SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTER ENDED MARCH 31, 1994 COMMISSION FILE NUMBER 1-5467

VALHI, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	87-0110150
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

5430 LBJ FREEWAY, SUITE 1700, DALLAS, TEXAS	75240-2697
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (214) 233-1700

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 AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO

NUMBER OF SHARES OF COMMON STOCK OUTSTANDING ON APRIL 30, 1994: 114,977,814.

VALHI, INC. AND SUBSIDIARIES

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VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

ASSETS	December 31, 1993	March 31, 1994
Current assets:		
Cash and cash equivalents	$ 22,189	$ 31,975
Marketable securities	28,518	28,107
Accounts and notes receivable	61,135	60,921
Receivable from affiliates	272	368
Inventories	276,125	234,902
Prepaid expenses	6,126	6,080
Deferred income taxes	75	75
Total current assets	394,440	362,428
Other assets:		
Marketable securities	108,800	111,271
Investment in affiliates	74,897	69,681
Timber and timberlands	51,868	52,085
Deferred income taxes	27,723	28,452
Other	42,887	42,259

Total other assets	306,175	303,748
Property and equipment:		
Land	18,822	19,924
Buildings	43,522	43,848
Equipment	341,868	341,582
Construction in progress	17,344	28,307
	421,556	433,661
Less accumulated depreciation	218,300	225,026
Net property and equipment	203,256	208,635
	$903,871	$874,811

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(IN THOUSANDS)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1993	March 31, 1994
Current liabilities:		
Notes payable	$117,753	$177,928
Current maturities of long-term debt	16,086	22,873
Accounts payable	163,338	56,059
Accrued liabilities	60,190	64,860
Payable to affiliates	43	1,500
Income taxes	4,916	3,588
Deferred income taxes	2,494	1,454
Total current liabilities	364,820	328,262
Noncurrent liabilities:		
Long-term debt	302,490	308,972
Deferred income taxes	1,732	1,936
Other	27,328	27,887
Total noncurrent liabilities	331,550	338,795
Stockholders' equity:		
Common stock	1,244	1,244
Additional paid-in capital	33,409	33,132
Retained earnings	222,810	219,824
Adjustments:		
Currency translation	(17,776)	(16,740)
Marketable securities	41,075	42,980
Pension liabilities	(1,619)	(1,535)
Common stock reacquired	(71,642)	(71,151)
Total stockholders' equity	207,501	207,754
	$903,871	$874,811

[FN]
Commitments and contingencies (Note 14)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1993 AND 1994

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1993	1994

Revenues and other income:		
Net sales	$171,332	$188,965
Other, net	4,452	1,586
	175,784	190,551
Costs and expenses:		
Cost of sales	132,943	146,303
Selling, general and administrative	25,899	27,972
Interest	11,957	8,997
	170,799	183,272
Income of consolidated companies before income taxes	4,985	7,279
Equity in losses of affiliates	(95,549)	(7,571)
Loss before income taxes	(90,564)	(292)
Provision for income tax benefit (expense)	30,265	(408)
Net loss	$(60,299)	$ (700)
Net loss per common share	$(.53)	$(.01)
Cash dividends per share	$ .05	$ .02
Weighted average common shares outstanding	114,060	114,273

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31, 1994

(IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
Balance at December 31, 1993	$1,244	$33,409	$222,810
Net loss	-	-	(700)
Dividends	-	-	(2,286)
Adjustments, net	-	-	-
Other, net	-	(277)	-
Balance at March 31, 1994	$1,244	$33,132	$219,824

	CURRENCY TRANSLATION	ADJUSTMENTS MARKETABLE SECURITIES	PENSION LIABILITIES	COMMON STOCK REACQUIRED	TOTAL STOCKHOLDERS' EQUITY
Balance at December 31, 1993	$(17,776)	$41,075	$(1,619)	$(71,642)	$207,501
Net loss	-	-	-	-	(700)
Dividends	-	-	-	-	(2,286)
Adjustments, net	1,036	1,905	84	-	3,025
Other, net	-	-	-	491	214
Balance at March 31, 1994	$(16,740)	$42,980	$(1,535)	$(71,151)	$207,754

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 1993 AND 1994

(IN THOUSANDS)

	1993	1994
Cash flows from operating activities:		
Net loss	$ (60,299)	$ (700)
Adjustments:		
Depreciation, depletion and amortization	6,697	7,953
Noncash interest expense (original issue discount and deferred financing costs)	2,526	2,635
Deferred income tax benefit	(30,660)	(2,861)
Equity in losses of affiliates	95,549	7,571
Other, net	(1,014)	947
Change in assets and liabilities:		
Accounts and notes receivable	1,686	(751)
Inventories	40,769	41,223
Accounts payable and accrued liabilities	(127,357)	(101,604)
Accounts with affiliates	(2,923)	1,361
Other, net	(1,236)	(1,285)
Marketable trading securities:		
Sale proceeds	-	25,000
Purchases	-	(25,000)
Total adjustments	(15,963)	(44,811)
Net cash used by operating activities	(76,262)	(45,511)
Cash flows from investing activities:		
Capital expenditures	(3,773)	(13,278)
Marketable securities:		
Sale proceeds	299,952	-
Purchases	(213,733)	-
Loans to affiliates:		
Loans	(7,500)	-
Collections	7,500	-
Other, net	4,667	(9)
Net cash provided (used) by investing activities	87,113	(13,287)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

THREE MONTHS ENDED MARCH 31, 1993 AND 1994

(IN THOUSANDS)

	1993	1994
Cash flows from financing activities:		
Notes payable and long-term debt:		
Additions	$ 174,049	$ 160,410
Principal payments	(206,049)	(89,437)
Dividends paid	(5,704)	(2,286)
Other, net	35	116
Net cash provided (used) by financing activities	(37,669)	68,803
Cash and cash equivalents:		

Net increase (decrease) from:		
Operating, investing and financing activities	(26,818)	10,005
Currency translation	78	(219)
	(26,740)	9,786
Balance at beginning of period	44,538	22,189
Balance at end of period	$ 17,798	$ 31,975
Supplemental disclosures - cash paid for:		
Interest, net of amounts capitalized	$ 17,792	$ 3,232
Income taxes	3,453	2,946

VALHI, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION:

The consolidated balance sheet of Valhi, Inc. and Subsidiaries (collectively, the "Company") at December 31, 1993 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at March 31, 1994 and the consolidated statements of operations, cash flows and stockholders' equity for the interim periods ended March 31, 1993 and 1994 have been prepared by the Company, without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations.

