

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

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FORM 10-Q

[ X ] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 1995

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-7154  
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QUAKER CHEMICAL CORPORATION

-----  
(Exact name of registrant as specified in its charter)

Pennsylvania

23-0993790

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
Identification No.)

Elm and Lee Streets, Conshohocken, Pennsylvania 19428-0809

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including area code 610-832-4000  
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Not Applicable

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Former name, former address and former fiscal year, if changed  
since last report.

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 (or for such shorter period that the  
Registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days. Yes X No  
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APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares  
outstanding of each of the issuer's classes of common stock, as of the  
latest practicable date.

Number of Shares of Common Stock  
Outstanding on April 28, 1995

8,801,305  
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PART I. FINANCIAL INFORMATION

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION

The following condensed financial statements are filed as part of this  
quarterly report on Form 10-Q:

Consolidated Balance Sheet at March 31, 1995 and  
December 31, 1994

Consolidated Statement of Income for the three months  
ended March 31, 1995 and 1994

Consolidated Statement of Cash Flows for the three months  
ended March 31, 1995 and 1994

\* \* \* \* \*

NOTE TO CONDENSED FINANCIAL INFORMATION

The attached condensed financial information has been prepared in accordance with instructions for Form 10-Q and, therefore, does not include all financial note information which might be necessary for a fair presentation in accordance with generally accepted accounting principles. Such condensed financial information is unaudited, but in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments and accruals, necessary for a fair presentation of results for the periods indicated. The net income reported for the periods should not necessarily be regarded as indicative of net income on an annualized basis; however, significant variations from the results for the same period of the previous year, if any, have been disclosed in the accompanying management's discussion and analysis.

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Quaker Chemical Corporation

Consolidated Balance Sheet

(dollars in thousands)

	March 31, 1995 (Unaudited)	December 31, 1994 *
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Assets

Current assets

Cash and cash equivalents	\$ 5,633	\$ 11,345
Accounts receivable	48,951	43,841
Inventories		
Raw materials and supplies	8,794	8,795
Work in process and finished goods	10,791	9,042
Deferred income taxes	1,873	1,473
Prepaid expenses and other current assets	6,259	8,904
	-----	-----
	82,301	83,400
	-----	-----

Investments in and advances to associated  
companies

	10,821	9,885
	-----	-----

Property, plant and equipment, at cost

Land	7,002	6,702
Buildings and improvements	36,495	34,529
Machinery and equipment	65,373	63,403

Construction in progress	2,927	1,015
	-----	-----
	111,797	105,649
Less accumulated depreciation	57,555	53,955
	-----	-----
	54,242	51,694
	-----	-----
Excess of cost over net assets of acquired companies	12,825	12,262
Deferred income taxes	4,986	4,971
Other noncurrent assets	7,701	7,960
	-----	-----
	25,512	25,193
	-----	-----
	\$172,876	\$170,172
	=====	=====

\* Condensed from audited financial statements.

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Quaker Chemical Corporation

Consolidated Balance Sheet

(dollars in thousands)

March 31,	December 31,
1995	1994
(Unaudited)	*

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Liabilities

Current liabilities

Short-term borrowings and current portions of long-term debt and capital leases	\$ 9,831	\$ 8,062
Accounts payable	22,000	20,575
Dividends payable		1,500
Accrued liabilities	9,700	12,850
Estimated taxes on income	103	440
	-----	-----
Total current liabilities	41,634	43,427
	-----	-----

Long-term debt and capital leases	10,571	12,207
Deferred income taxes	3,101	3,081
Accrued postretirement benefits	8,818	8,767
Other noncurrent liabilities	6,395	6,410
	-----	-----
Total noncurrent liabilities	28,885	30,465
	-----	-----

	70,519	73,892
	-----	-----
Minority interest in equity of subsidiary	2,548	2,603
	-----	-----

Shareholders' equity

Common stock, \$1 par value; authorized 30,000,000 shares; issued (including treasury shares) 9,664,009 shares	9,664	9,664
Capital in excess of par value	759	649
Retained earnings	89,052	87,137
Foreign currency translation adjustments	14,347	9,856

	-----	-----
Treasury stock, shares held at cost;	113,822	107,306
1995 - 860,291, 1994 - 844,691	(14,013)	(13,629)
	-----	-----
	99,809	93,677
	-----	-----
	\$172,876	\$170,172
	=====	=====

\* Condensed from audited financial statements

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Quaker Chemical Corporation  
Consolidated Statement of Income  
Three Months Ended March 31,

	Unaudited (dollars in thousands except per share data)	
	1995	1994
-----		
Income		
Net sales	\$ 54,527	\$ 45,093
Other income, net	154	358
	-----	-----
	54,681	45,451
	-----	-----
Costs and expenses		
Cost of goods sold	32,724	25,383
Selling, administrative and general expenses	18,521	16,354
	-----	-----
	51,245	41,737
	-----	-----
Income from operations	3,436	3,714
Interest expense	(332)	(330)
Interest income	89	136
	-----	-----
Income before taxes	3,193	3,520
	-----	-----
Taxes on income	1,261	1,408
	-----	-----
	1,932	2,112
Equity in net income of associated companies	90	237
Minority interest in net income of subsidiary	(107)	(100)
	-----	-----
Net income	\$ 1,915	\$ 2,249
	=====	=====
Per share data:		
Net income	\$0.22	\$0.24
Dividends declared	\$0.17	\$0.16
Based on weighted average number of shares outstanding	8,823,989	9,252,727

