

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1996

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

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

Not Applicable

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 No

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 30, 1996

8,674,819

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, 1996 and
December 31, 1995

Consolidated Statement of Income for the three months
ended March 31, 1996 and 1995

Consolidated Statement of Cash Flows for the three months
ended March 31, 1996 and 1995.

* * * * *

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. Certain reclassifications of prior year's data have been made to improve comparability.

Quaker Chemical Corporation

Consolidated Balance Sheet

(dollars in thousands)

	March 31, 1996 (Unaudited)	December 31, 1995 *
Assets		
Current assets		
Cash and cash equivalents	\$ 9,548	\$ 7,230
Accounts receivable	50,139	46,965
Inventories		
Raw materials and supplies	11,146	10,964
Work in process and finished goods	9,744	10,669
Deferred income taxes	1,337	1,415
Prepaid expenses and other current assets	9,692	9,475
	-----	-----
	91,606	86,718
	-----	-----
Investments in and advances to associated companies	9,439	10,715
	-----	-----
Property, plant and equipment, at cost		
Land	6,855	7,279
Buildings and improvements	39,751	40,232
Machinery and equipment	69,822	70,010
Construction in progress	1,464	1,068
	-----	-----
	117,892	118,589
	-----	-----
Less accumulated depreciation	63,111	62,280
	-----	-----
	54,781	56,309
	-----	-----
Excess of cost over net assets of acquired companies	18,532	18,973
Deferred income taxes	5,566	5,349
Other noncurrent assets	6,927	7,344
	-----	-----
	31,025	31,666
	-----	-----
	\$186,851	\$185,408
	=====	=====

* Condensed from audited financial statements.

Quaker Chemical Corporation

Consolidated Balance Sheet

(dollars in thousands)

	March 31, 1996 (Unaudited)	December 31, 1995 *
Liabilities		
Current liabilities		
Short-term borrowings, current portion of long-term debt, notes payable and capital leases	\$ 30,594	\$ 25,548
Accounts payable	22,012	20,969
Dividends payable	1,474	1,473
Accrued liabilities	11,707	12,392
Estimated taxes on income	547	486
	-----	-----
Total current liabilities	66,334	60,868
	-----	-----
Long-term debt, notes payable and capital leases	7,614	9,300
Deferred income taxes	2,983	2,977
Accrued postretirement benefits	8,812	8,809
Other noncurrent liabilities	6,753	6,432
	-----	-----
Total noncurrent liabilities	26,162	27,518
	-----	-----
	92,496	88,386
	-----	-----
Minority interest in equity of subsidiaries	3,264	3,030
	-----	-----
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	776	780
Retained earnings	88,054	87,852
Unearned compensation	(656)	(722)
Foreign currency translation adjustments	9,060	12,333
	-----	-----
	106,898	109,907
Treasury stock, shares held at cost; 1996 - 992,109, 1995 - 999,924	(15,807)	(15,915)
	-----	-----
	91,091	93,992
	-----	-----
	\$186,851	\$185,408
	=====	=====

* Condensed from audited financial statements

Quaker Chemical Corporation

Consolidated Statement of Income
Three Months Ended March 31,

	Unaudited (dollars in thousands except per share data)	
	1996	1995
Income		
Net sales	\$ 58,203	\$ 54,527
Other income, net	284	154
	-----	-----
	58,487	54,681
	-----	-----
Costs and expenses		
Cost of goods sold	33,955	32,724
Selling, administrative and general expenses	21,085	18,521
	-----	-----
	55,040	51,245
	-----	-----
Income from operations	3,447	3,436
Interest expense	(500)	(332)
Interest income	92	89
	-----	-----
Income before taxes	3,039	3,193
Taxes on income	1,216	1,261
	-----	-----
	1,823	1,932
Equity in net (loss) income of associated companies	(43)	90
Minority interest in net income of subsidiaries	(104)	(107)
	-----	-----
Net income	\$ 1,676	\$ 1,915
	=====	=====
Per share data:		
Net income	\$0.19	\$0.22
Dividends declared	\$0.17	\$0.17
Based on weighted average number of shares outstanding	8,666,747	8,823,989