Certain information normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. The accompanying consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1993 (the "1993 Annual Report").

Contran Corporation holds, directly or through subsidiaries, approximately 90% of Valhi's outstanding common stock.

NOTE 2 - INCOME (LOSS) PER SHARE OF COMMON STOCK:

Income (loss) per share is based on the weighted average number of common shares outstanding. Common stock equivalents are excluded from the computation because they are either antidilutive or the dilutive effect is not material.

NOTE 3 - BUSINESS SEGMENT INFORMATION:

BUSINESS SEGMENT	PRINCIPAL ENTITIES
Consolidated business segments (100%-owned)	
Refined sugar	The Amalgamated Sugar Company
	Valcor, Inc.:
Forest products	Medite Corporation
Fast food	Sybra, Inc.
Hardware products	National Cabinet Lock, Inc.
Unconsolidated affiliates	
Chemicals	NL Industries, Inc. (49%-owned)*
Titanium metals	Tremont Corporation (48%-owned)

[FN]

* Tremont holds an additional 18% of NL.

	THREE MONTHS ENDED MARCH 31, 1993	1994
	(IN MILLIONS)	
Net sales:		
Refined sugar	$ 91.2	$104.2
Forest products	39.6	40.0
Fast food	26.1	26.7
Hardware products	14.4	18.0
	$171.3	$188.9
Operating income:		
Refined sugar	$ 6.1	$ 6.8
Forest products	5.4	5.1
Fast food	1.9	1.6
Hardware products	3.1	5.1
	16.5	18.6
Business unit disposition	.5	-
General corporate items:		
Securities earnings	2.6	.1
General expenses	(2.6)	(2.2)
Other, net	-	(.2)
Interest expense	(12.0)	(9.0)
Income of consolidated companies before income taxes	5.0	7.3
Equity in losses of affiliates:		
NL Industries	(9.5)	(5.4)
Tremont	(2.1)	(2.2)
Provisions for other than temporary market value impairment of NL common stock	(84.0)	-
	(95.6)	(7.6)
Loss before income taxes	$(90.6)	$ (.3)

	THREE MONTHS ENDED MARCH 31, DEPRECIATION, DEPLETION AND AMORTIZATION 1993	1994	CAPITAL EXPENDITURES 1993	1994
	(IN MILLIONS)			
Refined sugar	$2.8	$3.9	$ .7	$ 4.0
Forest products	1.9	2.0	2.4	5.5
Fast food	1.5	1.5	.3	2.8
Hardware products	.4	.5	.3	.9
Corporate	.1	.1	.1	.1
	$6.7	$8.0	$3.8	$13.3

NOTE 4 - MARKETABLE SECURITIES:

	DECEMBER 31, 1993	MARCH 31, 1994
	(IN THOUSANDS)	
Current assets (trading securities):		
U.S. Treasury securities	$ 28,518	$ 4,355
Global bond investments	-	23,752
	$ 28,518	$ 28,107
Noncurrent assets (available-for-sale) - Dresser Industries common stock	$108,800	$111,271

The global bond investments consist of fixed income securities denominated in various currencies and related currency forward and option contracts obtained to hedge exchange rate risk on the equivalent of approximately $18 million of bond principal amount. Realized and unrealized gains and losses on trading securities, including related global bond investment currency gains and losses, are reported as a component of securities transactions. At March 31, 1994, the aggregate amortized cost of the Company's portfolio of trading securities was approximately $30 million.

At March 31, 1994, Valhi held 5.5 million shares of Dresser common stock (cost $44 million) with a quoted market price of $21.25, or an aggregate market value of $116 million. However, because the Dresser common stock is exchangeable for the Company's LYONs at the option of the LYONs holder, the carrying value of the Dresser stock is limited to the accreted LYONs obligation.

NOTE 5 - INVESTMENT IN AFFILIATES:

	DECEMBER 31, 1993	March 31, 1994
	(IN THOUSANDS)	
NL Industries	$60,170	$56,818
Tremont	14,727	12,863
	$74,897	$69,681

The Company holds 24.8 million shares of NL common stock and 3.5 million shares of Tremont common stock. At March 31, 1994, the quoted per share market prices of NL and Tremont common stock were $6.50 and $6.375, respectively, or an aggregate quoted market value of $184 million. Summarized information relating to the results of operations, financial position and cash flows of NL and Tremont is presented in Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

NOTE 6 - INVENTORIES:

	DECEMBER 31, 1993	MARCH 31, 1994
	(IN THOUSANDS)	
Raw materials:		
Sugarbeets	$ 51,689	$ -
Forest products	14,704	12,994
Fast food	1,329	1,253
Hardware products	1,034	1,117
	68,756	15,364
In process products:		
Refined sugar and by-products	56,798	61,406
Forest products	1,450	2,362
Hardware products	3,179	3,235
	61,427	67,003
Finished products:		
Refined sugar and by-products	107,158	116,987
Forest products	1,260	935
Hardware products	1,901	2,167
	110,319	120,089
Supplies	35,623	32,446
	$276,125	$234,902

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	DECEMBER 31, 1993	MARCH 31, 1994
	(IN THOUSANDS)	
Accounts payable:		
Sugarbeet purchases	$126,430	$ 24,168
Other	36,908	31,891
	$163,338	$ 56,059
Accrued liabilities:		
Sugar processing costs	$ 22,301	$ 21,841
Employee benefits	17,657	15,133
Interest	3,987	7,066
Inventory replacement reserve *	-	5,267
Other	16,245	15,553
	$ 60,190	$ 64,860

[FN]
* Effect of temporary reductions in LIFO inventory quantities expected to be replaced by year-end.