Quaker Chemical Corporation

Consolidated Statement of Cash Flows  
For the Three Months Ended March 31,

	1995	1994
-----		
Cash flows from operating activities:		
Net income	\$ 1,915	\$ 2,249
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	1,708	1,820
Amortization	408	208
Equity in net income of associated companies	(90)	(237)
Minority interest in earnings of subsidiary	107	100
Deferred income taxes	(20)	400
Deferred compensation and other postretirement benefits	92	152
Net change in repositioning liability	(367)	(848)
Other	(243)	158
Increase (decrease) in cash from changes in current assets and liabilities net of acquisitions and divestitures:		
Accounts receivable	(3,492)	(2,575)
Inventories	(1,012)	347
Prepaid expenses (including taxes) and other current assets	567	693
Accounts payable and accrued liabilities	(2,960)	(3,286)
Estimated taxes on income	(323)	(286)
	-----	-----
Net cash used in operating activities	(3,710)	(1,105)
	-----	-----
Cash flows from investing activities:		
Short-term investments		1,000
Dividends from associated companies		551
Investments in property, plant, equipment and other assets	(2,033)	(3,319)
Companies/businesses acquired excluding cash		(2,147)
Investments in and advances to associated companies	(323)	
Proceeds from the sale of patent, production technology and other related assets	2,000	
Other		47
	-----	-----
Net cash used in investing activities	(356)	(3,868)
	-----	-----
Cash flows from financing activities:		
Net increase in short-term borrowings	1,827	3,951
Repayment of long-term debt and capital leases	(1,679)	(1,768)
Dividends paid	(1,500)	(1,433)
Treasury stock (acquired) issued	(274)	256
Other		(3)
	-----	-----
Net cash (used in) provided by financing activities	(1,626)	1,003
	-----	-----
Effect of exchange rate changes on cash	(20)	31
	-----	-----
Net decrease in cash and cash equivalents	(5,712)	(3,939)
Cash and cash equivalents at beginning of period	11,345	19,293
	-----	-----
Cash and cash equivalents at end of period	\$ 5,633	\$ 15,354
	=====	=====

Supplemental cash flow information

Cash paid for income taxes and interest was as follows:

Income taxes	\$ 1,958	\$ 1,264
Interest	560	556

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Management's Discussion and Analysis of  
Financial Condition and Results of Operations

Liquidity and Capital Resources

The working capital ratio at March 31, 1995 was 2.0 to 1 as compared to 1.9 to 1 at December 31, 1994, reflecting the continuation of an adequate level of liquidity necessary to support operations. The company's net cash position (cash and cash equivalents plus short-term investments less short-term borrowings and current portion of long-term debt and capital lease) declined \$7.5 million during the quarter. This was due primarily to increased short-term borrowings associated with (i) seasonal cash needs, (ii) the replacement of maturing long-term obligations with short-term debt and (iii) increases in non-cash working capital (primarily increases in accounts receivable generated from higher sales). Working capital increased \$.7 million during the quarter mainly as a result of the aforementioned increases in non-cash working capital.

Other major sources and uses of cash in the quarter were a receipt of \$2.0 million related to the 1993 sale of the SULFA-SCRUB (registered trademark) patents and technology, and dividend payments of \$1.5 million.

Comparison of First Quarter 1995 with First Quarter 1994

Consolidated net sales for the first quarter of 1995 increased \$9.4 million (21%) due mainly to increased sales volume, particularly in Europe, and the appreciation of European currencies versus the U.S. dollar. However, income from operations and net income were each \$.3 million lower than the same quarter in 1994 largely as a result of the short-term dampening effect of raw material cost inflation on margins. The increase in sales was due to a 12% increase in volume; a 7% improvement associated with currency translation; and an increase of 2% from an acquisition of a European metalworking business.

Operating margins as a percentage of sales declined due to the aforementioned negative effect of rising raw material costs. Other income decreased mainly as a result of foreign exchange transaction losses on dollar denominated sales from the company's European operations. These losses offset in large part the first quarter positive impact of currency translation which approximated \$.03 per share. The decrease in equity in net income from associated companies was primarily due to business development investment costs in the company's Fluid Recycling Services joint venture.

The company continues to be encouraged by sales growth trends, especially in Europe. In addition, programs have been and are still being implemented to increase prices (the effect of which should be more evident toward the end of the second quarter) in order to recover margin losses associated with raw material cost inflation.

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PART II. OTHER INFORMATION

Items 1-5 are inapplicable and have been omitted.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.  
Exhibit 27-Financial Data Schedule

(b) Reports on Form 8-K.

No report on Form 8-K was filed during the quarter for which this report is filed.

\* \* \* \* \*

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.

QUAKER CHEMICAL CORPORATION

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(Registrant)

RICHARD J. FAGAN

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Richard J. Fagan, officer duly authorized to sign this report, Corporate Controller, Acting Corporate Treasurer and Principal Financial and Chief Accounting Officer

Date: May 15, 1995

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