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 JUNE 30, 1996 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 JULY 31, 1996: 114,110,414.

VALHI, INC. AND SUBSIDIARIES

INDEX

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

ASSETS	DECEMBER 31, 1995	JUNE 30, 1996
Current assets:		
Cash and cash equivalents	$ 170,908	$ 144,669
Accounts and notes receivable	223,962	253,674
Refundable income taxes	4,978	2,056
Receivable from affiliates	3,529	1,260
Inventories	518,304	373,642
Prepaid expenses	7,249	9,387
Deferred income taxes	2,636	3,977
Total current assets	931,566	788,665
Other assets:		
Marketable securities	144,256	151,919
Investment in joint ventures	190,518	196,589
Natural resource properties	95,774	91,730
Prepaid pension cost	24,767	25,650
Goodwill	252,773	260,008

Deferred income taxes	788	910
Other	57,084	51,943
Total other assets	765,960	778,749
Property and equipment:		
Land	43,313	42,393
Buildings	212,729	210,666
Equipment	913,763	919,972
Construction in progress	20,709	36,972
	1,190,514	1,210,003
Less accumulated depreciation	315,827	359,429
Net property and equipment	874,687	850,574
	$2,572,213	$2,417,988

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(IN THOUSANDS)

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31, 1995	JUNE 30, 1996
Current liabilities:		
Notes payable	$ 145,932	$ 135,329
Current long-term debt	63,752	103,242
Accounts payable	236,973	114,049
Accrued liabilities	156,146	152,421
Payable to affiliates	10,188	9,843
Income taxes	44,849	43,871
Deferred income taxes	4,496	2,902
Total current liabilities	662,336	561,657
Noncurrent liabilities:		
Long-term debt	1,084,284	1,078,667
Accrued pension cost	70,040	61,348
Accrued OPEB cost	78,410	77,409
Accrued environmental costs	115,577	113,393
Deferred income taxes	239,444	218,219
Other	44,765	37,437
Total noncurrent liabilities	1,632,520	1,586,473

Minority interest	3,066	251
Stockholders' equity:		
Common stock	1,246	1,248
Additional paid-in capital	34,604	35,228
Retained earnings	263,777	255,311
Adjustments:		
Currency translation	(7,430)	(8,851)
Marketable securities	55,629	60,539
Pension liabilities	(2,881)	(2,881)
Treasury stock	(70,654)	(70,987)
Total stockholders' equity	274,291	269,607
	$2,572,213	$2,417,988

[FN]
Commitments and contingencies (Note 1)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1995	1996	1995	1996
Revenues and other income:				
Net sales	$513,531	$470,783	$981,160	$933,578
Other, net	9,020	13,256	14,678	26,229
	522,551	484,039	995,838	959,807
Costs and expenses:				
Cost of sales	370,193	360,791	710,321	710,505
Plant closure charge	-	-	-	24,000
Selling, general and administrative	85,772	75,975	162,124	153,198
Interest	32,365	28,774	65,207	58,990
	488,330	465,540	937,652	946,693
	34,221	18,499	58,186	13,114
Equity in Waste Control Specialists	-	(1,267)	-	(2,418)

Income before income taxes	34,221	17,232	58,186	10,696
Provision for income taxes	16,723	6,183	27,928	3,014
Minority interest	141	2,299	486	4,620
Net income	$ 17,357	$ 8,750	$ 29,772	$ 3,062
Net income per common share	$.15	$.08	$.26	$.03
Cash dividends per share	$.03	$.05	$.06	$.10
Weighted average common shares outstanding	114,391	114,639	114,392	114,604

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

SIX MONTHS ENDED JUNE 30, 1996

(IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
Balance at December 31, 1995	$1,246	$34,604	$263,777
Net income	-	-	3,062
Dividends	-	-	(11,528)
Adjustments, net	-	-	-
Other, net	2	624	-
Balance at June 30, 1996	$1,248	$35,228	$255,311

	ADJUSTMENTS				TOTAL
	CURRENCY TRANSLATION	MARKETABLE SECURITIES	PENSION LIABILITIES	TREASURY STOCK	STOCKHOLDERS' EQUITY
Balance at December 31, 1995	$(7,430)	$55,629	$(2,881)	$(70,654)	$274,291
Net income	-	-	-	-	3,062
Dividends	-	-	-	-	(11,528)
Adjustments, net	(1,421)	4,910	-	-	3,489
Other, net	-	-	-	(333)	293
Balance at June 30, 1996	$(8,851)	$60,539	$(2,881)	$(70,987)	$269,607

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 1995 AND 1996

(IN THOUSANDS)

