

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities  
Exchange Act of 1934

Date of Report (Date of the earliest event reported)  
August 5, 2005  
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Valhi, Inc.  
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(Exact name of Registrant as specified in its charter)

Delaware ----- (State or other jurisdiction of incorporation)	1-5467 ----- (Commission File Number)	87-0110150 ----- (IRS Employer Identification No.)
5430 LBJ Freeway, Suite 1700, Dallas, Texas ----- (Address of principal executive offices)		75240-2697 ----- (Zip Code)

Registrant's telephone number, including area code  
(972) 233-1700  
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(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to  
simultaneously satisfy the filing obligation of the registrant under any of the  
following provisions (see General Instruction A.2):

- [ ] Written communications pursuant to Rule 425 under the Securities Act  
(17 CFR 230.425)
- [ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17  
CFR 240.14a-12)
- [ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the  
Exchange Act (17 CFR 240.14d-2(b))
- [ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the  
Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

Pursuant to Items 2.02 and 7.01 of this current report, the registrant  
hereby furnishes the information set forth in its press release issued on August  
5, 2005, a copy of which is attached hereto as Exhibit 99.1 and incorporated  
herein by reference.

The information, including the exhibit, the registrant furnishes in this  
report is not deemed "filed" for purposes of section 18 of the Securities  
Exchange Act of 1934, as amended, or otherwise subject to the liabilities of  
that section. Registration statements or other documents filed with the  
Securities and Exchange Commission shall not incorporate this information by  
reference, except as otherwise expressly stated in such filing.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Item No.	Exhibit Index
99.1	Press Release dated August 5, 2005 issued by the registrant.

SIGNATURE

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 hereunto duly authorized.

VALHI, INC.  
(Registrant)

By: /s/ Gregory M. Swalwell

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Gregory M. Swalwell  
Vice President

Date: August 5, 2005

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Press Release dated August 5, 2005 issued by the registrant.

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FOR IMMEDIATE RELEASE:

CONTACT:

Valhi, Inc.  
Three Lincoln Centre  
5430 LBJ Freeway  
Suite, 1700  
Dallas, Texas 75240-2697

Bobby D. O'Brien  
Vice President  
(972) 233-1700

#### VALHI REPORTS SECOND QUARTER RESULTS

DALLAS, TEXAS . . August 5, 2005. Valhi, Inc. (NYSE: VHI) reported income from continuing operations of \$34.1 million, or \$.28 per diluted share, in the second quarter of 2005 compared to income of \$278.6 million, or \$2.32 per diluted share, in the second quarter of 2004. For the first six months of 2005, Valhi reported income from continuing operations of \$64.4 million, or \$.53 per diluted share, compared to income of \$282.2 million, or \$2.35 per diluted share, in the first six months of 2004. The Company's results in 2004 include certain significant income tax benefits, as discussed below.

Chemicals sales increased \$16.0 million in the second quarter of 2005 compared to the second quarter of 2004, and increased \$44.6 million in the first six months of 2005, due to net effects of higher average TiO2 selling prices, lower TiO2 sales volumes as well as the favorable effect of fluctuations in foreign currency exchange rates, which increased chemicals sales by approximately \$10 million and \$21 million in the second quarter and first six month periods, respectively. Excluding the effect of fluctuations in the value of the U.S. dollar relative to other currencies, Kronos' average TiO2 selling prices in billing currencies in the second quarter of 2005 were 11% higher as compared to the second quarter of 2004, and were 10% higher for the first six months of the year. When translated from billing currencies to U.S. dollars using actual foreign currency exchange rates prevailing during the respective periods, Kronos' average TiO2 selling prices in the second quarter and first six months of 2005 increased 15% and 14%, respectively, compared to the same periods of 2004. Reflecting the continued implementation of price increase announcements, Kronos' average selling prices in billing currencies in the second quarter of 2005 were 2% higher compared to the first quarter of 2005.

Kronos' TiO2 sales volumes in the second quarter of 2005 decreased 10% compared to the second quarter of 2004, with volumes lower in all regions of the world, and decreased 7% in the first six months of 2005 as compared to the same period of 2004. Kronos' operating income comparisons were favorably impacted by higher production levels, which increased 4% in each of the second quarter and first six months of 2005 as compared to the same periods in 2004. Kronos' operating rates were near full capacity in all periods, and Kronos' production volumes in the first six months of 2005 were a new record for Kronos for a first six-month period. Fluctuations in foreign currency exchange rates favorably impacted chemicals operating income comparisons by approximately \$2 million and \$3 million for the quarter and year-to-date periods, respectively. Chemicals operating income in the second quarter of 2004 includes \$6.3 million of income (\$3.5 million, or \$.03 per diluted share, net of income taxes and minority interest) related to Kronos' settlement of a contract dispute with a customer.

