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 SEPTEMBER 30, 1995 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 OCTOBER 31, 1995: 113,971,414.

VALHI, INC. AND SUBSIDIARIES

INDEX

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

ASSETS	DECEMBER 31, 1994	SEPTEMBER 30, 1995
Current assets:		
Cash and cash equivalents	$ 170,747	$ 171,337
Marketable securities	49,233	-
Accounts and notes receivable	200,985	264,861
Refundable income taxes	1,187	8,736
Receivable from affiliates	5,411	23,446

Inventories	498,097	324,099
Prepaid expenses	8,198	12,739
Deferred income taxes	2,276	2,354
Total current assets	936,134	807,572
Other assets:		
Marketable securities	115,527	145,970
Investment in joint ventures	187,480	185,863
Natural resource properties	93,400	91,770
Prepaid pension cost	24,496	26,844
Goodwill	248,097	254,865
Deferred income taxes	2,827	792
Other	65,011	59,399
Total other assets	736,838	765,503
Property and equipment:		
Land	38,393	42,875
Buildings	184,009	205,881
Equipment	809,758	867,703
Construction in progress	18,267	51,756
	1,050,427	1,168,215
Less accumulated depreciation	242,696	294,178
Net property and equipment	807,731	874,037
	$2,480,703	$2,447,112

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(IN THOUSANDS)

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31, 1994	SEPTEMBER 30, 1995
Current liabilities:		
Notes payable	$ 124,893	$ 76,707
Current long-term debt	62,625	73,448
Accounts payable	267,047	165,926

Accrued liabilities	157,646	164,501
Payable to affiliates	11,358	9,676
Income taxes	24,192	14,351
Deferred income taxes	8,461	2,051
Total current liabilities	656,222	506,660
Noncurrent liabilities:		
Long-term debt	1,086,654	1,083,383
Accrued pension cost	76,344	75,391
Accrued OPEB cost	83,300	80,270
Accrued environmental costs	93,655	105,112
Deferred income taxes	226,789	285,555
Other	56,890	50,890
Total noncurrent liabilities	1,623,632	1,680,601
Minority interest	2,425	2,830
Stockholders' equity:		
Common stock	1,245	1,246
Additional paid-in capital	33,341	34,583
Retained earnings	209,071	242,217
Adjustments:		
Currency translation	(12,128)	(5,838)
Marketable securities	37,669	55,973
Pension liabilities	(506)	(506)
Treasury stock	(70,268)	(70,654)
Total stockholders' equity	198,424	257,021
	$2,480,703	$2,447,112

[FN]
Commitments and contingencies (Note 13)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1994	PRO FORMA* 1994	1995
Revenues and other income:			
Net sales	$232,549	$457,749	$494,429
Other, net	1,960	10,268	9,903
	234,509	468,017	504,332
Costs and expenses:			
Cost of sales	177,978	348,719	363,086
Selling, general and administrative	32,270	81,646	84,888
Interest	8,146	29,069	30,782
	218,394	459,434	478,756
Income of consolidated companies before income taxes	16,115	8,583	25,576
Equity in losses of NL prior to consolidation	(5,533)	-	-
Income before income taxes	10,582	8,583	25,576
Provision for income taxes	3,286	3,023	11,988
Minority interest	-	124	(140)
Income from continuing operations	7,296	$ 5,436	13,728
Discontinued operations	(2,608)		-
Net income	$ 4,688		$ 13,728
Earnings per common share:			
Continuing operations	$ .06	$.05	$.12
Discontinued operations	(.02)		-
Net income	$ .04		$.12
Cash dividends per share	$ .02	$.02	$.03
Average common shares outstanding	114,318	114,318	114,438

[FN]
* Assuming the Company had consolidated NL Industries effective at the beginning of 1994. See Note 1.

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1994	PRO FORMA* 1994	1995
Revenues and other income:			
Net sales	$632,295	$1,296,457	$1,475,589
Other, net	6,653	43,191	24,581
	638,948	1,339,648	1,500,170
Costs and expenses:			
Cost of sales	481,353	983,064	1,073,407
Selling, general and administrative	91,003	255,023	247,012
Interest	25,988	89,047	95,989
	598,344	1,327,134	1,416,408
Income of consolidated companies before income taxes	40,604	12,514	83,762
Equity in losses of NL prior to consolidation	(23,491)	-	-
Income before income taxes	17,113	12,514	83,762
Provision for income taxes	5,643	9,555	39,916
Minority interest	-	620	346
Income from continuing operations	11,470	$ 2,339	43,500
Discontinued operations	(4,531)		-
Net income	$ 6,939		$ 43,500
Earnings per common share:			
Continuing operations	$ .10	$.02	$.38

Discontinued operations	(.04)		-
Net income	$ .06		$.38
Cash dividends per share	$ .06	$.06	$.09
Average common shares outstanding	114,299	114,299	114,407

[FN]
* Assuming the Company had consolidated NL Industries effective at the beginning of 1994. See Note 1.