NOTE 8 - NOTES PAYABLE AND LONG-TERM DEBT:

	DECEMBER 31, 1993	MARCH 31, 1994
	(IN THOUSANDS)	
Notes payable - Amalgamated:		
U.S. Government loans	$ 75,518	$117,389
Bank credit agreement	42,235	60,539
	$117,753	$177,928
Long-term debt:		
Valhi - LYONs	$108,800	$111,271
Amalgamated - bank term loan	15,000	19,000
Valcor:		
Valcor - Senior Notes	100,000	100,000
Medite:		
U.S. bank credit agreement:		
Term loan	61,000	75,000
Revolving credit facility	-	4,000
Irish bank credit agreements:		
Term loan	1,700	2,860
Revolving credit facility	6,741	6,786
State of Oregon term loan	4,328	4,282
Other	267	268
	74,036	93,196
Sybra:		
Bank credit agreements	13,387	1,231
Capital lease obligations	7,133	6,939
Other	41	39
	20,561	8,209
National Cabinet Lock	179	169
	318,576	331,845
Less current maturities	16,086	22,873
	$302,490	$308,972

NOTE 9 - ACCOUNTS WITH AFFILIATES:

	DECEMBER 31, 1993	MARCH 31, 1994
	(IN THOUSANDS)	
Receivable from affiliates:		
Income taxes	$ 44	$ -
Other	228	368
	$272	$ 368
Payable to affiliates:		
Income taxes	$ -	$1,472
Other	43	28
	$ 43	$1,500

NOTE 10 - OTHER NONCURRENT ASSETS:

	DECEMBER 31, 1993	MARCH 31, 1994
	(IN THOUSANDS)	
Intangible assets:		
Goodwill	$ 5,500	$ 5,457
Franchise fees	7,257	6,995
Other	8,323	8,129
	21,080	20,581
Deferred financing costs	7,817	7,680
Prepaid pension cost	4,864	4,870
Property held for sale	3,853	3,901
Other	5,273	5,227
	$42,887	$42,259

NOTE 11 - OTHER NONCURRENT LIABILITIES:

	DECEMBER 31, 1993	MARCH 31, 1994
	(IN THOUSANDS)	
Accrued OPEB cost	$17,705	$18,081
Insurance claims and expenses	5,141	5,153
Accrued pension cost	110	108
Other	4,372	4,545
	$27,328	$27,887

NOTE 12 - OTHER INCOME:

	THREE MONTHS ENDED MARCH 31,	
	1993	1994
	(IN THOUSANDS)	
Securities earnings:		
Interest and dividends	$1,803	$ 1,403
Securities transactions	757	(1,310)
	2,560	93
Business unit disposition	500	-
Other, net	1,392	1,493
	$4,452	$ 1,586

NOTE 13 - INCOME TAXES:

	Three months ended March 31, 1993	1994
	(In millions)	
Provision for income tax benefit (expense) allocable to loss before income taxes:		
Expected tax benefit	$30.8	$ .1
Incremental U.S. tax on income of companies not included in the consolidated U.S. income tax group	(.7)	(1.0)
Non-U.S. tax rates	.3	.4
State income taxes, net	(.3)	(.3)
Other, net	.2	.4
	$30.3	$ (.4)
Comprehensive provision for income tax benefit (expense):		
Deferred tax benefit	$30.1	$ 1.5
Taxes currently payable	(.4)	(3.3)
	$29.7	$(1.8)
Allocable to:		
Loss before income taxes	$30.3	$ (.4)
Stockholders' equity, principally deferred taxes allocable to adjustment components	(.6)	(1.4)
	$29.7	$(1.8)

The expected tax benefit for the 1993 period is computed at the previously-reported 34% rate because the retroactive increase in the U.S. federal statutory income tax rate to the current 35% was not enacted until August 1993.

The components of net deferred tax assets (liabilities) are summarized below.

	DECEMBER 31, 1993 ASSETS	LIABILITIES	MARCH 31, 1994 ASSETS	LIABILITIES
	(IN MILLIONS)			
Tax effect of temporary differences relating to:				
Inventories	$ .1	$ (8.8)	$ .1	$ (8.5)
Marketable securities	-	(23.5)	-	(23.9)
Timber and timberlands	-	(11.3)	-	(11.3)
Property and equipment	-	(18.6)	-	(18.4)
Capital lease assets and obligations	1.4	-	1.4	-
Accrued OPEB cost	7.2	-	7.2	-
Accrued liabilities and other deductible differences	13.1	-	13.8	-
Other taxable differences	-	(16.9)	-	(17.4)
Investments in subsidiaries and affiliates not members of the consolidated tax group	80.8	-	82.1	-
Non-U.S. tax loss carryforwards	.1	-	.1	-
Valuation allowance	-	-	-	-
Gross deferred tax assets (liabilities)	102.7	(79.1)	104.7	(79.5)
Netting of items by tax jurisdiction	(74.9)	74.9	(76.1)	76.1
	27.8	(4.2)	28.6	(3.4)
Less net current deferred tax asset (liability)	.1	(2.5)	.1	(1.5)
Net noncurrent deferred tax asset (liability)	$ 27.7	$ (1.7)	$ 28.5	$ (1.9)

NOTE 14 - COMMITMENTS AND CONTINGENCIES:

At March 31, 1994, the estimated cost to complete capital projects in process approximated $66 million, most of which relates to sugar extraction equipment at Amalgamated and to an expansion of Medite's medium density fiberboard plant in Ireland. Medite's Irish subsidiary has entered into certain currency forward contracts to hedge exchange rate risk on the equivalent of approximately $8 million of equipment purchase commitments related to its expansion. At March 31, 1994, the fair value of such currency contracts approximated the contract value.

Medite has entered into interest rate swap agreements to effectively convert $26 million of its U.S. bank term loan from a floating to a fixed interest rate. At March 31, 1994, the estimated fair value of such swap agreements was $1.2 million, which represents the estimated payment Medite would receive if the swap agreements were terminated at that date.

For information concerning certain legal proceedings, income tax and other commitments and contingencies related to Valhi and consolidated subsidiaries and NL and Tremont, see (i) Item 2 -- "Management's Discussion and Analysis of Financial Condition and Results of Operations," (ii) Part II, Item 1 -- "Legal Proceedings" and (iii) the 1993 Annual Report, including certain information concerning NL's and Tremont's legal proceedings incorporated therein by reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS:

GENERAL

Sales increased 10% to $189 million, operating income increased 13% to $18.6 million, interest expense declined 25% to $9 million and the Company's equity in losses of NL and Tremont of $7.6 million were significantly lower than one year ago. The results of operations of the Company's consolidated business segments, general corporate and other items and the Company's equity in losses of NL and Tremont are discussed below.

