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, 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 JULY 31, 1995: 113,838,414.

VALHI, INC. AND SUBSIDIARIES

INDEX

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

ASSETS	December 31, 1994	June 30, 1995
Current assets:		
Cash and cash equivalents	$ 170,747	$ 165,953
Marketable securities	49,233	2,387
Accounts and notes receivable	200,985	267,058
Refundable income taxes	1,187	11,393
Receivable from affiliates	5,411	9,576
Inventories	498,097	384,647
Prepaid expenses	8,198	13,131
Deferred income taxes	2,276	3,223
Total current assets	936,134	857,368
Other assets:		
Marketable securities	115,527	136,319
Investment in joint ventures	187,480	185,989
Natural resource properties	93,400	94,029
Prepaid pension cost	24,496	26,943
Goodwill	248,097	256,996
Deferred income taxes	2,827	773
Other	65,011	62,868
Total other assets	736,838	763,917
Property and equipment:		
Land	38,393	41,868
Buildings	184,009	205,826
Equipment	809,758	871,356
Construction in progress	18,267	32,211

	1,050,427	1,151,261
Less accumulated depreciation	242,696	278,953
Net property and equipment	807,731	872,308
	$2,480,703	$2,493,593

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(IN THOUSANDS)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1994	June 30, 1995
Current liabilities:		
Notes payable	$ 124,893	$ 164,854
Current long-term debt	62,625	69,134
Accounts payable	267,047	132,236
Accrued liabilities	157,646	156,531
Payable to affiliates	11,358	10,704
Income taxes	24,192	13,294
Deferred income taxes	8,461	1,666
Total current liabilities	656,222	548,419
Noncurrent liabilities:		
Long-term debt	1,086,654	1,102,119
Accrued pension cost	76,344	79,054
Accrued OPEB cost	83,300	81,223
Accrued environmental costs	93,655	104,466
Deferred income taxes	226,789	281,707
Other	56,890	54,759
Total noncurrent liabilities	1,623,632	1,703,328
Minority interest	2,425	2,826
Stockholders' equity:		
Common stock	1,245	1,245
Additional paid-in capital	33,341	33,829
Retained earnings	209,071	231,942
Adjustments:		
Currency translation	(12,128)	(7,285)
Marketable securities	37,669	50,449
Pension liabilities	(506)	(506)
Treasury stock	(70,268)	(70,654)
Total stockholders' equity	198,424	239,020
	$2,480,703	$2,493,593

[FN]
Commitments and contingencies (Note 13)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	1994	Pro forma* 1994	1995
Revenues and other income:			

Net sales	$210,781	$447,894	$513,531
Other, net	3,107	8,294	9,020
	213,888	456,188	522,551
Costs and expenses:			
Cost of sales	157,072	338,624	370,193
Selling, general and administrative	30,761	87,207	85,772
Interest	8,845	29,916	32,365
	196,678	455,747	488,330
Income of consolidated companies before income taxes	17,210	441	34,221
Equity in losses of NL prior to consolidation	(11,741)	-	-
Income before income taxes	5,469	441	34,221
Provision for income taxes	1,475	1,092	16,723
Minority interest	-	247	141
Income from continuing operations	3,994	$ (898)	17,357
Discontinued operations	(1,043)		-
Net income	$ 2,951		$ 17,357
Earnings per common share:			
Continuing operations	$ .04	$(.01)	$ .15
Discontinued operations	(.01)		-
Net income	$ .03		$ .15
Cash dividends per share	$ .02	$ .02	$ .03
Average common shares outstanding	114,306	114,306	114,391

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

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1994 AND 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1994	Pro forma* 1994	1995
Revenues and other income:			
Net sales	$399,746	$838,708	$981,160
Other, net	4,693	32,923	14,678
	404,439	871,631	995,838
Costs and expenses:			
Cost of sales	303,375	634,345	710,321
Selling, general and administrative	58,733	173,377	162,124
Interest	17,842	59,978	65,207
	379,950	867,700	937,652
Income of consolidated companies before income taxes	24,489	3,931	58,186
Equity in losses of NL prior to consolidation	(17,958)	-	-
Income before income taxes	6,531	3,931	58,186
Provision for income taxes	2,357	6,532	27,928
Minority interest	-	496	486
Income from continuing operations	4,174	$ (3,097)	29,772
Discontinued operations	(1,923)		-
Net income	$ 2,251		$ 29,772