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1995
(IN THOUSANDS)

	1994	PRO FORMA* 1994	1995
Cash flows from operating activities:			
Net income	$ 6,939	$ 2,339	$ 43,500
Depreciation, depletion and amortization	18,779	59,925	65,922
Noncash interest expense	8,117	21,532	23,224
Deferred income taxes	(11,598)	18,030	28,401
Equity in NL prior to consolidation	23,491	-	-
Other, net	7,818	(1,571)	(9,939)
	53,546	100,255	151,108
Change in assets and liabilities:			
Accounts and notes receivable	(36,433)	(61,154)	(55,574)
Inventories	181,659	219,264	184,461
Accounts payable/accrued liabilities:			
Sugarbeet purchases	(82,396)	(82,396)	(108,117)
Other, net	1,659	6,134	8,557
Income taxes	(1,651)	87,634	(18,749)
Other, net	2,170	21,417	(8,406)
Trading securities:			
Sale proceeds	29,375	44,507	51,283
Purchases	(25,000)	(25,870)	(762)
Net cash provided by operating activities	122,929	309,791	203,801
Cash flows from investing activities:			
Capital expenditures	(58,052)	(83,113)	(83,147)

Purchases of:			
NL common stock	(1,356)	(1,356)	(13,168)
Business unit	-	-	(5,982)
Loans to affiliates:			
Loans	(13,050)	(13,050)	(51,800)
Collections	3,050	3,050	33,300
Other, net	3,887	7,050	789
Net cash used by investing activities	(65,521)	(87,419)	(120,008)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

NINE MONTHS ENDED SEPTEMBER 30, 1994 AND 1995
(IN THOUSANDS)

	1994	PRO FORMA* 1994	1995
Cash flows from financing activities:			
Indebtedness:			
Borrowings	$ 278,032	$ 322,537	$ 555,968
Principal payments	(329,578)	(459,131)	(636,391)
Dividends paid	(6,859)	(6,859)	(10,354)
Other, net	229	27	3,929
Net cash used by financing activities	(58,176)	(143,426)	(86,848)
Net increase (decrease)	(768)	78,946	(3,055)
Currency translation	(36)	7,743	3,645
Cash and equivalents, beginning of period	22,189	128,782	170,747
Cash and equivalents, end of period	$ 21,385	$ 215,471	$ 171,337
Supplemental disclosures - cash paid for:			
Interest, net of amounts capitalized	$ 15,090	$ 58,341	$ 60,056
Income taxes (refund)	16,420	(95,646)	35,908

[FN]
* Assuming the Company had consolidated NL Industries effective at the beginning of 1994. See Note 1.

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

NINE MONTHS ENDED SEPTEMBER 30, 1995

(IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
Balance at December 31, 1994	$1,245	$33,341	$209,071
Net income	-	-	43,500
Dividends	-	-	(10,354)
Adjustments, net	-	-	-
Other, net	1	1,242	-
Balance at September 30, 1995	$1,246	$34,583	$242,217

	ADJUSTMENTS				TOTAL
	CURRENCY TRANSLATION	MARKETABLE SECURITIES	PENSION LIABILITIES	TREASURY STOCK	STOCKHOLDERS' EQUITY
Balance at December 31, 1994	$(12,128)	$37,669	$(506)	$(70,268)	$198,424
Net income	-	-	-	-	43,500
Dividends	-	-	-	-	(10,354)
Adjustments, net	6,290	18,304	-	-	24,594
Other, net	-	-	-	(386)	857
Balance at September 30, 1995	$ (5,838)	$55,973	$(506)	$(70,654)	$257,021

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, 1994 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at September 30, 1995 and the consolidated statements of income, cash flows and stockholders' equity for the interim periods ended September 30, 1994 and 1995 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.

Valhi increased its ownership of NL Industries, Inc. (Commission File No. 1-640) from approximately 49% to more than 50% in December 1994 and, accordingly, consolidated NL's financial position effective December 31, 1994 and commenced consolidating NL's results of operations and cash flows effective January 1, 1995. The consolidated financial statements include, for comparative purposes, certain 1994 pro forma financial information as if the Company had consolidated NL as of the beginning of 1994.

Certain information normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted and certain prior year amounts have been reclassified to conform to the 1995 presentation. 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, 1994 (the "1994 Annual Report").