	1995	1996
Cash flows from operating activities:		
Net income	$ 29,772	$ 3,062
Depreciation, depletion and amortization	45,073	46,581
Plant closure charge - noncash portion	-	15,200
Noncash interest expense	15,410	16,600
Deferred income taxes	21,399	(16,715)
Minority interest	486	4,620
Other, net	(8,451)	(3,989)
	103,689	65,359
Change in assets and liabilities:		
Accounts and notes receivable	(54,300)	(35,956)
Inventories	126,938	134,532
Accounts payable/accrued liabilities:		
Sugarbeet purchases	(124,262)	(64,497)
Other, net	(21,417)	(57,081)
Income taxes	(22,837)	3,369
Other, net	(2,906)	(10,656)
Trading securities:		
Sale proceeds	48,889	-
Purchases	(762)	-
Net cash provided by operating activities	53,032	35,070
Cash flows from investing activities:		
Capital expenditures	(54,213)	(50,998)
Purchases of minority interest	(13,168)	(16,971)
Investment in Waste Control Specialists	-	(10,000)
Loans to affiliates:		
Loans	(39,070)	(7,400)
Collections	30,070	10,400
Other, net	642	2,062
Net cash used by investing activities	(75,739)	(72,907)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

SIX MONTHS ENDED JUNE 30, 1995 AND 1996

(IN THOUSANDS)

	1995	1996

	----	----
Cash flows from financing activities:		
Indebtedness:		
Borrowings	$ 452,556	$ 392,618
Principal payments	(435,148)	(363,222)
Valhi dividends paid	(6,901)	(11,528)
Distributions to minority interest	(14)	(5,126)
Government grants and other, net	3,132	886
Net cash provided by financing activities	13,625	13,628
Net decrease	(9,082)	(24,209)
Currency translation	4,288	(2,030)
Cash and equivalents at beginning of period	170,747	170,908
Cash and equivalents at end of period	$ 165,953	$ 144,669
Supplemental disclosures - cash paid for:		
Interest, net of amounts capitalized	$ 44,443	$ 42,583
Income taxes	30,551	17,066

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, 1995 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at June 30, 1996 and the consolidated statements of operations, cash flows and stockholders' equity for the interim periods ended June 30, 1995 and 1996 have been prepared by the Company, without audit. In the opinion of management, all 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, 1995 (the "1995 Annual Report"). Commitments and contingencies are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Legal Proceedings" and the 1995 Annual Report.

The Company's 55%-owned chemicals subsidiary, NL Industries, Inc., separately reported a stockholders' deficit of approximately $190 million at June 30, 1996 and, accordingly, no minority interest in NL is reported in the Company's consolidated balance sheet. Until such time as NL reports positive stockholders' equity, all undistributed income or loss and other changes in NL's reported stockholders' equity will accrue to the Company for financial reporting purposes. Minority interest in earnings in 1996 consists principally of NL dividends paid to stockholders other than Valhi.

Contran Corporation holds, directly or through subsidiaries, approximately 91% of Valhi's outstanding common stock.

NOTE 2 -EARNINGS PER COMMON SHARE:

Earnings 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:

OPERATIONS	PRINCIPAL ENTITIES	% OWNED
Chemicals	NL Industries, Inc.	55%
Refined sugar	The Amalgamated Sugar Company	100%
Building products	Medite Corporation	100%
Hardware products	National Cabinet Lock, Inc.	100%
Fast food	Sybra, Inc.	100%
Waste management	Waste Control Specialists LLC	50%

NL's chemicals operations are conducted through Kronos, Inc. (titanium dioxide pigments or "TiO2") and Rheox, Inc. (specialty chemicals). The Company's building products (Medite), hardware products (National Cabinet Lock) and fast food (Sybra) subsidiaries are owned by Valcor, Inc., a wholly-owned subsidiary of Valhi. Each of NL (NYSE: NL) and Valcor are subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1995	1996	1995	1996
	(IN MILLIONS)			
Net sales:				
Chemicals	$283.4	$263.2	$534.3	$503.6
Refined sugar	132.6	108.5	243.8	235.6
Building products	49.4	48.1	108.0	94.6
Hardware products	19.3	21.7	39.4	42.9
Fast food	28.8	29.3	55.6	56.9
	$513.5	$470.8	$981.1	$933.6
Operating income:				
Chemicals	$52.1	$ 30.8	$ 89.0	$ 67.4
Refined sugar	6.3	3.9	12.7	12.6
Building products	8.3	5.6	18.6	(16.9)
Hardware products	5.1	5.0	10.6	9.4
Fast food	1.8	2.4	2.9	4.0
	73.6	47.7	133.8	76.5
Equity in losses of Waste Control	-	(1.3)	-	(2.4)
General corporate items:				
Securities earnings	3.3	2.3	7.1	4.8
General expenses, net	(10.2)	(2.6)	(17.5)	(9.2)
Interest expense	(32.4)	(28.8)	(65.2)	(59.0)
Income before income taxes	$ 34.3	$ 17.3	$ 58.2	$ 10.7

As previously reported, Medite recorded a pre-tax restructuring charge of $24 million in the first quarter of 1996 based upon the estimated costs of permanently closing its New Mexico medium density fiberboard (`MDF'') plant. Approximately $15 million of such charge represents non-cash costs, most of which relate to the net carrying value of property and equipment in excess of estimated net realizable value. These non-cash costs were deemed utilized upon adoption of the closure plan. Approximately $9 million of the charge represents workforce, environmental and other estimated cash costs associated with closure of this facility, of which $1.6 million had been paid at June 30, 1996. On August 1, 1996, Medite completed the sale of substantially all of the building and equipment of the New Mexico facility for $5.5 million cash, which approximates the previously estimated net realizable value. Dismantlement and removal could take up to a year for the buyer to complete. Medite retains responsibility for any necessary site cleanup and remediation.