REFINED SUGAR

	THREE MONTHS ENDED MARCH 31,		
	1993	1994	% CHANGE
	(IN MILLIONS)		
Net sales:			
Refined sugar	$ 80.2	$ 92.6	+15%
By-products and other	11.0	11.6	+ 5%
	$ 91.2	$104.2	+14%
Operating income	$ 6.1	$ 6.8	+10%
Operating income margin	6.7%	6.5%	
Percentage change in:			
Sugar sales volume			+17%
Average sugar sales price			- 1%

There were no major movements in sugar selling prices during the first quarter of 1994, and average prices were down slightly year-to-year but up slightly from late 1993. Sugar production from the crop harvested in the fall of 1993 is expected to slightly exceed that of the prior crop. Fluctuations in quarterly sugar sales volume can be impacted by relative timing of sales during the October to September crop year, which contributed to the year-to-year volume increase. Amalgamated's contracted acreage for the 1994 crop approximates that harvested in 1993, and planting by the growers has been substantially completed.

Sugarbeet purchase cost is the largest cost component of producing refined sugar and the price Amalgamated pays for sugarbeets is, under the terms of its contracts with sugarbeet growers, a function of the average selling price of Amalgamated's refined sugar. As a result, changes in sugar selling prices impact sugarbeet purchase costs as well as revenues. Amalgamated's cost of sales is determined under the last-in, first-out accounting method. Supplemental information comparing refined sugar segment operating income and margins computed on a LIFO basis and on a FIFO basis is presented below.

	THREE MONTHS ENDED MARCH 31, 1993 (IN MILLIONS)	1994	% CHANGE
Operating income:			
LIFO accounting method	$6.1	$6.8	+10%
FIFO accounting method	3.4	5.9	+70%
Operating income margin:			
LIFO accounting method	6.7%	6.5%	
FIFO accounting method	3.8%	5.6%	

FOREST PRODUCTS

Medite's forest products operations are grouped into two components: medium density fiberboard ("MDF") operations (engineered wood products) and solid wood operations (logs, lumber, veneer and wood chips). Medite's primary strategic focus is to continue its expansion in the growing market for MDF.

	THREE MONTHS ENDED MARCH 31, 1993 (IN MILLIONS)	1994	% CHANGE
Net sales:			
MDF	$25.3	$31.2	+ 23%
Solid wood	14.9	9.2	- 38%
Eliminations	(.6)	(.4)	
	$39.6	$40.0	+ 1%
Operating income:			
MDF	$ 1.8	$ 5.7	+222%
Solid wood	3.6	(.6)	-115%
	$ 5.4	$ 5.1	- 5%
Operating income margins:			
MDF	6.9%	18.2%	
Solid wood	24.4%	-5.9%	
Total	13.6%	12.8%	

Medium density fiberboard. MDF sales, operating income and margins improved in large part as a result of a 10% increase in volume and a 12% increase in average selling prices, in U.S. dollar terms. Sales of higher-margin specialty MDF products continue to increase and represented 28% of MDF sales dollars (20% of MDF volume), up from 21% and 12%, respectively, in the 1993 period. As previously reported, certain currency fluctuations and minor production interruptions during the first quarter of 1993 hampered MDF results and, accordingly, aided the 1994 comparisons to 1993.

The Company's MDF operations are operating at a high rate of capacity. While total MDF volume is not expected to increase significantly prior to completion of the Irish plant expansion in 1995, Medite plans to continue to pursue further penetration of higher-margin specialty MDF markets.

Solid wood products. Medite actively manages its timber resources and varies its manufacture of wood products such as lumber and veneer, and emphasizes or de-emphasizes the direct sale of logs, depending upon the Company's evaluation of market conditions. Solid wood sales, earnings and margins declined in 1994 in large part due to a significant reduction in the volume of logs offered for sale by the Company. An ample supply of second-growth logs from non-industrial private land owners has served to moderate recent logs prices, although they have generally remained above year-ago levels. In addition, log volumes in the 1993 period were aided significantly by the

Company's sale of log inventories in conjunction with the permanent closure of its plywood plant in January 1993. Costs associated with delays in achieving planned capacity levels at Medite's new Rogue River veneer plant also hampered first quarter 1994 results.

Despite a relatively strong housing market, prices for veneer and lumber have recently fallen below year-ago levels. Absent an improvement in prices and margins, Medite may curtail its solid wood manufacturing operations during the second quarter.

FAST FOOD

	THREE MONTHS ENDED MARCH 31, 1993	1994	% CHANGE
	(IN MILLIONS)		
Net sales	$26.1	$26.7	+ 2%
Operating income	1.9	1.6	-13%
Operating income margin	7.1%	6.0%	
Arby's restaurants operated:			
At end of period	160	157	- 2%
Average during the period	160	158	- 1%

Comparable store sales increased approximately 3% for the quarter despite unusually severe winter weather which hampered customer traffic and resulted in a decline in comparable store sales in January 1994 after 16 straight months of increases. Increased promotion of value-priced sandwiches aided 1994 sales comparisons and dampened margin comparisons.

HARDWARE PRODUCTS

	THREE MONTHS ENDED MARCH 31, 1993	1994	% CHANGE
	(IN MILLIONS)		
Net sales	$14.4	$18.0	+25%
Operating income	3.1	5.1	+65%
Operating income margin	21.4%	28.3%	

Sales, operating income and margins all improved due primarily to increased volumes in National Cabinet Lock's three major product lines: lock sales dollars increased 27%, drawer slides increased 39% and computer keyboard support arms increased 22%. A new lock contract with a U.S. Government agency covering May 1993 through 1994, at higher than prior contract volume levels, contributed significantly to the lock volume increase. Currency fluctuations also favorably impacted operating income comparisons in 1994.

GENERAL CORPORATE AND OTHER ITEMS

Business unit disposition. As previously reported, the gain in 1993 related to a change in estimate of the aggregate loss related to the closure of Medite's plywood operations.

General corporate. The unfavorable year-to-year comparison of general corporate items is due principally to lower securities earnings resulting primarily from a decline in the market value of fixed-income investments. See Notes 4 and 12 to the Consolidated Financial Statements.