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:

BUSINESS SEGMENT	PRINCIPAL ENTITIES	% OWNED AT SEPTEMBER 30, 1995
Chemicals	NL Industries, Inc.	53%
Refined sugar	The Amalgamated Sugar Company	100%
Building products	Medite Corporation	100%
Hardware products	National Cabinet Lock, Inc.	100%
Fast food	Sybra, Inc.	100%

	NINE MONTHS ENDED JUNE 30,		
	1994	PRO FORMA 1994	1995
	(IN MILLIONS)		
Net sales:			
Chemicals	$ -	$ 664.2	$ 789.7
Refined sugar	353.9	353.9	387.8
Building products	143.0	143.0	154.2
Hardware products	52.5	52.5	58.8
Fast food	82.9	82.9	85.1
	$632.3	$1,296.5	$1,475.6
Operating income:			
Chemicals	$ -	$ 61.2	$ 134.2
Refined sugar	25.0	25.0	18.7

Building products	27.5	27.5	23.1
Hardware products	14.7	14.7	15.1
Fast food	6.1	6.1	4.9
	73.3	134.5	196.0
General corporate items:			
Securities earnings	2.5	4.6	9.9
General expenses, net	(9.2)	(37.5)	(26.2)
Interest expense	(26.0)	(89.1)	(96.0)
Income of consolidated companies before income taxes	40.6	12.5	83.7
Equity in NL prior to consolidation	(23.5)	-	-
Income before income taxes	$ 17.1	$ 12.5	$ 83.7

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.

	NINE MONTHS ENDED SEPTEMBER 30,			
	DEPRECIATION, DEPLETION AND AMORTIZATION		CAPITAL EXPENDITURES	
	PRO FORMA 1994	1995	PRO FORMA 1994	1995
	(IN MILLIONS)			
Chemicals	$40.9	$45.0	$25.0	$42.5
Refined sugar	5.6	6.0	20.1	21.5
Building products	7.2	8.5	26.8	7.8
Fast food and other	6.2	6.4	11.2	11.3
	$59.9	$65.9	$83.1	$83.1

NOTE 4 -MARKETABLE SECURITIES:

	DECEMBER 31, 1994	SEPTEMBER 30, 1995

	(IN THOUSANDS)	
Current assets (trading securities):		
U.S. Treasury securities	$ 25,165	$ -
Global bond investments	24,068	-
	$ 49,233	$ -
Noncurrent assets (available-for-sale):		
Dresser Industries common stock	$103,243	$127,434
Other common stocks	12,284	18,536
	$115,527	$145,970

Valhi holds 5.5 million shares of Dresser common stock with a quoted market price of $23.88 at September 30, 1995, or an aggregate market value of approximately $131 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 September 30, 1995, the aggregate cost of other available-for-sale securities was approximately $16 million.

NOTE 5 -INVENTORIES:

	DECEMBER 31, 1994	SEPTEMBER 30, 1995
	(IN THOUSANDS)	
Raw materials:		
Chemicals	$ 30,118	$ 32,195
Sugarbeets	86,868	2,422
Other	15,789	17,624
	132,775	52,241
In process products:		
Chemicals	7,654	8,541
Refined sugar and by-products	54,700	4,059
Other	5,918	6,640
	68,272	19,240
Finished products:		
Chemicals	113,276	132,893
Refined sugar and by-products	107,236	31,866
Other	5,221	10,362
	225,733	175,121

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Supplies	71,317	77,497
	--------	--------
	$498,097	$324,099
	========	========

NOTE 6 - OTHER NONCURRENT ASSETS:

	DECEMBER 31, 1994	SEPTEMBER 30, 1995
	(IN THOUSANDS)	
Natural resource properties:		
Timber and timberlands	$53,114	$ 53,172
Mining properties	40,286	38,598
	-------	--------
	$93,400	$ 91,770
	=======	========
Franchise fees and other intangible assets	$27,831	$ 25,531
Deferred financing costs	23,102	20,698
Other	14,078	13,170
	-------	--------
	$65,011	$ 59,399
	=======	========

NOTE 7 -ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	DECEMBER 31, 1994	SEPTEMBER 30, 1995
	(IN THOUSANDS)	
Accounts payable:		
Sugarbeet purchases	$146,638	$ 38,521
Other	120,409	127,405
	--------	--------
	$267,047	$165,926
	========	========
Accrued liabilities:		
Employee benefits	$ 50,929	$ 54,638
Sugar processing costs	20,132	554
Environmental costs	13,276	11,045
Interest	11,363	23,833
LIFO inventory replacement reserve	-	5,019
Miscellaneous taxes	9,080	7,016
Other	52,866	62,396

	--------	--------
	$157,646	$164,501
	========	========

NOTE 8 - OTHER NONCURRENT LIABILITIES:

	DECEMBER 31, 1994	SEPTEMBER 30, 1995
	(IN THOUSANDS)	
Insurance claims and expenses	$18,155	$18,162
Employee benefits	15,440	17,061
Deferred technology fee income	18,305	11,112
Other	4,990	4,555
	-------	-------
	$56,890	$50,890
	=======	=======