	SIX MONTHS ENDED JUNE 30,			
	DEPRECIATION, DEPLETION AND AMORTIZATION		CAPITAL EXPENDITURES	
	1995	1996	1995	1996
	(IN MILLIONS)			
Chemicals	$29.7	$30.6	$26.2	$31.3
Refined sugar	5.2	5.6	14.7	7.2
Building products	6.0	5.7	5.1	8.6
Fast food and other	4.2	4.7	8.2	3.9
	$45.1	$46.6	$54.2	$51.0

NOTE 4 -MARKETABLE SECURITIES:

	DECEMBER 31, 1995	JUNE 30, 1996
	(IN THOUSANDS)	
Noncurrent assets (available-for-sale):		
Dresser Industries, Inc. common stock	$130,366	$136,204
Other common stocks	13,890	15,715
	$144,256	$151,919

Valhi holds 5.5 million shares of Dresser common stock with a quoted market price of $29.50 at June 30, 1996, or an aggregate market value of approximately $161 million (cost $44 million). Such Dresser stock is exchangeable for Valhi's LYONs, at the option of the LYONs holder, and the carrying value of the Dresser stock is limited to the accreted LYONs obligation. At June 30, 1996, the aggregate cost of other available-for-sale securities was approximately $16 million.

NOTE 5 -INVENTORIES:

	DECEMBER 31, 1995	JUNE 30, 1996

	(IN THOUSANDS)	
Raw materials:		
Chemicals	$ 35,075	$ 34,680
Sugarbeets	47,420	-
Other	15,710	11,817
	98,205	46,497
In process products:		
Chemicals	9,132	8,439
Refined sugar and by-products	57,967	17,778
Other	6,507	7,472
	73,606	33,689
Finished products:		
Chemicals	173,195	154,644
Refined sugar and by-products	90,492	60,345
Other	9,052	6,815
	272,739	221,804
Supplies	73,754	71,652
	$518,304	$373,642

NOTE 6 - OTHER NONCURRENT ASSETS:

	DECEMBER 31, 1995	JUNE 30, 1996
	(IN THOUSANDS)	
Joint ventures:		
TiO2 manufacturing joint venture	$183,129	$181,772
Waste Control Specialists LLC	4,625	12,207
Other	2,764	2,610
	$190,518	$196,589
Natural resource properties:		
Timber and timberlands	$ 53,099	$ 54,187
Mining properties	42,675	37,543
	$ 95,774	$ 91,730
Franchise fees and other intangible assets	$ 24,786	$ 21,807
Deferred financing costs	19,537	17,431
Other	12,761	12,705

	$ 57,084	$ 51,943
	========	========

NOTE 7 -ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	DECEMBER 31, 1995	JUNE 30, 1996
	(IN THOUSANDS)	
Accounts payable:		
Sugarbeet purchases	$ 83,027	$ 18,530
Other	153,946	95,519
	--------	--------
	$236,973	$114,049
	========	========
Accrued liabilities:		
Employee benefits	$ 63,067	$ 46,753
Sugar processing costs	21,569	12,858
LIFO inventory replacement reserve	-	8,702
Environmental costs	6,109	6,144
Plant closure costs	-	4,613
Interest	13,208	13,422
Miscellaneous taxes	4,275	5,288
Other	47,918	54,641
	--------	--------
	$156,146	$152,421
	========	========

NOTE 8 - OTHER NONCURRENT LIABILITIES:

	DECEMBER 31, 1995	JUNE 30, 1996
	(IN THOUSANDS)	
Employee benefits	$16,626	$15,936
Insurance claims and expenses	15,354	14,590
Deferred technology fee income	8,456	3,041
Other	4,329	3,870
	-------	-------
	$44,765	$37,437
	=======	=======

NOTE 9 - NOTES PAYABLE AND LONG-TERM DEBT:

	DECEMBER 31, 1995	JUNE 30, 1996
	(IN THOUSANDS)	
Notes payable:		

Amalgamated:		
United States Government loans	$ 64,685	$ 62,663
Bank credit agreements	42,000	29,398
	106,685	92,061
Kronos - non-U.S. bank credit agreements (DM 56,000 and DM 40,000)	39,247	26,268
Valhi - bank revolver	-	17,000
	$ 145,932	$ 135,329
Long-term debt:		
Valhi - LYONs	$ 130,366	$ 136,204
Valcor Senior Notes	99,000	98,910
Amalgamated bank term loan	24,000	24,000
NL Industries:		
Senior Secured Notes	250,000	250,000
Senior Secured Discount Notes	132,034	140,616
Deutsche mark bank credit facility (DM 397,609 and DM 490,609)	276,895	322,134
Joint venture term loan	73,286	65,572
Rheox bank term loan	37,263	25,909
Other	14,225	12,177
	783,703	816,408
Medite:		
Bank term loans	73,770	72,128
Bank working capital facilities	10,830	10,357
Other	4,117	4,004
	88,717	86,489
Other:		
Sybra bank credit agreements	16,770	14,860
Sybra capital leases	5,382	4,963
Other	98	75
	22,250	19,898
	1,148,036	1,181,909
Less current maturities	63,752	103,242
	$1,084,284	$1,078,667

Valcor Senior Notes are stated net of approximately $1 million principal amount held by Valhi.