INTEREST EXPENSE

The previously-reported redemptions of Valhi's 121/2% Senior Subordinated Notes during 1993, funded in part using proceeds of lower-cost borrowings, was a principal reason for the decline in interest expense.

Approximately $138 million of subsidiary indebtedness bears interest at fixed rates averaging 9.2%. The average interest rate on floating rate subsidiary borrowings outstanding at March 31, 1994 was 4.5%. Periodic interest payments are not required on Valhi's 9.25% deferred coupon LYONs.

PROVISION FOR INCOME TAXES

Income tax rates vary by jurisdiction (country and/or state), and relative changes in the geographic source of the Company's pre-tax earnings can result in fluctuations in the Company's consolidated effective income tax rate. See Note 13 to the Consolidated Financial Statements.

UNCONSOLIDATED AFFILIATES - NL AND TREMONT

The Company's equity in earnings (losses) of NL and Tremont is different than its percentage ownership in their separately-reported results due to amortization of accounting basis differences that generally reduce earnings, or increase losses, as reported by Valhi. The Company's loss attributable to affiliates in the first quarter of 1993 also included an $84 million charge for an other than temporary decline in the market value of NL common stock. While accounting rules may require an investment in a security accounted for by the equity method to be written down if the market value of that security declines, they do not permit a writeup if the market value subsequently recovers. At March 31, 1994, the Company's per share net carrying value of NL and Tremont was $2.23 and $3.64, respectively (quoted market price at March 31, 1994 of $6.50 and $6.375, respectively).

The information included below related to NL and Tremont has been summarized from the separate reports filed with the Securities and Exchange Commission by NL (File No. 1-640) and Tremont (File No. 1-10126), which reports contain more detailed information concerning such companies, including financial statements and contingencies.

NL Industries. NL's chemical operations are conducted through its wholly-owned subsidiaries Kronos, Inc. (titanium dioxide pigments, or "TiO2") and Rheox, Inc. (specialty chemicals). NL has reported significant losses in the past few years and its future profitability is dependent upon, among other things, improved pricing for TiO2, NL's principal product. Based on NL's current near-term outlook for its TiO2 business, NL expects to report a net loss for 1994, although its results for the remainder of the year should be improved compared to 1993.

	THREE MONTHS ENDED MARCH 31, 1993	1994	CHANGE
	(IN MILLIONS, EXCEPT PERCENTAGES)		
Net sales:			
Kronos	$172.1	$174.2	+ 1%
Rheox	26.4	27.6	+ 4%
	$198.5	$201.8	+ 2%
Operating income:			
Kronos	$ 17.2	$ 15.3	-10%
Rheox	5.9	7.0	+17%
	23.1	22.3	- 3%
General corporate items:			
Securities earnings	2.9	.2	
Expenses, net	(8.7)	(.6)	
Interest expense	(26.1)	(21.1)	

	(8.8)	.8	$9.6
Income tax expense	(4.5)	(7.0)	
Minority interest	(.2)	(.2)	
Net loss	$(13.5)	$ (6.4)	$7.1
Valhi's equity in NL's losses, including amortization of basis differences (*)	$ (9.5)	$ (5.4)	$4.1

[FN]
(*) Excludes market value impairment provision in 1993. See Note 3 to the Consolidated Financial Statements.

Kronos' TiO2 operating income declined as the effects of a 3% year-to-year decline in selling prices were only partially offset by the aggregate effects of higher sales volumes, higher production levels, royalty income and slightly lower production costs. Kronos' average TiO2 selling prices at the end of March 1994 approximated both year-end 1993 levels and full year 1993 averages. Rheox's operating results improved primarily as a result of higher sales volume and slightly lower operating costs.

Corporate expenses, net were lower as a $20 million gain related to the 1994 settlement of NL's lawsuit against Lockheed Corporation was partially offset by increased provisions for environmental remediation and other costs. Interest expense declined due to lower average levels of indebtedness and lower interest rates on Deutsche mark denominated debt, partially offset by the higher interest rates on NL's Senior Notes issued in October 1993.

NL's operations are conducted on a worldwide basis. In both 1993 and 1994, NL's income tax expense was impacted by losses in certain countries for which no current refund is available and for which recognition of a deferred tax asset is not currently considered appropriate.

Tremont Corporation. Tremont's titanium metals operations are conducted through its 75%-owned TIMET subsidiary. As previously reported, the titanium metals business has been adversely affected by, among other things, excess worldwide production capacity and changes in market conditions, including weak demand in aerospace markets. TIMET continues to focus on improving manufacturing processes, reducing overall costs, developing new markets and evaluating strategic opportunities in its effort to return to profitability. Tremont also holds approximately 18% of NL's outstanding common stock and reports its interest in NL by the equity method. As a result, Tremont's results are significantly impacted by NL.

	THREE MONTHS ENDED MARCH 31, 1993	1994	CHANGE
	(IN MILLIONS, EXCEPT PERCENTAGES)		
Net sales	$ 39.6	$ 40.9	+ 3%
Operating loss	$ (1.6)	$ (1.8)	$ (.2)
General corporate items, net	(.3)	(.4)	
Interest expense	(.7)	(1.2)	
	(2.6)	(3.4)	(.8)
Equity in loss of NL:			
Equity in NL's loss	(3.3)	(1.9)	
Provision for market value impairment	(29.0)	-	
	(32.3)	(1.9)	30.4
Loss before income taxes	(34.9)	(5.3)	
Income tax benefit (expense)	.8	(.2)	
Minority interest	-	.8	
Loss from continuing operations	(34.1)	(4.7)	29.4
Other, net	.1	(.8)	
Net loss	$(34.0)	$ (5.5)	$28.5

Valhi's equity in Tremont's losses, including

amortization of basis differences (*)	$ (2.1)	$ (2.2)	$ (.1)

[FN]
(*) Excludes Valhi's $14 million share of Tremont's 1993 market value impairment provision, which equity is reported as a component of Valhi's $84 million impairment charge related to NL. See Note 3 to the Consolidated Financial Statements.

TIMET's modest sales increase reflected a shift in product mix toward industrial titanium products, increased sales in European markets and lower volume in aerospace products. Higher production costs contributed to the slightly increased operating loss.

Interest expense increased primarily due to ceasing to capitalize interest following completion of TIMET's new titanium sponge production facility in 1993.