NOTE 9 - NOTES PAYABLE AND LONG-TERM DEBT:

	DECEMBER 31, 1994	SEPTEMBER 30, 1995
	(IN THOUSANDS)	
Notes payable:		
Amalgamated:		
United States Government loans	$ 79,893	$ -
Bank credit agreements	45,000	55,000
	----------	----------
	124,893	55,000
Kronos - non-U.S. bank credit agreements	-	21,707
	----------	----------
	$ 124,893	$ 76,707
	==========	==========
Long-term debt:		
Valhi:		
LYONs	$ 119,096	$ 127,434
Bank revolver	-	5,000
	----------	----------
	119,096	132,434
	----------	----------
Valcor Senior Notes	100,000	99,000
Amalgamated bank term loan	26,000	24,000
NL Industries:		
Senior Secured Notes	250,000	250,000

Senior Secured Discount Notes	116,409	127,897
Deutsche mark bank credit facility (DM 397,610 and DM 397,610)	255,703	276,498
Joint venture term loan	88,715	77,143
Rheox bank term loan	67,500	45,263
Other	11,322	15,031
	789,649	791,832
Medite:		
Bank term loans	89,411	73,770
Bank working capital facilities	8,802	10,906
Other	4,360	4,204
	102,573	88,880
Other:		
Sybra bank credit agreements	5,500	15,003
Sybra capital leases	6,321	5,574
National Cabinet Lock	140	108
	11,961	20,685
	1,149,279	1,156,831
Less current maturities	62,625	73,448
	$1,086,654	$1,083,383

Valcor Senior Notes at September 30, 1995 are stated net of $1 million principal amount held by Valhi.

NOTE 10 - OTHER INCOME:

	NINE MONTHS ENDED SEPTEMBER 30,		
	1994	PRO FORMA 1994	1995
	(IN THOUSANDS)		
Securities earnings:			
Interest and dividends	$ 4,479	$ 7,844	$ 8,685
Securities transactions	(2,057)	(3,366)	1,222
	2,422	4,478	9,907
Technology fee income	-	7,781	7,990
Currency transactions, net	514	1,259	(259)

Litigation settlement gains, net	-	21,240	-
Other, net	3,717	8,433	6,943
	$ 6,653	$43,191	$24,581

NOTE 11 - PROVISION FOR INCOME TAXES - CONTINUING OPERATIONS:

	NINE MONTHS ENDED SEPTEMBER 30,		
	1994	PRO FORMA 1994	1995
		(IN MILLIONS)	
Expected tax expense	$ 6.0	$ 4.4	$29.3
Non-U.S. tax rates	(1.4)	(5.6)	(4.7)
Incremental tax and rate differences on equity in earnings of non-tax group companies	1.5	(10.6)	17.2
Change in NL's deferred income tax valuation allowance	-	19.0	(3.2)
Other, net	(.5)	2.4	1.3
	$ 5.6	$ 9.6	$39.9

NOTE 12 - OTHER:

Investment in joint ventures consists principally of Kronos' 50% interest in a TiO2 manufacturing joint venture.

Receivable from affiliates at September 30, 1995 includes demand loans to Contran of $18.5 million. Such loans, made principally for overall cash management purposes, are supported by Contran's unused revolving credit availability.

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

At September 30, 1995, the estimated cost to complete capital projects in process approximated $57 million, most of which relates to NL's capacity additions and environmental protection and improvement programs.

Medite has entered into interest rate swaps to mitigate the impact of changes in interest rates for $26 million of its U.S. bank term loan due in 1998-2000 that results in a weighted average interest rate of 7.6% for such borrowings. At September 30, 1995, the fair value of the interest rate swaps, based upon quotes obtained from the counter party financial institution, is a $.7 million receivable, representing the estimated amount Medite would receive if it were to terminate the swap agreements at that date.

Certain foreign subsidiaries have entered into the equivalent of approximately $5 million of forward currency contracts to mitigate certain exchange rate fluctuation risk for a portion of their future sales denominated in European Currency Units and U.S. dollars. These contracts expire throughout 1995 and the counter parties are major international financial institutions. At

September 30, 1995, the aggregate fair value of these contracts, based upon quotes obtained from the counter party institutions, approximated the aggregate contract amount.

For information concerning certain legal proceedings, income tax and other commitments and contingencies see (i) Item 2 -- "Management's Discussion and Analysis of Financial Condition and Results of Operations," (ii) Part II, Item 1 - -- "Legal Proceedings", (iii) Valhi's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1995 and June 30, 1995 and (iv) the 1994 Annual Report.

