) reflecting the introduction of Scotts products in the international distribution network. In addition, International sales increased approximately 9.2% due to favorable exchange rates.

Cost of sales for the three months ended July 1, 1995 was 52.6% of net sales, a slight increase over cost of sales for the three months ended July 2, 1994, which was 52% of net sales. The increase was partially attributable to sales mix which reflected increased volume in lower margin organic products.

Operating expenses increased by approximately 8.3% partially due to the inclusion of Miracle-Gro operating expenses in the 1995 quarter (5.2% of the overall 8.3% increase). Distribution costs increased 16.2% due to increased sales volume, higher warehousing and storage costs and to a lesser extent higher freight rates. Marketing costs increased 5.7% primarily as a result of higher sales. These increases were partially offset by lower general and administrative expenses (5.6%) and research and development expenses (10.6%) primarily due to synergies achieved from the integration of Sierra.

Interest expense increased approximately 44%. The increase was attributable to higher interest rates (29%) and higher borrowings (15%).

Net income of $13,026,000 increased by $3,621,000 or approximately 38.5%, partially attributable to the inclusion of Miracle-Gro income, operating synergies of the Sierra acquisition and a lower effective tax rate as discussed in Footnote No. 6 to the Company's Consolidated Financial Statements on page 9.

NINE MONTHS ENDED JULY 1, 1995 VERSUS NINE MONTHS ENDED JULY 2, 1994

Net sales increased to $563,139,000, up approximately 18.1%. Net sales included net sales for Sierra, which was acquired by Scotts on December 16, 1993. On a pro forma basis, including net sales of Sierra from October 1, 1993, net sales for the nine months ended July 1, 1995 would have increased by $65,648,000 or approximately 13.2%. The net sales increase also included $15,107,000 of sales from Miracle-Gro which merged with the Company on May 19, 1995. Consumer Business Group net sales increased by approximately 12.3% to $395,703,000 resulting primarily from increased sales volume. Increased demand in lawn fertilizers and organics and to a lesser extent, demand for seed and spreaders contributed to the increase. Commercial Business Group sales of $101,781,000 increased by 13.2%, due to the inclusion of net sales for Sierra. International sales increased by 47.2% to $50,548,000 due to gains in these markets combined with positive impact resulting from the introduction of Scotts products into the international distribution network (approximately 17.6%), the inclusion of Sierra net sales for the full period in 1995 (23.3%) and favorable exchange rates (approximately 6.3%).

Cost of sales represents 52.9% of net sales, a slight increase compared to cost of sales for the nine months ended July 2, 1994 which represented 52.7% of net sales.

Operating expenses increased approximately 17.8% which was proportional to the sales increase. The increase was partially due to the inclusion of operating expenses of the acquired companies (approximately 7.7%). Marketing cost increased 21.4% due to increased marketing spending for promotion programs reflecting a continuing commitment to supporting the Scotts brand and increased sales volume. Distribution expenses increased 21.2% related to higher sales volume, higher warehousing and storage costs, and slightly higher freight rates. These increases were partially offset by lower general and administrative expenses, and research and development expenses due to synergies achieved from the integration of Sierra. These synergies were partially offset by the full year-to-date amortization of Sierra intangibles and goodwill.

Interest expense increased approximately 67.8%. The increase was caused by higher interest rates on the floating-rate bank debt and the 9 7/8% Senior Subordinated notes compared with the floating rate bank debt the notes replaced (42.0%), borrowings to fund the Sierra acquisition (12.2%), which were outstanding for the full nine months ended July 1, 1995 compared to six and one-half months for the previous period, and an increase in borrowing levels (13.6%) principally to support higher working capital and capital expenditures.

Net income of $22,222,000 increased by $1,361,000 partially attributable to the inclusion of Miracle-Gro income, operating synergies of the Sierra acquisition and a lower effective tax rate as discussed in Footnote No. 6 to the Company's Consolidated Financial Statements on page 9, partially offset by higher marketing and distribution costs and increased interest expense.

FINANCIAL POSITION AS OF JULY 1, 1995

Cash flow from operations was $25,652,000, an increase of 31.4% over the 1994 period.

Current assets of $329,369,000 increased by $79,115,000 compared with September 30, 1994, and by $107,266,000 compared with July 2, 1994. The increase was partially attributable to the inclusion of Miracle-Gro's current assets this year which amounted to $36,098,000. The increase was also caused by higher accounts receivable associated with year-to-year sales increases and higher inventory levels due in part to favorable raw material purchasing opportunities and production of finished goods to support fall sales plans.

Current liabilities of $134,672,000 increased by $24,984,000 compared with September 30, 1994 and by $34,723,000 compared with July 2, 1994. The increase was partially attributable to the inclusion of Miracle-Gro's current liabilities this year which amounted to $27,707,000. The increase was also caused by higher levels of trade payables reflecting business growth. The increase was primarily offset by a decrease in short-term debt due to the terms of the Fourth Amended and Restated Credit Agreement ("the Agreement") dated as of March 17, 1995 entered into by the Company with Chemical Bank and various participating banks which requires the Company to reduce revolving credit borrowing to no more than $225,000,000 for 30 consecutive days each year as compared to $30,000,000 prior to the amendment.

Capital expenditures for the year ending September 30, 1995 are expected to be approximately $23,000,000, including capital expenditures of Miracle-Gro, which will be financed with cash provided by operations and utilization of existing credit facilities.

Long-term debt increased by $22,911,000 compared with September 30, 1994 and increased by $45,041,000 compared with July 2, 1994. The increase compared with September 30, 1994 was primarily caused by the change in terms of borrowings under the amended credit agreement discussed above. The increase compared with July 2, 1994 is due to the change in borrowing terms and an increase in borrowings to support increased working capital and capital expenditures.