In both 1993 and 1994, Tremont's income tax provision was impacted by losses, including amounts related to NL, for which no benefit is currently available and for which recognition of a deferred tax asset is not currently considered appropriate.

LIQUIDITY AND CAPITAL RESOURCES:

CONSOLIDATED CASH FLOWS

Operating activities. Changes in assets and liabilities relate to the relative timing of sales, production and purchases, including, among other things, significant seasonal fluctuations related to Amalgamated's refined sugar operations. Amalgamated's operations use significant amounts of cash in the first and fourth quarters and generate significant amounts of cash in the second and third quarters. Changes in Amalgamated's assets and liabilities used $61 million of cash in the first quarter of 1994, down from $74 million used in the 1993 period. In addition, interest payments on Valhi's 121/2% Notes (redeemed in 1993) were $15 million in the first quarter of 1993 while semi-annual interest payments on Valcor's 95/8% Senior Notes do not begin until May 1994.

Investing activities. The higher levels of capital expenditures in 1994 relate principally to capacity projects, including productivity-enhancing

equipment at Amalgamated and National Cabinet Lock, Medite's Irish MDF plant expansion and new Sybra restaurants. The Company's total capital expenditures for 1994 are estimated at approximately $70 million and are expected to be financed primarily from the respective unit's operations or existing credit facilities.

Financing activities. Net first quarter borrowings (repayments) include seasonal increases in Amalgamated's short-term borrowings ($60 million in 1994 and $66 million in 1993) and Valhi's redemption of $100 million principal amount of 121/2% Notes in 1993. A portion of the net proceeds from the November 1993 Valcor Senior Note issue were retained within the Valcor group for general corporate purposes, including the temporary reduction of subsidiary revolving borrowings. At March 31, 1994, approximately $17 million of Valcor's corporate cash availability had been used for this purpose, down from $22 million at the end of 1993.

At March 31, 1994, unused credit available to the Company's subsidiaries under existing facilities aggregated $63 million, of which $15 million is based upon 75% of capital expenditures not yet incurred related to the expansion of the Irish MDF plant.

CONSOLIDATED COMPANIES

Refined Sugar. Amalgamated's cash requirements are seasonal in that a major portion of the total payments for sugarbeets is made, and the costs of processing the sugarbeets are incurred, in the fall and winter of each year. Accordingly, Amalgamated's operating activities use significant amounts of cash in the first and fourth calendar quarters and provide significant cash flow in the second and third quarters of each year. To meet its seasonal cash needs, Amalgamated obtains short-term borrowings pursuant to the Government's sugar price support loan program and bank credit facilities. Borrowings under the Government loan program are secured by refined sugar inventory and are otherwise nonrecourse to Amalgamated. At March 31, 1994, approximately 5.6 million hundredweight of refined sugar inventory with a LIFO carrying value of approximately $105 million (19 cents per pound) was the sole collateral for nonrecourse Government loans of $117 million.

In May 1994, Amalgamated amended its principal bank credit agreement to, among other things, extend the $75 million revolving facility one year to September 1996, increase the term loan facility by $17 million to finance planned capital expenditures and extend the final maturity of the term loan to July 1998. As part of this amendment, Amalgamated's minimum equity requirement was increased from $20 million to $30 million, and Valhi made a $10 million capital contribution to Amalgamated.

Forest Products. The Irish MDF plant expansion, which will increase plant production capacity by approximately 75% and increase Medite's worldwide MDF capacity by approximately 25%, is expected to be completed by early 1995.

Fast Food. Sybra currently plans to open eight to ten new Arby's restaurants during 1994, including one store opened in each of February and April with the next store scheduled for May. Sybra also continually evaluates the profitability of its individual restaurants, and in this regard closed four stores in January 1994, closed one store in April and may close two or three additional stores later in 1994.

General corporate. Valhi's operations are conducted through its wholly-owned subsidiaries (Amalgamated and Valcor) and through NL and Tremont, publicly-held affiliates which Valhi may be deemed to control. Valcor is an intermediate parent company with its operations conducted through its wholly-owned subsidiaries (Medite, Sybra and National Cabinet Lock). Accordingly, Valhi's and Valcor's long-term ability to meet their respective corporate obligations is dependent in large measure on the receipt of dividends or other distributions from their respective subsidiaries, the realization of their investments through the sale of interests in such entities and investment income. Various credit agreements to which subsidiaries are parties contain customary limitations on the payment of dividends, typically a percentage of net income or cash flow; however, such restrictions have not significantly impacted the Company's ability to service parent company level obligations. Valhi has not guaranteed any indebtedness of its subsidiaries or of NL or Tremont, and Valcor has not guaranteed any indebtedness of its subsidiaries.

Valcor was formed in 1993 to enable the Company to obtain lower cost borrowings than could have been obtained through a similar-sized issue of Valhi notes. The Company believes that distributions from Valcor's operating subsidiaries will be sufficient to enable Valcor to meet its obligations, which consist principally of the Valcor 95/8% Senior Notes Due 2003. Valhi's parent company debt consists solely of the LYONs, which do not require current cash debt service. Valhi dividends, at the current quarterly rate of $.02 per share, aggregate approximately $9 million annually. The Company believes that distributions from Amalgamated and Valcor will be more than sufficient to enable Valhi to satisfy its net expenditures. In addition, at March 31, 1994, Valhi had cash, equivalents and marketable trading securities aggregating $41 million and Valcor had cash availability of $28 million (including amounts advanced to its subsidiaries to temporarily pay down revolving debt).

Valhi owns 5.5 million shares of Dresser common stock, which shares are held in escrow for the benefit of holders of the LYONs. The LYONs are exchangeable, at the option of the holder, for the Dresser shares owned by Valhi. Exchanges of LYONs for Dresser stock would result in the Company reporting income related to the disposition of the Dresser stock for both financial reporting and income tax purposes, although no cash proceeds would be generated by such exchanges.