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

RESULTS OF OPERATIONS:

Net income was $13.7 million, or $.12 per share, for the third quarter of 1995, up from net income of $4.6 million, or $.04 per share, in the third quarter of 1994. For the first nine months of 1995, net income was $43.5 million, or $.38 per share, compared to net income of $6.9 million, or $.06 per share, in 1994.

Operating income for the first nine months of 1995 increased 46% to $196 million on a 14% sales increase to $1.5 billion (% comparisons to 1994 pro forma results). Overall operating income margins were 13% in the first nine months of 1995 compared to 10% in 1994 as chemicals improvements, driven by higher TiO2 selling prices, more than offset other declines.

CHEMICALS

	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	1994	1995	% CHANGE	1994	1995	% CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales:						
Kronos	$194.1	$222.8	+ 15%	$574.8	$689.5	+ 20%
Rheox	31.1	32.6	+ 5%	89.4	100.2	+ 12%
	$225.2	$255.4	+ 13%	$664.2	$789.7	+ 19%
Operating income:						
Kronos	$ 14.1	$ 35.8	+153%	$ 38.4	$105.7	+175%
Rheox	8.0	9.4	+ 17%	22.8	28.5	+ 25%
	$ 22.1	$ 45.2	+104%	$ 61.2	$134.2	+119%
Operating income margins:						
Kronos	7%	16%		7%	15%	
Rheox	26%	29%		26%	28%	
Aggregate margin	10%	18%		9%	17%	

The improvement in Kronos' 1995 TiO2 results was primarily due to higher average selling prices, partially offset by lower sales volume and slightly higher production costs. In billing currency terms, average TiO2 selling prices in the first nine months of 1995 were approximately 16% higher than in the same period of 1994 as prices increased in all of NL's major markets. Kronos' 1995 third quarter prices were 2% higher than in the second quarter of 1995 with increases in all major markets except the U.S., where prices remained flat.

TiO2 sales volume in the third quarter of 1995 was 6% below third quarter 1994 volume, and year-to-date volume was slightly lower than last year. Economies worldwide have continued to grow in 1995, but at a slower pace than last year, which Kronos believes contributed to the somewhat lower TiO2 sales volume in 1995 compared to 1994. Rheox's operating results improved primarily as a result of higher sales volume and higher average selling prices. 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 increased the dollar value of sales in the first nine months of 1995 by $46 million compared to the 1994 period.

The Company's chemicals operating income differs from that separately reported by NL due to amortization of basis differences (principally depreciation, depletion and amortization expense) arising from purchase accounting adjustments made in conjunction with the Company's acquisition of NL. Such additional non-cash expense reduces operating income by approximately $20 million per year compared to amounts separately reported by NL.

REFINED SUGAR

	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	1994	1995	% CHANGE	1994	1995	% CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales:						
Refined sugar	$134.6	$139.2	+ 3%	$330.5	$358.4	+ 8%
By-products and other	2.8	4.8	+75%	23.4	29.4	+26%
	$137.4	$144.0	+ 5%	$353.9	$387.8	+10%
Operating income:						
FIFO basis	$ 9.0	$ 5.4	-41%	$ 22.1	$ 15.7	-29%
LIFO adjustment	(.5)	.6		2.9	3.0	
LIFO (reporting) basis	$ 8.5	$ 6.0	-29%	$ 25.0	$ 18.7	-25%
Operating income margin:						
FIFO accounting method	7%	4%		6%	4%	
LIFO accounting method	6%	4%		7%	5%	

Refined sugar sales increased in the 1995 year-to-date period primarily due to a 7% increase in volume. To help reduce the relatively high level of sugar inventories resulting from the combined effects of a record crop and the marketing allotments imposed by the U.S. government on domestic processors for the crop year which ended September 30, 1995, Amalgamated made limited sales into foreign markets, which were excluded from the allotments. Foreign sales are typically at lower prices than domestic sales. The U.S. Department of Agriculture has announced that there will be no marketing allotments imposed during the first quarter (October to December) of the new crop year which began on October 1, 1995. Unless there is an industry-wide larger-than-expected production of sugar from this year's crop, it is expected that allotments will not be imposed at anytime during the crop year.

Due primarily to an abnormally high yield per acre, Amalgamated's sugar production from the crop harvested in the fall of 1994 was approximately 10% higher than its previous record crop. The large sugarbeet crop and adverse weather conditions resulted in the longest and most difficult processing campaign in recent years. These factors, along with a lower sugar content of the beets, contributed to a 10% increase in per hundredweight (`cwt'') processing costs. The extreme difficulties encountered with processing that crop are not expected to recur, and per cwt processing costs for the new crop should be reduced. By-product sales increased due primarily to higher pulp volume, reflecting the larger crop.