Earnings per common share:			
Continuing operations	$ .04	$(.03)	$ .26
Discontinued operations	(.02)		-
Net income	$ .02		$ .26
Cash dividends per share	$ .04	$ .04	$ .06
Average common shares outstanding	114,289	114,289	114,392

[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

SIX MONTHS ENDED JUNE 30, 1994 AND 1995
(IN THOUSANDS)

	1994	Pro forma* 1994	1995
Cash flows from operating activities:			
Net income	$ 2,251	$ (3,097)	$ 29,772
Depreciation, depletion and amortization	13,142	40,095	45,073
Noncash interest expense	5,363	14,284	15,410
Deferred income taxes	(8,535)	16,567	21,399
Equity in NL prior to consolidation	17,958	-	-
Other, net	3,868	-	(7,965)
	34,047	67,849	103,689
Change in assets and liabilities:			
Accounts and notes receivable	(12,606)	(59,397)	(54,300)
Inventories	120,656	143,371	126,938
Accounts payable/accrued liabilities:			
Sugarbeet purchases	(102,451)	(102,451)	(124,262)
Other, net	(9,533)	(10,381)	(21,417)
Income taxes	(1,311)	74,179	(22,837)
Other, net	3,855	16,811	(2,906)
Trading securities:			
Sale proceeds	29,375	44,499	48,889
Purchases	(25,000)	(25,870)	(762)
Net cash provided by operating activities	37,032	148,610	53,032
Cash flows from investing activities:			
Capital expenditures	(36,914)	(53,478)	(54,213)
Purchase of NL common stock	(599)	(599)	(13,168)
Loans to affiliates:			
Loans	(7,800)	(7,800)	(39,070)
Collections	800	800	30,070
Other, net	3,967	6,934	642
Net cash used by investing activities	(40,546)	(54,143)	(75,739)

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

SIX MONTHS ENDED JUNE 30, 1994 AND 1995
(IN THOUSANDS)

	1994	Pro forma* 1994	1995

Cash flows from financing activities:			
Indebtedness:			
Borrowings	$ 206,779	$ 238,716	$ 452,556
Principal payments	(196,374)	(301,846)	(435,148)
Dividends paid	(4,572)	(4,572)	(6,901)
Other, net	166	(36)	3,118
Net cash provided (used) by financing activities	5,999	(67,738)	13,625
Net increase (decrease)	2,485	26,729	(9,082)
Currency translation	(294)	4,648	4,288
Cash and equivalents, beginning of period	22,189	128,782	170,747
Cash and equivalents, end of period	$ 24,380	$ 160,159	$ 165,953
Supplemental disclosures - cash paid for:			
Interest, net of amounts capitalized	$ 11,379	$ 46,509	$ 44,443
Income taxes (refund)	8,269	(86,865)	30,551

[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

SIX MONTHS ENDED JUNE 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	-	-	29,772
Dividends	-	-	(6,901)
Adjustments, net	-	-	-
Other, net	-	488	-
Balance at June 30, 1995	$1,245	$33,829	$231,942

	CURRENCY TRANSLATION	ADJUSTMENTS MARKETABLE SECURITIES	PENSION LIABILITIES	TREASURY STOCK	TOTAL STOCKHOLDERS' EQUITY
Balance at December 31, 1994	$(12,128)	$37,669	$(506)	$(70,268)	$198,424
Net income	-	-	-	-	29,772
Dividends	-	-	-	-	(6,901)
Adjustments, net	4,843	12,780	-	-	17,623
Other, net	-	-	-	(386)	102
Balance at June 30, 1995	$ (7,285)	$50,449	$(506)	$(70,654)	$239,020

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 June 30, 1995 and the consolidated statements of operations, cash flows and stockholders' equity for the interim periods ended June 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 accompanying 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 that year.

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 90% 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 JUNE 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%

	Six months ended June 30, 1994	Pro forma 1994	1995
		(In millions)	
Net sales:			
Chemicals	$ -	$439.0	$534.3
Refined sugar	216.5	216.5	243.8
Building products	93.4	93.4	108.0
Hardware products	35.5	35.5	39.4
Fast food	54.3	54.3	55.6
	$399.7	$838.7	$981.1
Operating income:			
Chemicals	$ -	$ 39.1	$ 89.0
Refined sugar	16.5	16.5	12.7
Building products	16.7	16.7	18.6
Hardware products	10.1	10.1	10.6

Fast food	3.9	3.9	2.9
	47.2	86.3	133.8
General corporate items:			
Securities earnings	1.1	1.9	7.1
General expenses, net	(6.0)	(24.4)	(17.5)
Interest expense	(17.8)	(59.9)	(65.2)
Income of consolidated companies before income taxes	24.5	3.9	58.2
Equity in NL prior to consolidation	(18.0)	-	-
Income before income taxes	$ 6.5	$ 3.9	$ 58.2

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.