The Company routinely compares its liquidity requirements and alternative uses of capital against the estimated future cash flows to be received from its subsidiaries and affiliates, and the estimated sales value of those units. As a result of this process, the Company has in the past and may in the future seek to raise additional capital, refinance or restructure indebtedness, modify its dividend policy, consider the sale of interests in subsidiaries or affiliates, business units, marketable securities or other assets, or take a combination of such steps or other steps, to increase liquidity, reduce indebtedness and fund future activities. Such activities have in the past and may in the future involve related companies. From time to time, the Company also evaluates the restructuring of ownership interests among its subsidiaries and related companies. The Company routinely evaluates acquisitions of interests in, or combinations with, companies, including related companies, perceived by management to be undervalued in the marketplace. These companies may or may not be engaged in businesses related to the Company's current businesses. The Company intends to consider such acquisition activities in the future and, in connection with this activity, may consider issuing additional equity securities and increasing the indebtedness of the Company, its subsidiaries and related companies.

UNCONSOLIDATED AFFILIATES - NL AND TREMONT

Summarized balance sheet, cash flow and other information of NL and Tremont is presented below.

	NL INDUSTRIES		TREMONT CORPORATION	
	DEC. 31, 1993	MARCH 31, 1994	DEC. 31, 1993	MARCH 31, 1994
	(IN MILLIONS)			
Cash, equivalents and securities	$ 147.6	$ 126.8	$ 20.3	$ 14.3
Other current assets	319.9	360.7	93.7	93.4
Noncurrent securities	18.4	18.8	7.7	7.6
Investment in NL	-	-	22.3	21.2
Investment in joint ventures	190.8	188.9	13.6	14.4
Other noncurrent assets	151.2	156.6	18.3	17.0
Property and equipment	378.6	385.5	147.3	145.2
	$1,206.5	$1,237.3	$323.2	$313.1
Current liabilities	$ 232.5	$ 228.5	$ 66.0	$ 57.4
Long-term debt	835.2	857.4	43.5	47.2
Accrued OPEB costs	68.3	67.9	51.7	51.5
Deferred income taxes	139.0	147.9	-	-
Other noncurrent liabilities	193.9	207.1	16.4	17.3
Minority interest	2.4	2.5	27.2	26.2
Stockholders' equity (deficit):				
Capital and retained earnings	(143.4)	(148.4)	126.7	121.3
Adjustments, principally currency translation	(121.4)	(125.6)	(8.3)	(7.8)
	(264.8)	(274.0)	118.4	113.5
	$1,206.5	$1,237.3	$323.2	$313.1

	THREE MONTHS ENDED MARCH 31,			
	NL		TREMONT	
	1993	1994	1993	1994
	(IN MILLIONS)			
Net cash provided (used) by:				
Operating activities	$(33.1)	$(22.8)	$ 4.0	$ (3.7)
Investing activities:				
Capital expenditures	(8.0)	(7.2)	(9.0)	(.4)
Other, net	9.7	2.3	.4	.1
Financing activities:				
Net borrowings (repayments)	(3.3)	6.1	(1.2)	(1.0)
Other	-	(.2)	(.1)	-
	$(34.7)	$(21.8)	$ (5.9)	$ (5.0)

Cash paid for:				
Interest, net of amount capitalized	$ 23.9	$ 10.6	$ -	$ 1.0
Income taxes	1.5	3.3	.1	.1

NL and Tremont periodically evaluate their respective liquidity requirements, capital needs and availability of resources in view of, among other things, debt service requirements, capital expenditure requirements and estimated future operating cash flows. As a result of this process, such companies may seek to raise additional capital, restructure ownership interests, refinance or restructure indebtedness, sell interests in subsidiaries or other assets, or take a combination of such steps or other steps to increase their respective liquidity and capital resources. Such activities have in the past and may in the future involve related companies.

NL Industries. The TiO2 industry is cyclical, with the previous peak in selling prices occurring in early 1990. In the past few years, during the current down cycle, NL's operations have used significant amounts of cash. NL has taken and continues to take measures to manage its near-term and long-term liquidity requirements, including cost reduction efforts, tightening of controls over working capital, suspension of dividends in 1992 and the previously-reported formation of a TiO2 manufacturing joint venture and the refinancing of certain debt in 1993. NL currently expects to have sufficient liquidity to meet its obligations including operations, capital expenditures and debt service.

Certain of NL's U.S. and non-U.S. income tax returns are being examined and tax authorities have or may propose tax deficiencies. NL believes that it has adequately provided accruals for additional income taxes and related interest expense which may ultimately result from all such examinations. At March 31, 1994, approximately DM 160 million ($96 million) of refundable German income

taxes are recorded as a noncurrent asset. In April 1994, the German tax authorities withdrew certain previously-reported tax assessment reports. NL understands that the German tax authorities intend to refund a portion of NL's refund claims on a tentative basis and issue new assessment reports proposing tax deficiencies. NL has granted a DM 100 million ($60 million) lien on its Nordenham, Germany TiO2 plant until any assessments proposing tax deficiencies are resolved. NL anticipates that any tentative German tax refund received will be applied to the outstanding amount of its DM bank credit facility.

NL has been named as a defendant, potentially responsible party, or both, in a number of legal proceedings associated with environmental matters, including waste disposal sites currently or formerly owned, operated or used by NL, many of which disposal sites or facilities are on the U.S. Environmental Protection Agency's Superfund National Priorities List or similar state lists. NL believes it has provided adequate accruals ($77 million at March 31, 1994) for reasonably estimable costs of such matters, and has estimated that the upper end of the range of reasonably possible costs to NL for sites for which it is possible to estimate costs is approximately $120 million. NL is also a defendant in a number of legal proceedings seeking damages for personal injury and property damage arising out of the sale of lead pigments and lead-based paints. Based on, among other things, the results of such litigation to date, NL believes that the pending lead pigment litigation is without merit and has not accrued any amounts for the pending lead pigment litigation. NL currently believes the disposition of all claims and disputes, individually and in the aggregate, should not have a material adverse effect on NL's consolidated financial position, results of operations or liquidity. There can be no assurance that additional matters of these types will not arise in the future. In addition, various legislation and administrative regulations have, from time to time, been enacted or proposed at the state, local and federal levels that seek to impose various obligations on present and former manufacturers of lead pigment and lead-based paint with respect to asserted health concerns associated with the use of such products and effectively overturn court decisions in which NL and other pigment manufacturers have been successful.