Harvesting and processing of the crop planted in the spring of 1995 is in process. Based on limited harvest results, yield per acre is lower than last year and aggregate refined sugar production from the new crop is expected to be more in line with historical levels of the past few years, or about 6% to 10% lower than the last crop.

Sugar is included in the Budget Reconciliation legislation currently being considered by the U.S. Congress. While there can be no assurance, the Company currently believes the new sugar provisions will be relatively similar to the current sugar program.

BUILDING PRODUCTS

	THREE MONTHS ENDED SEPTEMBER 30,		%	NINE MONTHS ENDED SEPTEMBER 30,		%
	1994	1995	CHANGE	1994	1995	CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales:						
Medium density fiberboard	$34.2	$31.8	- 7%	$ 97.7	$114.8	+17%
Traditional timber products	15.7	15.3	- 2%	46.2	41.1	-11%
Eliminations	(.3)	(.9)		(.9)	(1.7)	
	$49.6	$46.2	- 7%	$143.0	$154.2	+ 8%
Operating income:						
Medium density fiberboard	$ 7.2	$ 2.1	-71%	$ 20.2	$ 18.9	- 6%
Traditional timber products	3.6	2.4	-31%	7.3	4.2	-42%
	$10.8	$ 4.5	-58%	$ 27.5	$ 23.1	-16%
Operating income margins:						
Medium density fiberboard	21%	7%		21%	17%	
Traditional timber products	23%	16%		16%	10%	
Aggregate margin	22%	10%		19%	15%	

Average MDF selling prices for the first nine months of 1995 were 18% above year-ago levels (16% in billing currency terms) with aggregate volume down nominally. For the quarter, MDF prices were up 4% with volume down 11% compared to 1994. Compared to the second quarter of 1995, third quarter 1995 MDF sales volume was down 8% with average prices down 7%. Increases in industry capacity, particularly in Europe, and slower economic growth in North America and Europe contributed to lower MDF prices and operating rates.

MDF margins declined in 1995 as a 25% increase in per-unit costs, due to higher material costs and lower capacity utilization, more than offset higher selling prices. Increased wood costs have been influenced in part by competing demand from paper and pulp producers while higher resin costs have moderated slightly. Fluctuations in the value of the U.S. dollar relative to other currencies accounted for about two percentage points of the 1995 increases in both MDF selling prices and per-unit MDF costs.

Traditional timber products results declined in 1995 as significantly lower log sales volume and lower lumber selling prices more than offset higher veneer volume and selling prices and the favorable effect on costs of using a higher mix of lower-cost fee timber.

Due to uncertainty regarding near-term economic conditions in both North America and Europe and additional new MDF industry capacity expected later this year, the Company does not expect significant near-term improvement in the MDF market.

HARDWARE PRODUCTS

	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	1994	1995	% CHANGE	1994	1995	% CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales	$17.0	$19.4	+14%	$52.5	$58.8	+12%
Operating income	4.6	4.5	- 1%	14.7	15.1	+ 3%
Operating income margin	27%	24%		28%	26%	

Volumes have continued to increase in workstation and drawer slide product lines while lock volume from a government contract completed earlier this year has been only partially replaced. Operating margins were impacted by certain higher costs not fully recovered by responsive selling price increases as well as costs associated with integrating the operations of a Canadian competitor acquired in August 1995. The acquired operations generated approximately $1 million of sales in the third quarter.

FAST FOOD

	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	1994	1995	% CHANGE	1994	1995	% CHANGE
	(IN MILLIONS)			(IN MILLIONS)		
Net sales	$28.6	$29.5	+3%	$82.9	$85.1	+ 3%
Operating income	2.2	2.0	-8%	6.1	4.9	-19%
Operating income margin	7%	7%		7%	6%	

Comparable store sales were up 1% in the third quarter, reversing the downward comparisons of the first half of 1995 and resulting in year-to-date comparable sales approximating 1994. Despite stable to lower food costs, competitive promotions and discounts along with higher labor costs continue to hamper operating results.

During the first nine months of 1995, Sybra opened six new stores and closed twelve stores and at September 30, 1995 operated 156 Arby's restaurants. Sybra opened one store in October, has three other stores under construction and may close three to five more under-performing restaurants by year-end. Sybra also intends to test dual branding by adding the ZUZU Mexican concept to two of its larger Arby's restaurants by early 1996.

OTHER

General corporate items. Securities earnings increased primarily because the first quarter of 1994 included a market value decline of fixed-income investments. Year-to-date net general expenses decreased compared to the 1994 pro forma amount as lower environmental remediation and other expenses more than offset NL's $20 million first quarter 1994 litigation settlement gain related to settlement of a lawsuit.