NOTE 10 - OTHER INCOME:

SIX MONTHS ENDED
JUNE 30,

	1995	1996
	(IN THOUSANDS)	
Securities earnings:		
Interest and dividends	$ 5,900	$ 4,659
Securities transactions	1,215	122
	7,115	4,781
Technology fee income	5,305	5,674
Pension curtailment gain	-	4,791
Litigation settlement gain	-	2,756
Currency transactions, net	(1,555)	3,754
Other, net	3,813	4,473
	$14,678	$26,229

The 1996 pension curtailment gain resulted from NL's reduction of certain U.S. employee pension benefits, and the litigation settlement gain relates to the settlement of certain litigation in which NL was a plaintiff.

NOTE 11 - PROVISION FOR INCOME TAXES:

	SIX MONTHS ENDED JUNE 30,	
	1995	1996
	(IN MILLIONS)	
Expected tax expense	$20.4	$ 3.7
Non-U.S. tax rates	(5.1)	(2.2)
Incremental tax and rate differences on equity in earnings of non-tax group companies	14.4	1.8
Change in NL's deferred income tax valuation allowance	(2.5)	(1.1)
Other, net	.7	.8
	$27.9	$ 3.0

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

RESULTS OF OPERATIONS:

Net income was $8.8 million, or $.08 per share, for the second quarter of 1996 compared to $17.4 million, or $.15 per share, in the second quarter of 1995. Net income was $3.1 million, or $.03 per share, in the first half of 1996, which included a $15 million first quarter after-tax charge ($.13 per share) related to closure of Medite's New Mexico MDF operations, as discussed below. Net income was $29.8 million, or $.26 per share, in the first half of 1995. Based on the continuing decline in TiO2 selling prices during the second quarter of 1996 and the current TiO2 industry pricing outlook, the Company expects consolidated earnings for the third and fourth quarters of 1996 will be significantly lower than the second quarter.

The statements in this Quarterly Report on Form 10-Q relating to matters that are not historical facts, including, but not limited to, statements found in this `Management's Discussion and Analysis of Financial Condition and

Results of Operations,''are forward looking statements that involve a number of risks and uncertainties. Factors that could cause actual future results to differ materially from those expressed in such forward looking statements include, but are not limited to, future supply and demand for the Company's products (including cyclicality thereof), general economic conditions, competitive products and substitute products, customer and competitor strategies, the impact of pricing and production decisions, environmental matters, government regulations and possible changes therein, and the ultimate resolution of pending litigation and possible future litigation.

CHEMICALS

	THREE MONTHS ENDED JUNE 30,		%	SIX MONTHS ENDED JUNE 30,		%
	1995	1996	CHANGE	1995	1996	CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales:						
Kronos	$249.3	$228.3	- 8%	$466.7	$434.6	- 7%
Rheox	34.1	34.9	+ 2%	67.6	69.0	+ 2%
	$283.4	$263.2	- 7%	$534.3	$503.6	- 6%
Operating income:						
Kronos	$ 42.1	$ 20.6	-51%	$ 69.9	$ 45.1	-35%
Rheox	10.0	10.2	+ 2%	19.1	22.3	+16%
	$ 52.1	$ 30.8	-41%	$ 89.0	$ 67.4	-24%

Kronos' operating income in 1996 declined due to lower average TiO2 selling prices and lower production volumes. Kronos' average TiO2 selling prices for the second quarter of 1996 were 7% lower than the second quarter of 1995 and 6% lower than the first quarter of this year. Selling prices at the end of the second quarter of 1996 were 2% lower than the average for the quarter. While Kronos' sales volume for the second quarter of 1996 increased 4% compared to the second quarter of 1995 due to improved U.S. sales, volumes in the first six months of the year were 4% lower than the first half of last year.

Rheox's operating results improved due primarily to higher sales volumes, and included a $2.7 million first quarter gain in 1996 related to the reduction of certain U.S. employee pension benefits.

A significant amount of NL's sales are denominated in currencies other than the U.S. dollar, and fluctuations in the value of the U.S. dollar relative to other currencies decreased the dollar value of sales in the first half of 1996 by approximately $4 million compared to 1995.

The Company's purchase accounting adjustments made in conjunction with the acquisitions of its interest in NL result in additional depreciation, depletion and amortization expense beyond amounts separately reported by NL. Such additional non-cash expenses reduce chemicals operating income, as reported by Valhi, by approximately $20 million annually as compared to amounts separately reported by NL.