Tremont Corporation. During the past few years, TIMET's combined operations, capital expenditures and debt service have used significant amounts of cash. TIMET has taken and continues to take measures to manage its near-term and long-term liquidity requirements including, among other things, continued cost reduction efforts, deferral and reduction of capital expenditures, sale of certain assets, deferral of certain payments and other efforts to reduce the level of working capital, including reducing production rates and closing certain facilities, and the 1994 debt refinancing discussed below. TIMET is also currently negotiating for a further deferral of $6 million of interest to its 25% shareholder (Union Titanium Sponge Corporation or "UTSC") currently due in June 1994. TIMET believes these measures will provide it with the liquidity to meet its near-term obligations including operations, capital expenditures and debt service. However, the continued consumption of cash would have a further adverse effect on TIMET's liquidity and financial condition. Neither Tremont nor UTSC have guaranteed any indebtedness of TIMET nor are they obligated to provide additional funds to TIMET.

In April 1994, TIMET obtained a new $65 million credit facility with a group of commercial lenders. The new facility, collateralized by substantially all of TIMET's assets, includes a two-year $50 million formula-based revolver and a five-year $15 million term loan. Approximately $47 million of the initial availability was used to repay existing bank debt and replace letters of credit.

Tremont, with its 75% equity interest in TIMET and 18% equity interest in NL, is principally a holding company. Tremont believes it will have sufficient liquidity to meet its existing near-term parent company obligations.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Reference is made to the 1993 Annual Report for descriptions of certain legal proceedings.

Valhi and consolidated subsidiaries

In the previously-reported matter of Alan Russell Kahn v. Tremont Corporation, et al., the court heard oral arguments for the defendants' motion to dismiss in April 1994. The court denied the motion to dismiss and lifted the existing stay on discovery.

In April 1994, a Panel of the United States Court of Appeals for the Tenth Circuit issued a decision on the appeals in the previously-reported matter Holland, et al v. Valhi, Inc., et al. (No. 87-C-9686). The Appeals Court Panel ruled the District Court had committed certain errors in calculating the participants' share of the reversion, and remanded the case to the District Court for further proceedings to determine the distribution of the reversion between the parties. While such a redetermination based upon the Appeals Court Panel's decision should result in a reduction of the plaintiffs' share of the reversion from that originally calculated by the District Court, the Company believes the Panel overlooked certain relevant authority in reaching its decision. The Company intends to request a rehearing by the full Appeals Court, and continues to believe it will prevail in this matter. Both the plaintiffs and defendants have filed a motion requesting an extension of time to petition the Court for a rehearing on this matter.

NL Industries

Information called for by this Item regarding NL's legal proceedings is incorporated herein by reference to Part II, Item 1 -- "Legal Proceedings" of NL's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, attached hereto as Exhibit 99.1.

Tremont Corporation

Information called for by this Item regarding Tremont's legal proceedings is incorporated herein by reference to Part II, Item 1 -- "Legal Proceedings" of Tremont's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, attached hereto as Exhibit 99.2.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

99.1 - Part II, Item 1 of NL's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 (File No. 1-640).

99.2 - Part II, Item 1 of Tremont's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 (File No. 1-10126).

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended March 31, 1994 and the month of April 1994:

February 11, 1994 - Reported Items 5 and 7.
March 10, 1994 - Reported Items 5 and 7.
April 11, 1994 - Reported Items 5 and 7.
April 27, 1994 - Reported Items 5 and 7.

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.

VALHI, INC.
(Registrant)

Date May 10, 1994

By /s/ William C. Timm
William C. Timm
Vice President - Finance and Administration
(Principal Financial Officer)

Date May 10, 1994

By /s/ J. Thomas Montgomery, Jr.
J. Thomas Montgomery, Jr.
Vice President and Controller
(Principal Accounting Officer)

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.

VALHI, INC.
(Registrant)

Date May 10, 1994	By William C. Timm Vice President - Finance and Administration (Principal Financial Officer)
Date May 10, 1994	By J. Thomas Montgomery, Jr. Vice President and Controller (Principal Accounting Officer)

Exhibit 99.1 - Part II, Item 1 of NL's Quarterly Report on Form 10-Q for the Quarter ended March 31, 1994 (File No. 1-640).

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the 1993 Annual Report for descriptions of certain previously-reported legal proceedings.

Skipworth v. Sherwin Williams Co., et al. In April 1994, the court granted defendants' motion for summary judgment. The plaintiff's time to appeal has not yet expired.

In May 1994, the court declined to grant summary judgment in the Company's favor in one of the eight pending third-party complaints filed by the Housing Authority of New Orleans ("HANO"), concluding that fact issues remained regarding product identification. Discovery is proceeding.

EXXON Chemical Company v. NL Industries, Inc. Mediation is set for May 1994.

Wagner, et al. v. Anzon and NL Industries, Inc. Trial in this matter has been postponed until September 1994. Defendants have moved for summary judgment against a portion of the class based on the statute of limitations and for decertification of the class.

United States of America v. Peter Gull and NL Industries, Inc. In April 1994, the court entered judgment against the Company in the amount of $6.4 million, with post-judgment interest thereon accruing. The Company's motion to waive the bond requirement and stay the judgment has been granted pending an appeal. The parties have until June 1994 to appeal the decision.

Day, et. al v. NLO, Inc., et al. The trial is this matter is set for July 1994.

Exhibit 99.2 - Part II, Item 1 of Tremont's Quarterly Report on Form 10-Q for the Quarter ended March 31, 1994 (File No. 1-10126).

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the 1993 Annual Report for descriptions of certain legal proceedings.

Tremont and consolidated subsidiaries

In the previously-reported matter of Alan Russell Kahn v. Tremont Corporation, et al., the court heard oral arguments for the defendants' motion to dismiss in April 1994. The court denied the motion to dismiss and lifted the existing stay on discovery.

In the previously-reported lawsuits arising out of the crash of a DC-10 aircraft in Iowa on July 19, 1989, TIMET, along with the other defendants in the dismissed cases, appealed the court's decision to allow dismissal of the earlier cases without first ruling on TIMET's pending motion for summary judgment. Oral arguments on this issue were heard by the Illinois Court of Appeals on November 16, 1993. On March 29, 1994, the appellate court ruled in favor of TIMET and remanded the case to the trial court with directions that it exercise its discretion in considering TIMET's pending motion for summary judgment. The decision of the appellate court is statutorily stayed pending any appeal to the Illinois Supreme Court by the parties involved.