Interest expense. Interest expense increased compared to 1994 pro forma expense as lower borrowing levels associated with NL's DM and other bank loans were more than offset by changes in currency exchange rates, higher average U.S. variable interest rates and higher borrowing levels associated with facilities expansion. At September 30, 1995, approximately $655 million of consolidated indebtedness, principally publicly-traded debt, bears interest at fixed rates averaging 10.9%. The weighted average interest rate on $579 million of outstanding variable rate borrowings at September 30, 1995 was 6.9%, down from 7.4% at December 31, 1994 but up from 4.4% at year-end 1993.

Minority interest. Minority interest relates to certain partially-owned foreign subsidiaries of NL. At September 30, 1995, NL separately reported a shareholders' deficit of approximately $237 million and, as a result, no minority interest related to the Company's interest in NL Industries is recorded in the Company's consolidated financial statements. Until such time as NL reports positive shareholders' equity in its separate financial statements, future changes in NL's equity, including all undistributed earnings, will accrue to the Company for financial reporting purposes.

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 1994, such geographic mix included losses in certain of NL's tax jurisdictions for which no current refund was available and for which recognition of a deferred tax asset was not considered appropriate. 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.

Equity in earnings of NL prior to consolidation. The Company's interest in NL was reported by the equity method during 1994.

Discontinued operations. Discontinued operations represents the Company's former interest in Tremont Corporation's titanium metals operations.

LIQUIDITY AND CAPITAL RESOURCES:

Cash flow from operating activities. Cash flow from operating activities before changes in assets and liabilities of $151 million in the first nine months of 1995 was $51 million higher than the comparable 1994 pro forma amount reflecting improved earnings. Changes in assets and liabilities include the impact of significant seasonal fluctuations related to Amalgamated's seasonal purchase and processing of sugarbeets, as discussed below. Cash flow from operating activities in the 1994 year-to-date pro forma period includes NL's receipt of DM 211 million ($127 million) of tentative German income tax refunds, including interest. Relative changes in the size of the Company's portfolio of trading securities also impacted cash flow from operating activities comparisons.

Cash flow from investing and financing activities. Capital spending for all of 1995 is estimated at approximately $120 million, up about 9% from 1994 pro forma of $110 million, and includes facility expansion, productivity programs and environmental programs. During the first nine months of 1995, Valhi purchased an additional 1.1 million shares (2%) of NL common stock at an average price of $12 per share.

Borrowings include DM 75 million ($45 million) under NL's DM credit facility in the 1994 pro forma period and $22 million of net short-term borrowings under NL non-U.S. bank credit facilities in 1995. Repayments of indebtedness include payments aggregating DM 168 million ($103 million) on NL's DM credit facility in the 1994 pro forma period, and seasonal decreases in Amalgamated's short-term borrowings in both periods.

Credit facilities. At September 30, 1995, unused revolving credit facilities aggregated $297 million, including $212 million attributable to NL. Of such amount, $87 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. During the third quarter of 1995, Valhi increased its revolving bank facility from $20 million to $50 million, extended the maturity to August 1996 and Medite extended the maturity of its $15 million U.S. bank revolver one year to September 1997.

NL Industries. The TiO2 industry is cyclical, with the previous peak in selling prices in early 1990 and the latest trough in the third quarter of 1993. Reflecting the improvement in Kronos' operating results, NL generated $105 million in cash from operating activities before changes in assets and liabilities in 1995 compared to $47 million in the 1994 period.

Certain of NL's U.S. and non-U.S. income tax returns, including Germany, are being examined and tax authorities have proposed tax deficiencies. Additional substantial German proposed tax deficiency assessments are expected. Although NL believes it will ultimately prevail, NL has granted a DM 100 million ($70 million at September 30, 1995) lien on its Nordenham, Germany TiO2 plant and may be required to provide additional security in favor of the German tax authorities until the assessments proposing tax deficiencies are resolved. 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, 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 ($95 million at September 30, 1995) 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 $168 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 or that actual costs will not exceed accrued amounts or the upper end of the range for sites for which estimates have been made. 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 to effectively overturn court decisions in which NL and other pigment manufacturers have been successful.

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 or restructure indebtedness, raise additional capital, 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 review opportunities for the acquisition of businesses and assets in the chemicals industry. In the event of any future acquisition, NL may consider using its available cash, issuing its equity securities or increasing its indebtedness to the extent permitted by the agreement's governing NL's existing debt.

Amalgamated. Amalgamated's cash requirements are seasonal in that a major portion of the total payments for sugarbeets is made, and the cost of processing the sugarbeets are 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. Amalgamated's seasonal cash requirements are financed with short-term borrowings under the government sugar price support loan program and bank credit agreements.

The Company's previously-reported discussions with an agricultural cooperative of sugarbeet growers in Amalgamated's area of operation regarding the co-op's possible acquisition of the Company's controlling interest in Amalgamated's sugar business have been terminated pending resolution of the sugar program legislation.