	Six months ended June 30,			
	Depreciation, depletion and amortization		Capital expenditures	
	Pro forma 1994	1995	Pro forma 1994	1995
	(In millions)			
Chemicals	$26.8	$29.7	$16.5	$26.2
Refined sugar	4.8	5.2	10.9	14.7
Building products	4.4	6.0	18.5	5.1
Fast food and other	4.1	4.2	7.6	8.2
	$40.1	$45.1	$53.5	$54.2

NOTE 4 - MARKETABLE SECURITIES:

	DECEMBER 31, 1994	JUNE 30, 1995
	(IN THOUSANDS)	
Current assets (trading securities):		
U.S. Treasury securities	$ 25,165	$ 2,387
Global bond investments	24,068	-
	$ 49,233	$ 2,387
Noncurrent assets (available-for-sale):		
Dresser Industries common stock	$103,243	$121,704
Other common stocks	12,284	14,615
	$115,527	$136,319

Valhi holds 5.5 million shares of Dresser common stock with a quoted market price of $22.25 at June 30, 1995, or an aggregate market value of approximately $122 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, 1995, the aggregate cost of other available-for-sale securities was approximately $16 million and the aggregate amortized cost of trading securities was approximately $2 million.

NOTE 5 - INVENTORIES:

	DECEMBER 31, 1994	JUNE 30, 1995
	(IN THOUSANDS)	
Raw materials:		

Chemicals	$ 30,118	$ 27,791
Sugarbeets	86,868	-
Other	15,789	12,609
	132,775	40,400
In process products:		
Chemicals	7,654	9,085
Refined sugar and by-products	54,700	28,338
Other	5,918	6,600
	68,272	44,023
Finished products:		
Chemicals	113,276	121,174
Refined sugar and by-products	107,236	91,181
Other	5,221	10,601
	225,733	222,956
Supplies	71,317	77,268
	$498,097	$384,647

NOTE 6 - OTHER NONCURRENT ASSETS:

	DECEMBER 31, 1994	JUNE 30, 1995
	(IN THOUSANDS)	
Natural resource properties:		
Timber and timberlands	$53,114	$53,523
Mining properties	40,286	40,506
	$93,400	$94,029
Franchise fees and other intangible assets	$27,831	$27,259
Deferred financing costs	23,102	22,035
Other	14,078	13,574
	$65,011	$62,868

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	DECEMBER 31, 1994	JUNE 30, 1995
	(IN THOUSANDS)	
Accounts payable:		
Sugarbeet purchases	$146,638	$ 22,376
Other	120,409	109,860
	$267,047	$132,236
Accrued liabilities:		
Employee benefits	$ 50,929	$ 50,527
Sugar processing costs	20,132	11,794
Environmental costs	13,276	11,159
Interest	11,363	16,625
Miscellaneous taxes	9,080	5,784
Other	52,866	60,642
	$157,646	$156,531

NOTE 8 - OTHER NONCURRENT LIABILITIES:

	DECEMBER 31, 1994	JUNE 30, 1995
	(IN THOUSANDS)	
Insurance claims and expenses	$18,155	$18,116
Employee benefits	15,440	17,485
Deferred technology fee income	18,305	14,064

Other	4,990	5,094
	$56,890	$54,759

NOTE 9 - NOTES PAYABLE AND LONG-TERM DEBT:

	DECEMBER 31, 1994	JUNE 30, 1995
	(IN THOUSANDS)	
Notes payable:		
Amalgamated:		
United States Government loans	$ 79,893	$ 88,072
Bank credit agreements	45,000	55,000
	124,893	143,072
Kronos - non-U.S. bank credit agreements	-	21,782
	$ 124,893	$ 164,854
Long-term debt:		
Valhi LYONS	$ 119,096	$ 124,604
Valcor Senior Notes	100,000	99,000
Amalgamated bank term loan	26,000	31,000
NL Industries:		
Senior Secured Notes	250,000	250,000
Senior Secured Discount Notes	116,409	123,976
Deutsche mark bank credit facility (DM 397,610 and DM 397,610)	255,703	286,756
Joint venture term loan	88,715	81,000
Rheox bank term loan	67,500	50,263
Other	11,322	14,404
	789,649	806,399
Medite:		
Bank term loans	89,411	78,411
Bank working capital facilities	8,802	6,824
Other	4,360	4,256
	102,573	89,491
Other:		
Sybra bank credit agreements	5,500	14,728
Sybra capital leases	6,321	5,912
National Cabinet Lock	140	119
	11,961	20,759
	1,149,279	1,171,253
Less current maturities	62,625	69,134
	$1,086,654	$1,102,119

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

NOTE 10 - OTHER INCOME:

	Six months ended June 30, 1994	Pro forma 1994	1995
		(In thousands)	
Securities earnings:			
Interest and dividends	$ 2,940	$ 5,012	$ 5,900
Securities transactions	(1,844)	(3,057)	1,215
	1,096	1,955	7,115
Technology fee income	-	4,862	5,305
Currency transactions, net	545	911	(1,555)
Litigation settlement gain	-	20,040	-
Other, net	3,052	5,155	3,813
	$ 4,693	$32,923	$14,678

NOTE 11 - PROVISION FOR INCOME TAXES - CONTINUING OPERATIONS:

	Six months ended June 30, 1994	Pro forma 1994	1995
	(In millions)		
Expected tax expense	$ 2.3	$ 1.4	$20.4
Non-U.S. tax rates	(.8)	(3.7)	(5.1)
Incremental tax and rate differences on equity in earnings of non-tax group companies	1.4	(7.7)	14.4
Change in NL's deferred income tax valuation allowance	-	15.1	(2.5)
Other, net	(.5)	1.4	.7
	$ 2.4	$ 6.5	$27.9

NOTE 12 - OTHER:

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

Receivable from affiliates at June 30, 1995 includes demand loans to Contran of $9 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 June 30, 1995, the estimated cost to complete capital projects in process approximated $85 million, most of which relates to NL's environmental protection and improvement programs and productivity-enhancing programs at both NL and Amalgamated.

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 June 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.

Medite has entered into the equivalent of approximately $6 million of forward currency contracts to mitigate certain exchange rate fluctuation risk for a portion of its future sales denominated in European Currency Units. These contracts expire throughout 1995 and the counter parties are major international financial institutions. At June 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 Report on Form 10-Q for the quarter ended March 31, 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 $17.4 million, or $.15 per share, for the second quarter of 1995, up from net income of $3 million, or $.03 per share, in the second quarter of 1994. For the first half of 1995, net income was $29.8 million, or $.26 per share, compared to net income of $2.3 million, or $.02 per share, in 1994.

Operating income for the first half of 1995 increased 55% to $134 million on a 17% sales increase to $981 million (% comparisons to 1994 pro forma results). Overall operating income margins were 14% in the first six months of 1995 compared to 10% in 1994. The improvement in sales, earnings and margins were driven by higher prices for TiO2.

CHEMICALS

	Three months ended June 30, 1994	1995	% Change	Six months ended June 30, 1994	1995	% Change
	(In millions)			(In millions)		
Net sales:						
Kronos	$206.5	$249.3	+ 21%	$380.7	$466.7	+ 23%
Rheox	30.7	34.1	+ 11%	58.3	67.6	+ 16%
	$237.2	$283.4	+ 20%	$439.0	$534.3	+ 22%
Operating income:						
Kronos	$ 13.2	$ 42.1	+219%	$ 24.3	$ 69.9	+188%
Rheox	8.2	10.0	+ 22%	14.8	19.1	+ 29%
	$ 21.4	$ 52.1	+143%	$ 39.1	$ 89.0	+128%
Operating income margins:						
Kronos	6%	17%		6%	15%	
Rheox	27%	29%		25%	28%	
Aggregate margin	9%	18%		9%	17%	