REFINED SUGAR

	THREE MONTHS ENDED JUNE 30,		%	SIX MONTHS ENDED JUNE 30,		%
	1995	1996	CHANGE	1995	1996	CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales:						
Refined sugar	$123.5	$104.6	-15%	$219.2	$216.3	- 1%
By-products and other	9.1	3.9		24.6	19.3	

	$132.6	$108.5	-18%	$243.8	$235.6	- 3%
	======	======		======	======	
Operating income:						
FIFO basis	$ 5.3	$ 6.9	+30%	$ 10.3	$ 17.3	+68%
LIFO adjustment	1.0	(3.0)		2.4	(4.7)	
	------	------		------	------	
LIFO (reporting) basis	$ 6.3	$ 3.9	-38%	$ 12.7	$ 12.6	- 0%
	======	======		======	======	

Average sugar selling prices for the second quarter of 1996 were up 5% compared to the 1995 second quarter and were up 3% for the 1996 six-month period. The generally smaller industry-wide production levels are expected to continue to result in stabilized/improved refined sugar selling prices for the remainder of the current crop year, which ends September 30. Sales volumes were down 4% year-to-date, reflecting a smaller crop, and second quarter 1996 volume was down 19% from last year, also reflecting the relative timing of sales within the crop year. Sugar sales volumes during the last half of 1996 are expected to be below last year's record levels.

Sugarbeet purchase cost is the largest cost component of producing refined sugar and the price paid for sugarbeets is, under the terms of contracts with the sugarbeet growers, a function of the average net selling price of Amalgamated's refined sugar. As a result, changes in sugar selling prices impact sugarbeet purchase costs as well as revenues and serve as a partial hedge against changing prices. An increased extraction rate, in part due to recently-completed productivity improvement capital projects, along with a higher sugar content of the beets has resulted in a lower beet cost per hundredweight of sugar produced and improved FIFO-based earnings. However, related LIFO adjustments can significantly affect operating income and margin comparisons relative to FIFO basis comparisons.

Contracted acreage for the crop planted in the spring of 1996 was about 5% lower than last year however, based on preliminary estimates, production from the crop to be harvested this fall is currently expected to approximate that of the prior crop.

Amalgamated's collective bargaining agreement with the American Federation of Grain Millers International expired July 31, 1996, but has been extended while negotiations with the union continue.

BUILDING PRODUCTS

	THREE MONTHS ENDED JUNE 30,		%	SIX MONTHS ENDED JUNE 30,		%
	1995	1996	CHANGE	1995	1996	CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales:						
Medium density fiberboard	$37.5	$34.7	- 7%	$ 83.0	$ 71.6	-14%
Traditional timber products	12.2	13.8	+14%	25.8	23.6	- 8%
Eliminations	(.3)	(.4)		(.8)	(.6)	
	-----	-----		------	------	
	$49.4	$48.1	- 3%	$108.0	$ 94.6	-12%
	=====	=====		======	======	
Operating income:						
Medium density fiberboard:						
Before restructuring charge	$ 7.2	$ 4.1		$ 16.8	$ 5.6	
Plant closure cost	-	-		-	(24.0)	
	-----	-----		------	------	
	7.2	4.1		16.8	(18.4)	
Traditional timber products	1.1	1.5		1.8	1.5	
	-----	-----		------	------	
	$ 8.3	$ 5.6		$ 18.6	$(16.9)	
	=====	=====		======	======	

MDF sales and operating income (excluding the first quarter 1996 plant closure charge) declined in the first six months of 1996 compared to 1995 as a 9% increase in year-to-date MDF sales volume was more than offset by an 18% reduction in average selling prices. MDF prices generally peaked in the second quarter of 1995 and thereafter declined. Second quarter 1996 average prices approximated first quarter 1996 levels. Increases in European industry capacity and slower economic growth in North America and Europe contributed to the lower MDF prices. These factors, along with additional North American capacity additions expected during the last half of 1996, are currently expected to continue MDF price pressure. MDF earnings in 1996 were favorably impacted by lower raw material costs, due in part from improved raw material conversion rates in the U.S. and lower resin costs in Ireland. Fluctuations in foreign exchange rates, principally a weakening of the U.K. Pound Sterling, along with a lower mix of higher-margin specialty MDF products diluted 1996 operating margins. The closed New Mexico operations accounted for approximately $5.2 million of second quarter 1996 sales compared to $7.4 million in the 1995 quarter, with related operating losses of $.5 million and $1.3 million, respectively.

As previously reported, Medite recorded a $24 million pre-tax charge ($15 million net of income tax benefits) related to closure of its New Mexico MDF plant. See Note 3 to the Consolidated Financial Statements.

Medite allocates timber harvested from its fee timberlands between log sales and its traditional timber products conversion facilities depending upon prevailing market conditions. Traditional timber products results in 1996 were impacted by higher volumes of logs sold and higher selling prices for lumber, offset by lower prices for veneer and chips.

HARDWARE PRODUCTS

	THREE MONTHS ENDED JUNE 30,		%	SIX MONTHS ENDED JUNE 30,		%
	1995	1996	CHANGE	1995	1996	CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales	$19.3	$21.7	+13%	$39.4	$42.9	+ 9%
Operating income	5.1	5.0	- 1%	10.6	9.4	-11%

Sales increased primarily from higher volumes in the Company's officeworkstation components and drawer slide lines. Changes in product mix diluted margins, particularly early in the year, as lower-margin operations acquired in August 1995 were being integrated.