Other subsidiaries. In addition to the 1994 completion of the second MDF production line in Ireland, Medite intends to continue the upgrading and debottlenecking of its existing facilities. The Company also continues to explore additional expansion and/or acquisition opportunities for its hardware products business and, in this regard, in August 1995 acquired the assets of a Canadian competitor for approximately $6 million. Sybra's Consolidated Development Agreement with Arby's, Inc. requires it to open another 14 stores through 1997 in order to retain its exclusive development rights in the Dallas/Ft. Worth, Texas areas.

Valhi general corporate. Valhi's operations are conducted principally through subsidiaries (NL, Amalgamated and Valcor). 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.

The Company has acquired a 50% interest in Waste Control Specialists L.L.C. WCS intends to construct and operate a hazardous and toxic waste treatment, storage and disposal facility at a site in West Texas. The facility is expected to be operational in 1996. The Company will invest $25 million in WCS for its 50% interest, including $5 million contributed at closing in the fourth quarter of 1995 with the remainder to be contributed over the construction period.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Reference is made to the 1994 Annual Report and the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1995 and June 30, 1995 for descriptions of certain legal proceedings.

NL Industries, Inc. v. Commercial Union Insurance Cos., et al. In September 1995, the U.S. Court of Appeals for the Third Circuit reversed and remanded for further consideration the previously-reported decision by the trial court that Commercial Union was obligated to pay NL's reasonable defense costs in certain of the lead pigment cases. The trial court had made its decision applying New Jersey law; the appeals court concluded that New York and not New Jersey law applied and remanded the case to the trial court for a determination under New York law.

HANO Third-Party Complaints. The time in which plaintiffs may file an appeal of the District Court's June 1995 grant of summary judgment in favor of the defendants in several of the remaining cases has expired with no appeals having been filed. Two cases remain pending.

NL has received a copy of a complaint from plaintiffs' counsel in the HANO cases, but has not been served with the complaint. The complaint, Jefferson v. Lead Industry Association, et al (No. 95-2835) filed in the U.S. District Court for the Eastern District of Louisiana, asserts claims against the LIA and the lead pigment defendants on behalf of a class of allegedly injured children in Louisiana. The complaint purports to allege claims for strict liability, negligence, failure to warn, breach of alleged warranties, fraud and misrepresentation and conspiracy, and seeks actual and punitive damages. The complaint asserts several theories of liability, including joint and several and market share liability.

New York City, et al. v. Lead Industries Association, et al. In August 1995, the trial court denied defendants' motion for summary judgment on the remaining fraud count. Defendants have noticed an appeal.

Skipworth v. Sherwin-Williams Co., et al. In October 1995, the Supreme Court of Pennsylvania affirmed the previously-reported grant of defendants' motion for summary judgment. The time in which plaintiffs my seek review by the Pennsylvania Supreme Court has not yet expired.

Granite City: United States of America v. NL Industries, Inc., et al. In September 1995, the U.S. EPA released its decision selecting cleanup remedies for the Granite City site. The cost of the remedies selected by the U.S. EPA aggregates, in its estimation, $40.8 million to $67.8 million, although its decision states that the higher amount is not considered to be representative of expected costs. NL believes that certain components of the U.S. EPA's estimated costs may be erroneous and presently intends to challenge portions of the U.S. EPA's selection of the remedy. There is no allocation among the PRPs for these costs.

Batavia Landfill. In September 1995, the U.S. EPA and certain PRPs entered into an administrative order on consent for the remedial design phase of the remedy for operable unit one. NL and other PRPs entered into an interim cost sharing arrangement for this phase of the work.

In re Asbestos III (subsequently redesignated as In re Asbestos IV). All claims in this matter have been dismissed or settled.

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

(a) Exhibits

10.1 - Contract on Supplies and Services among Bayer AG, Kronos Titan-Gmbh and Kronos International, Inc. dated June 30, 1995 (English translation from German language document) - incorporated by reference to Exhibit 10.1 of NL's Quarterly Report on Form 10-Q (File No. 1-640) for the quarter ended September 30, 1995.

27.1 - Financial Data Schedule for the nine-month period ended September 30, 1995.

27.2 - Reclassified Financial Data Schedule for the nine-month period ended September 30, 1994.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended September 30, 1995 and the month of October 1995:

July 24, 1995	- Reported Items 5 and 7.
August 28, 1995	- Reported Items 5 and 7.
September 19, 1995	- Reported Items 5 and 7.
October 23, 1995	- 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 November 10, 1995 By /s/ William C. Timm

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

Date November 10, 1995 By /s/ J. Thomas Montgomery, Jr.

J. Thomas Montgomery, Jr.
Vice President and Controller

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