The improvement in Kronos' 1995 TiO2 results was primarily due to higher average selling prices in all of NL's major markets. In billing currency terms, average TiO2 selling prices in the first six months of 1995 were approximately 15% higher than in the same period of 1994 and 1995 second quarter prices were 6% higher than in the first quarter. Kronos' year-to-date sales volumes for 1995 approximated sales volume for the same period in 1994; however, second quarter 1995 volume was 6% lower than in the second quarter of 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 six months of 1995 by $32 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 its interest in 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 June 30, 1994	1995	% Change	Six months ended June 30, 1994	1995	% Change
	(In millions)			(In millions)		
Net sales:						
Refined sugar	$103.3	$123.5	+20%	$195.9	$219.2	+12%
By-products and other	9.0	9.1	+ 1%	20.6	24.6	+19%
	$112.3	$132.6	+18%	$216.5	$243.8	+13%
Operating income:						
FIFO basis	$ 7.2	$ 5.3	-27%	$ 13.1	$ 10.3	-21%
LIFO adjustment	2.5	1.0		3.4	2.4	
LIFO (reporting) basis	$ 9.7	$ 6.3	-37%	$ 16.5	$ 12.7	-23%
Operating income margin:						
FIFO accounting method	6%	4%		6%	4%	
LIFO accounting method	9%	5%		8%	5%	

Refined sugar sales increased in 1995 primarily due to higher volume. U.S. Government-imposed marketing allotments on domestic processors are in effect for the crop year ending September 30, 1995. Based on Amalgamated's allotment of approximately 16 million hundredweight ("cwt") for the crop year and domestic sales to date, aggregate domestic sugar sales volume during the third quarter is expected to be slightly lower than in the comparable 1994 period. To help reduce the relatively high level of sugar inventories resulting from the combined effects of a record crop and marketing allotments, Amalgamated has been making limited sales into foreign markets, which are excluded from allotments. Foreign sales are typically at lower prices than domestic sales. The imposition of marketing allotments for the next crop year beginning October 1, 1995, if any, would probably be announced by the U.S. Government in late September.

Due primarily to an abnormally high yield per acre, Amalgamated's sugar production from the crop harvested in the fall of 1994 is 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 9% increase in per cwt processing costs. By-product sales increased due primarily to higher pulp volume, reflecting the larger crop.

Amalgamated's contracted acreage for the crop planted in the spring of 1995 approximated the acreage harvested in 1994, although adverse weather conditions have resulted in slower than normal beet growth and the abnormally high yield per acre experienced in the prior crop is unlikely to recur. Based on preliminary estimates, production from the crop to be harvested this fall is expected to be more in line with historical levels of the past few years, or about 6% to 8% lower than the last crop.

BUILDING PRODUCTS

	Three months ended June 30,		%	Six months ended June 30,		%
	1994	1995	Change	1994	1995	Change
	(In millions)			(In millions)		
Net sales:						
Medium density fiberboard	$32.3	$37.5	+16%	$63.5	$ 83.0	+31%
Traditional timber products	21.3	12.2	-43%	30.5	25.8	-16%
Eliminations	(.2)	(.3)		(.6)	(.8)	
	$53.4	$49.4	- 7%	$93.4	$108.0	+16%
Operating income:						
Medium density fiberboard	$ 7.3	$ 7.2	- 1%	$13.0	$ 16.8	+30%
Traditional timber products	4.3	1.1	-75%	3.7	1.8	-53%
	$11.6	$ 8.2	-28%	$16.7	$ 18.6	+11%
Operating income margins:						
Medium density fiberboard	23%	19%		20%	20%	
Traditional timber products	20%	9%		12%	7%	
Aggregate margin	22%	17%		18%	17%	

Average MDF selling prices (in billing currency terms) for the first half of 1995 were 20% above year-ago levels. MDF volume increased 4% (specialty products +2% and standard products +5%) in the first six months of 1995. However, during the second quarter of 1995 the Company experienced softening in customer orders and selling prices which resulted in increased MDF sales into non-core, lower-margin markets and to price discounts in certain areas. Consequently, compared to the first quarter of 1995, second quarter 1995 aggregate MDF sales volume was down 18% with the overall average selling price essentially flat.

MDF margins declined in 1995 as a 21% increase in per-unit costs offset the higher average selling prices. Increased wood costs continue to be influenced in part by competing demand from paper and pulp producers. Standard resin costs, while still high, are moderating and have recovered about one-half of last year's increases. Fluctuations in the value of the U.S. dollar relative to other currencies accounted for about five percentage points of the increase in both average MDF selling prices and per-unit MDF costs.

Traditional timber products results declined as the significantly lower sales volume of logs and lower lumber selling prices more than offset higher veneer volume and prices. The decline in log sales is in part due to relative timing of logging. In 1995, the majority of logging is scheduled for the last half of the year whereas in 1994 about 60% of the year's log sales were in the second quarter.