FAST FOOD

	THREE MONTHS ENDED JUNE 30,		%	SIX MONTHS ENDED JUNE 30,		%
	1995	1996	CHANGE	1995	1996	CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales	$28.8	$29.3	+ 2%	$55.6	$56.9	+ 2%
Operating income	1.8	2.4	+32%	2.9	4.0	+37%

Comparable store sales increased 3% in both the second quarter and year-to-date periods. Operating income and margins also improved due to successful promotions, reduced training and recruiting costs associated with the slower rate of opening new stores in 1996 and the closure of certain under-performing stores.

A significant portion of Sybra's restaurant employees work on a part-time basis and are paid at rates related to the minimum wage rate. Restaurant labor costs currently approximate 30% of sales. Congress has passed a bill which provides for a two-step, 90-cent increase in the minimum wage rate starting October 1, 1996. President Clinton is expected to sign the bill. Such increase in the minimum wage rate will increase Sybra's labor costs. In addition, Sybra believes agricultural market factors may result in higher beef costs in the relatively near future. Although Sybra's competitors would likely experience similar increases, there can be no assurance that Sybra or its competitors will be able to increase sales prices to offset future increases in these costs.

Sybra operated 153 restaurants at June 30, 1996, closed three underperforming stores thus far in the third quarter and may close three to five more underperforming stores by the end of the year.

WASTE MANAGEMENT

Construction of Waste Control Specialists' (`WCS'') facility in West Texas for the processing, treatment, storage and disposal of certain hazardous and toxic wastes continues. WCS reported a loss of $2.4 million in the first six months of 1996 and expects to continue to report losses during the development stage. The facility is planned to be ready to accept wastes governed by The Resource Conservation and Recovery Act (`RCRA'') and the Toxic Substances Control Act (`TSCA'') in 1997.

OTHER

Interest expense. Interest expense declined due primarily to lower average variable interest rates. At June 30, 1996, approximately $674 million of consolidated indebtedness, principally publicly-traded debt, bears interest at fixed rates averaging 10.9%. The weighted average interest rate on $643 million of outstanding variable rate borrowings at June 30, 1996 was 5.8%, down from 6.4% at December 31, 1995 and 7.4% at year-end 1994.

Minority interest. Minority interest in earnings in 1996 consists principally of NL dividends paid to stockholders other than Valhi.

Provision for income taxes. Income tax rates vary by jurisdiction (country and/or state), and relative changes in the geographic mix of the Company's pre-tax earnings can result in fluctuations in the effective income tax rate. In addition, because certain subsidiaries, including NL, are not members of the consolidated U.S. tax group, Valhi's incremental income taxes on its after-tax earnings or losses attributable to such subsidiaries can also increase the Company's overall effective tax rate. See Note 11 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES:

Cash flows from operating activities. Cash flow from operating activities before changes in assets and liabilities in the first six months of 1996 declined $38 million from the same period in 1995, generally reflecting the decline in earnings. Changes in assets and liabilities include the impact of significant fluctuations related to Amalgamated's seasonal purchase and processing of sugarbeets, as discussed below.

Cash flows from investing and financing activities. Capital expenditures for all of 1996 are estimated to approximate $93 million, down from $115 million in 1995 in large part due to completion of certain productivity projects at Amalgamated during 1995.

During the first half of 1996, Valhi purchased an additional $12 million of NL common stock, Rheox acquired the minority interest in its non-U.S. subsidiaries for $5 million and, as scheduled, Valhi contributed $10 million to Waste Control Specialists.

Net borrowings in 1996 include borrowings of DM 95 million ($64 million when borrowed) under NL's long-term DM bank credit facility used primarily to fund NL's operations, and $17 million of net borrowings under Valhi short-term credit facilities primarily to fund purchases of NL common stock and scheduled capital contributions to Waste Control Specialists.

Credit facilities. At June 30, 1996, unused revolving credit facilities aggregated $230 million, including $126 million attributable to NL. Of such NL amount, $82 million is available only for (i) permanently reducing NL's DM term loan or (ii) paying future NL German income tax assessments, as discussed below. Valhi has not guaranteed any subsidiary indebtedness.

NL Industries. The TiO2 industry is cyclical, and changes in economic conditions within the TiO2 industry can significantly impact NL's earnings and operating cash flows. Although TiO2 selling prices are significantly above the 1993 trough, prices began to decline during the last half of 1995. Relative changes in NL's working capital (excluding the effect of foreign currency translation) used $49 million of cash in the first six months of 1996 compared to using $46 million in the first six months of 1995.

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 has reached an agreement in principle with the German tax authorities regarding examinations which will resolve certain significant tax contingencies for years through 1990. NL expects to finalize assessments and pay tax deficiencies during 1996 of approximately DM 50 million ($33 million at June 30, 1996), including interest, in settlement of these issues. Certain other German tax contingencies remain outstanding and will continue to be litigated. Although NL believes that it will ultimately prevail, NL has granted a DM 100 million lien on its Nordenham, Germany TiO_2 plant in favor of the German tax authorities until the litigation is resolved. No assurance can be given that this litigation will be resolved in NL's favor in view of the inherent uncertainties involved in court rulings. NL believes that it has adequately provided accruals for additional income taxes and related interest expense which may ultimately result from all such examinations and believes that the ultimate disposition of such examinations should not have a material adverse effect on its consolidated financial position, results of operations or liquidity.