Quaker Chemical Corporation

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

	1996	1995
Cash flows from operating activities:		
Net income	\$ 1,676	\$ 1,915
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,525	1,708
Amortization	546	408
Equity in net loss (income) of associated companies	43	(90)
Minority interest in earnings of subsidiaries	104	107
Deferred income taxes	(214)	(20)
Deferred compensation and other postretirement benefits	202	92
Net change in repositioning liability	(265)	(367)
Other, net	269	(243)
Increase (decrease) in cash from changes in current assets and liabilities net of acquisitions and divestitures:		
Accounts receivable	(3,613)	(3,492)
Inventories	545	(1,012)
Prepaid expenses and other current assets	(266)	567
Accounts payable and accrued liabilities	1,002	(2,960)
Estimated taxes on income	47	(323)
	-----	-----
Net cash provided by (used in) operating activities	1,601	(3,710)
	-----	-----
Cash flows from investing activities:		
Dividends from associated companies	735	
Investments in property, plant, equipment and other assets	(1,111)	(2,033)
Investments in and advances to associated companies	(330)	(323)
Proceeds from the sale of patent, production technology and other assets	339	2,000
	-----	-----
Net cash used in investing activities	(367)	(356)
	-----	-----
Cash flows from financing activities:		
Net increase in short-term borrowings	5,268	1,827
Repayment of long-term debt and capital leases	(1,892)	(1,679)
Dividends paid	(1,474)	(1,500)
Treasury stock issued	105	233
Treasury stock acquired		(507)
	-----	-----
Net cash provided by (used in) financing activities	2,007	(1,626)
	-----	-----
Effect of exchange rate changes on cash	(923)	(20)
	-----	-----
Net increase (decrease) in cash and cash equivalents	2,318	(5,712)
Cash and cash equivalents at beginning of period	7,230	11,345
	-----	-----
Cash and cash equivalents at end of period	\$ 9,548	\$ 5,633
	=====	=====
Supplemental cash flow information		
Cash paid during the quarter for:		
Income taxes	\$ 981	\$ 1,958
Interest	617	560

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

Liquidity and Capital Resources

Net cash flow provided by (used by) operating activities amounted to \$1.6 million in the first quarter of 1996 compared to (\$3.7) million in the same period of 1995. The improvement was principally due to the impact of controlled growth in the required amount of operating working capital.

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 leases) decreased \$2.7 million primarily as a result of increased short-term borrowings associated with the replacement of maturing long-term debt obligations with short-term debt and increases in operating working capital (mainly increases in accounts receivable generated from higher sales). The current ratio was 1.4 to 1 at March 31, 1996, unchanged from December 31, 1995.

Operations

Comparison of First Quarter 1996 with First Quarter 1995

Consolidated net sales for the first quarter of 1996 increased \$3.7 million (7%) over the first quarter of 1995, mainly due to the effects of improved pricing and product sales mix. A 3% decrease in volume was offset by an increase of 3% from a June 1995 acquisition in Brazil.

Income from operations was slightly higher than the first quarter of 1995. The Company's gross profit margin as a percentage of sales increased 1.4% mainly as a result of the aforementioned benefits of improved pricing and a more profitable sales mix. Selling, administrative and general expenses as a percent of sales were 2.2% higher than 1995 due to higher operating expenses driven largely by additional spending in targeted geographic and product growth areas.

Net interest costs rose due to increased financing costs associated with higher debt levels carried into 1996 related to the financing of a 1995 acquisition and other operating needs. Other income increased in the quarter mainly as a result of the absence of negative exchange impacts recorded in 1995. The decrease in equity in net income from associated companies was primarily due to losses incurred by the Company's FRS joint venture related to increased costs of new business development and staff reorganization along with delays in new business startups.

The Company remains cautiously optimistic about customer production levels and raw material inflation over the balance of the year. However, the principal challenges still facing the Company are the highly competitive nature of the pricing environment in the Company's major markets and the effective management of the Company's FRS joint venture. Given these factors, the Company is in the process of evaluating alternatives to improve margins and the utilization of assets.

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PART II. OTHER INFORMATION

Items 1, 2, 3, 4 and 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

(Registrant)

/s/ RICHARD J. FAGAN

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

Date: May 15, 1996

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	DEC-31-1996	
	MAR-31-1996	
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	51,000	
	861	
	20,890	
	91,606	
		117,892
	63,111	
	186,851	
66,334		
		5,000
		9,664
	0	
		0
		81,427
186,851		
		58,203
	58,487	
		33,955
	55,040	
	0	
	0	
	500	
	3,039	
		1,216
1,676		
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		0
		1,676
		0.19
		0.19