The Company believes general economic conditions and expectations in North America and in key European markets contributed to the recent decline in MDF customer orders. Further industry capacity additions are expected in Europe during 1995 and Medite's MDF operating rates for the last half of 1995 may be lower than in the comparable 1994 period.

HARDWARE PRODUCTS

	Three months ended June 30,			Six months ended June 30,		
	1994	1995	% Change	1994	1995	% Change
	(In millions)			(In millions)		
Net sales	$17.5	$19.3	+10%	$35.5	$39.4	+11%
Operating income	5.0	5.1	+ 1%	10.1	10.6	+ 5%
Operating income margin	29%	26%		28%	27%	

Volumes have continued to increase in the computer keyboard/workstation products and drawer slides product lines. Lock sales declined slightly in the second quarter as volume from a government agency contract completed in March 1995 has not as yet been fully replaced. Operating margins declined as higher raw material costs (zinc, copper and steel) were only partially recovered by responsive selling price increases. Fluctuations in the value of the U.S. dollar relative to the Canadian dollar have continued to favorably impact operating results. National Cabinet Lock continues to add new products to its STOCK LOCKS product line as well as to its Waterloo Furniture Components workstation and drawer slide lines.

FAST FOOD

	Three months ended June 30,			Six months ended June 30,		
	1994	1995	% Change	1994	1995	% Change
	(In millions)			(In millions)		
Net sales	$27.6	$28.8	+ 4%	$54.3	$55.6	+ 2%
Operating income	2.3	1.8	-19%	3.9	2.9	-25%
Operating income margin	8%	7%		7%	5%	

The higher sales level resulted from new restaurants as same store sales declined 1.4% in the first six months of 1995. Despite stable to lower food costs, competitive promotions and discounts along with higher labor costs continued to hamper operating results. During the first six months of 1995, Sybra opened five new stores and closed seven stores and at June 30, 1995 operated a total of 160 Arby's restaurants. Sybra expects to open three to five new stores during the last half of 1995 and may close three or four more under performing restaurants later in the year.

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 its lawsuit against Lockheed Corporation.

Interest expense. Interest expense increased compared to 1994 pro forma expense as lower borrowing levels associated with NL's DM bank term loan 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 June 30, 1995, approximately $656 million of consolidated indebtedness, principally publicly-traded debt, bears interest at fixed rates averaging 10.9%. The weighted average interest rate on outstanding variable rate borrowings at June 30, 1995 was 7.2%, down slightly from 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 June 30, 1995, NL separately reported a shareholders' deficit of approximately $263 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 $104 million in 1995 was $36 million higher than the comparable 1994 pro forma amount reflecting improved chemicals operating results. Changes in assets and liabilities include the impact of significant seasonal fluctuations related to Amalgamated's seasonal purchase and processing of sugarbeets. Reflecting the higher inventory levels from the record crop and imposition of marketing allotments, changes in Amalgamated's assets and liabilities used $26 million in cash in the first half of 1995 compared to $2 million in the comparable 1994 period. Cash flow from operating activities in the 1994 year-to-date pro forma period includes NL's receipt of DM 185 million ($112 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 $122 million, up about 10% from 1994 pro forma of $110 million, and includes facility expansion, productivity programs and environmental programs. Net borrowings in 1995 include $22 million of short-term borrowings in the second quarter under NL non-U.S. bank credit facilities. Net repayments of indebtedness in the 1994 year-to-date pro forma period include payments aggregating DM 143 ($87 million) on NL's DM credit facility.

Credit facilities. At June 30, 1995, unused revolving credit facilities aggregated $299 million, including $228 million attributable to NL. Of such amount, $90 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 TiO_2 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 $74 million in cash from operating activities before changes in assets and liabilities in the first six months 1995 compared to $34 million in the 1994 period. NL's $25 million ($7 million in 1995) debottlenecking project at its

Leverkusen, Germany chloride process TiO2 facility is expected to increase NL's attainable TiO2 production capacity by 20,000 metric tons in 1997.

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 ($72 million at June 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 ($94 million at June 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 $162 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 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.

Amalgamated. Seasonal cash requirements are financed with short-term borrowings under the government sugar price support loan program and bank credit agreements. In view of higher inventory levels resulting from the combined effect of the record crop and the imposition of marketing allotments, Amalgamated increased its $75 million revolving working capital facility to $85 million. In addition, such facility was extended one-year to September 1997.