NL has been named as a defendant, PRP, 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. EPA's Superfund National Priorities List or similar state lists. On a quarterly basis, NL evaluates the potential range of its liability at sites where it has been named as a PRP or defendant. NL believes it has provided adequate accruals ($114 million at June 30, 1996) 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 $175 million. NL's estimates of such liabilities have not been discounted to present value, and NL has not recognized any potential insurance recoveries. No assurance can be given that actual costs will not exceed accrued amounts, or the upper end of the range for sites for which estimates have been made, and no assurance can be given that costs will not be incurred with respect to sites as to which no estimate presently can be made. 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. Although no assurance can be given that NL will not incur future liability in respect of this litigation, based on, among other things, the results of such litigation to date, NL believes that the pending lead pigment and paint litigation is without merit. NL has not accrued any amounts for the pending lead pigment and paint litigation. Liability that may result, if any, cannot reasonably be estimated. In addition, various legislation and administrative regulations are, from time to time, enacted or proposed at the state, local and federal levels seeking 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 to effectively overturn court decisions in which NL and other pigment manufacturers have been successful. NL currently believes the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on its 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.

NL periodically evaluates its liquidity requirements, alternative uses of capital, capital needs and availability of resources in view of, among other things, its debt service and capital expenditure requirements and estimated future operating cash flows. As a result of this process, NL has in the past and may in the future seek to reduce, refinance, repurchase or restructure indebtedness, raise additional capital, modify its dividend policy, restructure ownership interests, sell interests in subsidiaries or other assets, or take a combination of such steps or other steps to manage its liquidity and capital resources. In the normal course of its business, NL may also review opportunities for acquisitions or other business combinations in the chemicals industry. In the event of any such transaction, NL may consider using its available cash, issuing its equity securities or increasing its indebtedness to the extent permitted by the agreements governing NL's existing debt.

Amalgamated. Cash requirements are seasonal in that a major portion of the total payments for sugarbeets is made, and the cost of processing the sugarbeets is incurred, in the fall and winter of each year. Accordingly, Amalgamated's operating activities typically 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. These seasonal cash requirements are financed with short-term borrowings under the government sugar price support loan program and bank credit agreements. During the second quarter, Amalgamated obtained a one-year extension of its bank revolver, to September 1998.

Waste Control Specialists. Estimated capital expenditures to complete WCS projects in process, substantially all of which relate to the construction of the new facility in West Texas, are approximately $13 million and are expected to be incurred principally in 1996. Such capital expenditures, along with its expected development stage operating losses, will be funded primarily from Valhi's $25 million of capital contributions ($15 million funded through June 30, 1996). WCS does not expect to begin to generate revenues from its existing RCRA and TSCA permits until 1997.

Valhi general corporate. Valhi's operations are conducted principally through subsidiaries and affiliates (NL Industries, Amalgamated, Valcor and Waste Control Specialists). Valcor is an intermediate parent company with operations conducted through its subsidiaries (Medite, National Cabinet Lock and Sybra). Accordingly, the Company's long-term ability to meet its corporate level obligations is dependent in large measure on the receipt of dividends or other distributions from subsidiaries. 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 obligations. Neither Valhi nor Valcor has guaranteed any indebtedness of their respective subsidiaries.

Valhi's remaining $10 million commitment to invest in Waste Control Specialists ($5 million in 1996 and $5 million in early 1997) will be provided primarily by cash on hand or available credit facilities. At June 30, 1996, Valhi has two bank credit facilities aggregating $65 million, of which $48 million was available for borrowing. Of such available amount, $8 million can only be used to purchase shares of NL common stock.

In May 1996, Valhi entered into a nonbinding Letter of Intent with Snake River Sugar Company regarding the possible sale/disposition of control of Amalgamated's sugar business on a tax deferred basis. Snake River is an agricultural co-op, formed by sugarbeet growers in Amalgamated's area of operation, to effect the proposed transaction. The Letter of Intent, as supplemented, includes basic terms of alternative forms of a transaction and is subject to significant conditions including, among other things, negotiation and completion of a definitive agreement and Snake River raising funds necessary to complete a transaction. There can be no assurance that any transaction will be consummated. The net cash proceeds to Valhi of approximately $250 million from the proposed transaction, if completed, would be available for Valhi's general corporate purposes.

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 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, repurchase or restructure indebtedness, modify its dividend policy, consider the sale of interests in subsidiaries, 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.

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. From time to time, the Company and related entities also evaluate the restructuring of ownership interests among their respective subsidiaries and related companies. In this regard, the Indentures governing the publicly-traded debt of NL and Valcor contain provisions which limit the ability of NL, Valcor and their respective subsidiaries to incur additional indebtedness or hold noncontrolling interests in business units.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Reference is made to the 1995 Annual Report and prior 1996 quarterly periodic reports for descriptions of certain legal proceedings.

Alan Russell Kahn v. Tremont Corporation, et al. In June 1996, the plaintiff filed an appeal.

In May 1996, the defendants in the previously-reported case American Federation of Grain Millers International, et al. v. Valhi, Inc., et al. made a motion for partial summary judgment to dismiss one of the claims. Hearings on the motion are set for September 1996.