Shareholders' equity increased $216,101,000 compared with September 30, 1994 due to the issuance of convertible preferred stock with a fair value of $177,255,000 and warrants with a fair value of $14,434,000 for the merger with Miracle-Gro, as discussed in Footnote No. 2 to the Company's Consolidated Financial Statements on pages 6 and 7, net income of $22,222,000 for the nine months ended July 1, 1995, partially offset by convertible preferred stock dividends of $1,122,000 and to the change in the cumulative foreign currency adjustment related to the translation of the assets and liabilities of foreign subsidiaries to U. S. dollars. Shareholders equity increased $218,519,000 compared with July 2, 1994 due to the issuance of convertible preferred stock and warrants as discussed above and income of $24,244,000 reduced by convertible preferred stock dividends of $1,122,000 and the change in the cumulative foreign currency adjustment related to the translation of the assets and liabilities of foreign subsidiaries to U. S. dollars.

The primary sources of liquidity for the Company are funds generated by operations and borrowings under the Company's Credit Agreement. The Credit Agreement was amended in March 1995. As amended, the Credit Agreement provides, on an unsecured basis, up to $375 million through March 31, 2000, and does not contain a term loan facility. Additional information on the Credit Agreement is described in Footnote No. 5 on page 8 of this report.

The Company has foreign exchange rate risk related to international earnings and cash flows. A management program was designed to minimize the exposure to adverse currency impacts on the cash value of the Company's non-local currency receivables and payables, as well as the associated earnings impact. Beginning in January 1995, the Company entered into forward foreign exchange contracts and purchased currency options tied to the economic value of receivables and payables and expected cash flows denominated in non-local foreign currencies. Management anticipates that these financial instruments will act as an effective hedge against the potential adverse impact of exchange rate fluctuations on the Company's results of operations, financial condition and liquidity. It is recognized, however, that the program will minimize but not completely eliminate the Company's exposure to adverse currency movements.

As of July 1, 1995, the Company's European operations had foreign exchange risk in various European currencies tied to the Dutch guilder. These currencies are: the Australian Dollar, Belgian Franc, German Mark, Spanish Peseta, French Franc, British Pound and the U. S. Dollar. The Company's U.S. operations have foreign exchange rate risk in the Canadian Dollar, Dutch Guilder and the British Pound which are tied to the U.S. Dollar. As of July 1, 1995, outstanding foreign exchange forward contracts had a contract value of approximately $8.2 million and outstanding purchased currency options had a contract value of approximately $1.2 million. These contracts have maturity dates ranging from July 13, 1995 to August 1, 1995.

The merger with Miracle-Gro and its affiliated companies is described in Footnote No. 2 to the Company's Consolidated Financial Statements on pages 6 and 7 of this Report. Any additional working capital needs resulting from this transaction are expected to be financed through funds available under the amended credit agreement.

In the opinion of the Company's management, cash flows from operations and capital resources will be sufficient to meet future debt service and working capital needs.

ACCOUNTING ISSUES

In March 1995 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long Lived Assets and for Long Lived Assets to be Disposed of" which establishes accounting standards for the impairment of long lived assets, certain identifiable intangibles and goodwill related to those assets to be held and used for long lived assets and certain identifiable intangibles to be disposed of. The Company's current policies are in accordance with SFAS No. 121.

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.

THE SCOTTS COMPANY

Date: December 27, 1995 /s/ Paul D. Yeager
Paul D. Yeager
Executive Vice President
Chief Financial Officer
Principal Accounting Officer

THE SCOTTS COMPANY

QUARTERLY REPORT ON FORM 10-Q FOR
FISCAL QUARTER ENDED JULY 1, 1995

EXHIBIT INDEX

Exhibit 11(a)

THE SCOTTS COMPANY

Computation of Net Income Per Common Share
Primary (Unaudited)
(Dollars in thousands except per share amounts)

	For the Three Months Ended July 2 1994	For the Three Months Ended July 1 1995	For the Nine Months Ended July 2 1994	For the Nine Months Ended July 1 1995
Net income for computing net income per common share:				
Net income	$ 9,405	$ 13,026	$ 20,861	$ 22,222
Net income per common share:				
Net income per common share	$ .50	$ .55	$ 1.11	$ 1.09

Computation of Weighted Average Number
of Common Shares Outstanding (Unaudited)

	For the Three Months Ended July 2 1994	For the Three Months Ended July 1 1995	For the Nine Months Ended July 2 1994	For the Nine Months Ended July 1 1995
Weighted average common shares outstanding during the period	18,667,064	18,667,064	18,661,667	18,667,064
Assuming conversion of preferred stock		4,561,404		1,520,468
Assuming exercise of options using the Treasury Stock Method	143,719	351,254	178,562	192,725
Weighted average number of common shares outstanding as adjusted	18,810,783	23,579,722	18,840,229	20,380,257

Fully diluted weighted average shares outstanding were not materially different than primary weighted average shares outstanding for the periods presented.

(1) The convertible preferred stock is considered to be a common stock equivalent since its effective yield is less than 66 2/3% of the average Aa corporate bond yield.

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This schedule contains summary financial information extracted from the consolidated balance sheet at July 1, 1995 and statement of income for the nine months ended July 1, 1995 of The Scotts Company and its subsidiaries and is qualified in its entirety by reference to such financial statements.

1000
U.S. DOLLARS

9-MOS
SEP-30-1995
OCT-01-1994
JUL-01-1995
1
10,672
0
146,622
4,313
155,550
329,369
224,749
79,028
797,159
134,672
0
211
0
0
384,050
797,159
563,139
564,177
297,925
502,746
4,651
0
20,646
36,134
13,912
22,222
0
0
0
22,222
1.09
1.09