Other subsidiaries. In addition to the 1994 completion of the second MDF production line in Ireland, Medite intends to continue the upgrade and debottlenecking of its existing facilities. Medite may also seek to add other new MDF production capacity. Although there are no plans or arrangements in place with respect to such capacity additions, Medite continues to explore expansion opportunities through acquisitions, strategic joint ventures and new construction. The Company also continues to explore additional expansion and/or acquisition opportunities for its hardware products business. Sybra's Consolidated Development Agreement with Arby's, Inc. requires it to open another

16 new 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, the realization of their investments through the sale of interests in such entities and investment income. Various credit agreements to which subsidiaries are parties contain customary limitations on the payment of dividends, typically a percentage of net income or cash flow; however, such restrictions have not significantly impacted the Company's ability to service parent company obligations.

During the first half of 1995, Valhi purchased an additional 1.1 million shares (2%) of NL common stock at an average price of $12 per share. Valhi expects to increase its $20 million revolving credit facility to $50 million during the third quarter of 1995.

The Company continues to negotiate 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. The transaction would be subject to significant conditions, including financing and grower commitments. No assurance can be given that any transaction will be consummated. The net proceeds from the transaction, if completed, would be available for general corporate purposes, including expansion of Valhi's other businesses.

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 March 31, 1995 Form 10-Q for descriptions of certain legal proceedings.

Alan Russell Kahn v. Tremont Corporation, et al. Trial was held in June 1995 and post-trial briefing is underway.

Medite's Irish subsidiary has been named as a defendant in a complaint filed in the High Court for the Republic of Ireland (Woodfab Limited v. Coillte Teoranta and Medite of Europe Limited, 1995 No. 1154P). Plaintiff alleges that timber supply contracts between Medite/Europe and Coillte violate certain provisions of the Competition Act of 1991 and the European Community Treaty.

The complaint seeks to, among other things, declare that the timber supply contracts are invalid and therefore should be rescinded. Medite believes, and understands the other defendants believe, that the allegations are without merit and intends to defend this action vigorously.

Wright (Alvin) and Wright (Allen) v. Lead Industries, et al. In an April 1995 amended complaint, plaintiffs voluntarily dismissed their breach of warranty claim and added an unfair and deceptive trade practices claim. In July 1995, the trial court granted in part the defendants' motion to dismiss, and dismissed the plaintiffs' fraud and unfair and deceptive trade practices claims. A trial date has been set in these consolidated cases for October 1996.

HANO Third-Party Complaints. In June 1995, the District Court granted motions for summary judgment in several of the remaining cases, and after such grant, two cases remained pending. The time in which plaintiffs may file an appeal has not yet expired. NL understands that the plaintiffs' counsel in the HANO cases has indicated an intention to file a class action against the lead pigment defendants on behalf of allegedly injured plaintiffs.

Wagner, et al. v. Anzon, Inc. and NL Industries, Inc. In May 1995, plaintiffs filed a notice of appeal.

In re Asbestos III. The trial date has been delayed until August 1995.

Rhodes, et al. v. ACF Industries, Inc., et al. (Circuit Court of Putnam County, West Virginia, No. 95-C-261). Twelve plaintiffs brought this action against NL and various other defendants in July 1995. Plaintiffs allege that they were employed by demolition and disposal contractors, and claim that as a result of the defendants' negligence they were exposed to asbestos during such activities on the defendants' premises in West Virginia. Plaintiffs allege personal injuries and seek compensatory damages totaling $18.5 million and punitive damages totaling $55.5 million. NL intends to file an answer denying plaintiffs' allegations.

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

Valhi's 1995 Annual Meeting of Stockholders was held on May 9, 1995. 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 97% of the 113.8 million common shares eligible to vote at the Annual Meeting.

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

(a) Exhibits

27.1 - Financial Data Schedule for the six-month period ended June 30, 1995.

(b) Reports on Form 8-K

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

April 18, 1995 - Reported Items 5 and 7.
April 26, 1995 - Reported Items 5 and 7.
May 9, 1995 - Reported Items 5 and 7.
July 24, 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 July 31, 1995

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

Date July 31, 1995

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VALHI, INC.
(Registrant)

Date July 31, 1995

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

Date July 31, 1995

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

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VALHI, INC.'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.
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