Component product sales and operating income were lower in the second quarter of 2005 as compared to the second quarter of 2004 due primarily to the net effect of lower sales volumes partially offset by higher selling prices for certain products. Component product sales and operating income were higher in

the first six months of 2005 as compared to the same period in 2004 as the effect of higher selling prices for certain products more than offset the impact of lower sales volumes for certain products. Waste management sales increased, and its operating loss declined, in the second quarter and first six months of 2005 as compared to the same periods of 2004 due to higher utilization of waste management services, offset in part by higher operating costs.

Effective January 1, 2005, TIMET changed its method of accounting for

approximately 40% of its inventories from the last-in, first-out ("LIFO") method to the specific identification cost method, representing all of its inventories previously accounted for under the LIFO method. In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company has retroactively restated its consolidated financial statements to reflect its results of operations as if TIMET had accounted for such inventories under the new method for all periods presented. As a result, the Company's income from continuing operations in the second quarter and first six months of 2004 is \$357,000 and \$565,000, respectively, higher than previously reported.

TIMET's sales increased from \$124.1 million in the second quarter of 2004 to \$183.7 million in the second quarter of 2005, and TIMET's operating income increased from \$8.5 million to \$36.9 million. The improvement in TIMET's operating results in 2005 was due in part to a 30% increase in average selling prices for melted products (ingot and slab), a 27% increase in mill product average selling prices, a 15% increase in mill product sales volumes and a 1% increase in melted product sales volumes. TIMET's operating results comparisons were also favorably impacted by improved plant operating rates, which increased from 72% in the second quarter of 2004 to 80% in the second quarter of 2005. In addition, TIMET's operating results comparisons were negatively impacted by higher costs for raw materials and accruals for certain performance-based employee incentive compensation payments. TIMET's results in the first six months of 2005 include a second quarter pre-tax gain of \$13.9 million (\$2.6 million, or \$.02 per diluted share, net of income taxes and minority interest to Valhi) related to the sale of certain real property adjacent to TIMET's facility in Nevada. TIMET's results in the first six months of 2005 also include a \$35.6 million income tax benefit (\$9.5 million, or \$.08 per diluted share, net of minority interest to Valhi) related to reversal of the valuation allowances attributable to TIMET's deferred income tax assets in the U.S. and U.K.

General corporate interest and dividend income was higher in the second quarter and first six months of 2005 as compared to the same periods of 2004 due primarily to a higher level of funds available for investment. Net securities transactions gains in 2005 relate principally to (i) NL's sale of shares of Kronos common stock in market transactions of \$14.7 million in the first six months of 2005 (\$6.6 million, net of income taxes and minority interest) and (ii) a second quarter \$5.4 million gain (\$3.1 million, or \$.03 per diluted share, net of income taxes and minority interest) related to Kronos' sale of its passive interest in a Norwegian smelting operation. Insurance recoveries in the second quarter of 2005 relate primarily to NL's recovery from certain insolvent former insurance carriers relating to settlement of excess insurance coverage claims. Interest expense was higher due primarily to higher outstanding levels of debt at Kronos.

As previously reported, the Company's income tax benefit in the second quarter of 2004 includes (i) a \$268.6 million income tax benefit (\$230.2 million, or \$1.91 per diluted share, net of minority interest) related to the reversal of a deferred income tax asset valuation allowance attributable to Kronos' income tax attributes in Germany (principally net operating loss carryforwards) and (ii) a \$43.7 million income tax benefit (\$36.4 million, or \$.30 per diluted share, net of minority interest) related to income tax attributes of a subsidiary of NL.

As previously reported, in January 2005 CompX completed the sale of its Thomas Regout operations in The Netherlands, and accordingly the results of operations of Thomas Regout (which reported a nominal amount of net income in the second quarter and first six months of 2004) are classified as discontinued operations for all periods presented. Discontinued operations in 2005 relate primarily to additional expenses associated with the disposal of the Thomas Regout operations.

The statements in this release relating to matters that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such

forward-looking statements. While it is not possible to identify all factors, the Company continues to face many risks and uncertainties. Among the factors that could cause actual future results to differ materially include, but are not limited to:

- o Future supply and demand for the Company's products,
- o The extent of the dependence of certain of the Company's businesses on certain market sectors,
- o The cyclical nature of certain of the Company's businesses,
- o The impact of certain long-term contracts on certain of the Company's businesses,
- o Customer inventory levels,
- o Changes in raw material and other operating costs,
- o The possibility of labor disruptions,
- o General global economic and political conditions,
- o Competitive products and substitute products,
- o Customer and competitor strategies,
- o The impact of pricing and production decisions,
- o Competitive technology positions,
- o The introduction of trade barriers,
- o Fluctuations in currency exchange rates,
- o Operating interruptions,
- o The ability of the Company to renew or refinance credit facilities,
- o Uncertainties associated with new product development,
- o The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters,
- o The ultimate ability to utilize income tax attributes, the benefit of which has been recognized under the "more-likely-than-not" recognition criteria,
- o Environmental matters,
- o Government laws and regulations and possible changes therein,
- o The ultimate resolution of pending litigation, and
- o Possible future litigation.

Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected. The Company disclaims any intention or obligation to update or revise any forward-looking statement whether as a result of changes in information, future events or otherwise.

In an effort to provide investors with additional information regarding the Company's results of operations as determined by GAAP, the Company has disclosed certain non-GAAP information which the Company believes provides useful information to investors:

- o The Company discloses percentage changes in Kronos' average TiO2 selling prices in billing currencies, which excludes the effects of foreign currency translation. The Company believes disclosure of such percentage changes allows investors to analyze such changes without the impact of changes in foreign currency exchange rates, thereby facilitating period-to-period comparisons of the relative changes in average selling prices in the actual various billing currencies. Generally, when the U.S. dollar either strengthens or weakens against other currencies, the percentage change in average selling prices in billing currencies will be higher or lower, respectively, than such percentage changes would be using actual exchange rates prevailing during the respective periods.

Valhi, Inc. is engaged in the titanium dioxide pigments, component products (precision ball bearing slides, security products and ergonomic computer support systems), titanium metals products and waste management industries.

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VALHI, INC. AND SUBSIDIARIES

SUMMARY OF OPERATIONS

(Unaudited)

(In millions, except earnings per share)

	Three months ended June 30,		Six months ended June 30,	
	2004	2005	2004	2005
Net sales				
Chemicals	\$ 295.7	\$311.7	\$ 559.0	\$603.6
Component products	46.2	45.8	89.8	92.6
Waste management	1.4	2.0	2.2	4.5
	<u>343.3</u>	<u>\$359.5</u>	<u>\$ 651.0</u>	<u>\$700.7</u>
Operating income				
Chemicals	\$ 36.2	\$ 55.1	\$ 58.4	\$ 98.7
Component products	5.1	4.8	7.6	8.9
Waste management	(3.6)	(3.5)	(6.8)	(6.3)
	<u>37.7</u>	<u>56.4</u>	<u>59.2</u>	<u>101.3</u>
Equity in:				
TIMET	2.7	15.8	3.4	32.6
Other	-	(.3)	.1	(.2)
General corporate items, net				
Interest and dividend income	8.4	9.3	16.9	19.5
Securities transaction gains, net	-	5.6	-	20.2
Insurance recoveries	.5	1.2	.5	1.2
Gain on disposal of fixed assets	.6	-	.6	-
Expenses, net	(6.5)	(7.7)	(15.5)	(15.9)
Interest expense	(15.1)	(17.8)	(30.7)	(35.7)
	<u>28.3</u>	<u>62.5</u>	<u>34.5</u>	<u>123.0</u>
Income before income taxes	28.3	62.5	34.5	123.0
Provision for income taxes (benefit)	(300.5)	23.6	(299.7)	48.6
Minority interest in after-tax earnings	50.2	4.8	52.0	10.0
	<u>278.6</u>	<u>34.1</u>	<u>282.2</u>	<u>64.4</u>
Income from continuing operations	278.6	34.1	282.2	64.4
Discontinued operations	.2	-	.2	(.3)
	<u>278.8</u>	<u>\$ 34.1</u>	<u>\$ 282.4</u>	<u>\$ 64.1</u>
Net income	<u>278.8</u>	<u>\$ 34.1</u>	<u>\$ 282.4</u>	<u>\$ 64.1</u>
Basic and diluted earnings per share				
Income from continuing operations	\$ 2.32	\$ .28	\$ 2.35	\$ .53
Discontinued operations	-	-	-	-
	<u>2.32</u>	<u>.28</u>	<u>2.35</u>	<u>.53</u>
Net income	<u>2.32</u>	<u>.28</u>	<u>2.35</u>	<u>.53</u>
Shares used in calculation of per share amounts				
Basic earnings	120.2	118.0	120.2	119.1
	<u>120.3</u>	<u>118.4</u>	<u>120.4</u>	<u>119.5</u>
Diluted earnings	<u>120.3</u>	<u>118.4</u>	<u>120.4</u>	<u>119.5</u>

VALHI, INC. AND SUBSIDIARIES

RECONCILIATION OF PERCENTAGE CHANGE IN  
KRONOS' AVERAGE TIO2 SELLING PRICES

(Unaudited)

Three months ended  
June 30,

Six months ended  
June 30,

2005 vs. 2004

2005 vs. 2004

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Percentage change in average selling prices:

Using actual foreign currency exchange rates

+15%

+14%

Impact of changes in foreign currency  
exchange rates

-4%

-4%

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In billing currencies

+11%

+10%

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