In July 1996, Medite filed a complaint in U.S. District Court in New Mexico (Medite Corporation v. Public Service Company of New Mexico, CIV96-0929LH) regarding termination of the electricity supply contract for its New Mexico MDF facility permanently closed in May 1996. The compliant seeks, among other things, to declare the contract terminated under New Mexico common law and/or the force majeure provisions of the agreement. The Company does not expect the resolution of this matter to have a material adverse impact on its consolidated results of operations, financial position or liquidity.

The City of New York, et al. v. Lead Industries Association, Inc. et al. (No. 89-4617). In June 1996, the appeals court reversed the trial court's dismissal of plaintiffs' restitution and indemnification claims. The time in which defendants may request permission to appeal has not yet expired.

Wright, et al. v. Lead Industries Association, Inc., et al. (Nos. 94-363042 and 94-363043). In June 1996, the trial court granted defendants' motions for summary judgment and dismissed NL and certain other defendants from the cases. The time in which plaintiffs may appeal has not yet expired.

Jefferson v. Lead Industries Association, Inc., et al. (No. 95-2835). In June 1996, the trial court granted defendants' motions to dismiss the complaints and entered judgment in favor of all defendants. Plaintiffs have filed a notice of appeal and the appeal is pending.

German, et al. v. Federal Home Loan Mortgage Corp., et al. (No 93 Civ. 6491). In May 1996, NL and the other former manufacturers of lead pigments filed motions to dismiss the intervenors' complaint. The motions are pending.

Pedricktown, New Jersey smelter site. In May 1996, certain PRPs, but not NL, entered into an administrative consent order with the U.S. EPA to perform the remedial design aspects of the selected remedy.

Granite City, Illinois smelter site. In June 1996, the City of Granite City brought a motion for a preliminary injunction against the U.S. EPA seeking to enjoin certain aspects of the cleanup after the U.S. EPA recommenced the cleanup of residential yard soils. NL and the other PRPs joined in the City's motion. The court has not yet ruled on the motion.

Flack v. NL Industries, Inc., et al. (Nos. 1842-80 and 3131-92). In June 1996, the previously-reported appeals of NL and the State of New York were both denied.

In re: Monangalia Mass II (Nos. 93-C-362, et al.). NL has been served with asserted claims on behalf of approximately 2,800 plaintiffs.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Valhi's 1996 Annual Meeting of Stockholders was held on May 10, 1996. Norman S. Edelcup, Kenneth R. Ferris, Glenn R. Simmons, Harold C. Simmons and J. Walter Tucker, Jr. were elected as directors, each receiving votes `For'' their election of approximately 98% of the 114.1 million common shares eligible to vote at the Annual Meeting.

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

(a) Exhibits

10.1 - NL Industries, Inc. Variable Compensation Plan - incorporated by reference to Exhibit A of NL's Proxy Statement on Schedule 14A (File No. 1-640) for the annual shareholders meeting held May 8, 1996.

10.1 - 1989 Long Term Performance Incentive Plan of NL Industries, Inc. - incorporated by reference to Exhibit B of NL's Proxy Statement on Schedule 14A (File No. 1-640) for the annual shareholders meeting held May 8, 1996.

27.1 - Financial Data Schedule for the six-month period ended June 30, 1996.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended June 30, 1996 and the month of July 1996:

April 23, 1996 - Reported Items 5 and 7.
May 10, 1996 - Reported Items 5 and 7.
June 5, 1996 - Reported Items 5 and 7.
July 25, 1996 - 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 August 2, 1996 By /s/ William C. Timm

William C. Timm
Vice President - Finance and Treasurer
(Chief Financial Officer)

Date August 2, 1996 By /s/ J. Thomas Montgomery, Jr.

J. Thomas Montgomery, Jr.
Vice President and Controller
(Chief Accounting Officer)

<ARTICLE> 5
<LEGEND>
THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VALHI, INC.'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	6-MOS	
<FISCAL-YEAR-END>		DEC-31-1996
<PERIOD-START>		JAN-01-1996
<PERIOD-END>		JUN-30-1996
<CASH>		144,669
<SECURITIES>		0
<RECEIVABLES>		258,206
<ALLOWANCES>		4,698
<INVENTORY>		373,642
<CURRENT-ASSETS>		788,665
<PP&E>		1,210,003
<DEPRECIATION>		359,429
<TOTAL-ASSETS>		2,417,988
<CURRENT-LIABILITIES>		561,657
<BONDS>		1,078,667
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		1,248
<OTHER-SE>		268,359
<TOTAL-LIABILITY-AND-EQUITY>		2,417,988
<SALES>		933,578
<TOTAL-REVENUES>		933,578
<CGS>		710,505
<TOTAL-COSTS>		710,505
<OTHER-EXPENSES>		24,000
<LOSS-PROVISION>		(355)
<INTEREST-EXPENSE>		58,990
<INCOME-PRETAX>		10,696
<INCOME-TAX>		3,014
<INCOME-CONTINUING>		3,062
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		3,062
<EPS-PRIMARY>		.03
<EPS-DILUTED>		0