SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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 June 30, 1998

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 [X] 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 July 31, 1998	8,793,427

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 June 30, 1998 and December 31, 1997

Consolidated Statement of Income for the six months ended June 30, 1998 and 1997

Consolidated Statement of Income for the three months ended June 30, 1998 and 1997

Consolidated Statement of Cash Flows for the six months ended June 30, 1998 and 1997.

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Quaker Chemical Corporation

Consolidated Balance Sheet

(dollars in thousands)

	June 30, 1998 (Unaudited)	December 31, 1997 *
Assets		
Current assets		
Cash and cash equivalents	$ 8,927	$ 18,416
Accounts receivable	52,010	48,625
Inventories		
Raw materials and supplies	12,754	10,316
Work in process and finished goods	12,463	11,365
Deferred income taxes	5,824	5,729
Prepaid expenses and other current assets	5,748	3,675
Total current assets	97,726	98,126
Investments in and advances to associated companies	4,834	4,925
Property, plant and equipment, at cost		
Land	5,653	5,751
Buildings and improvements	35,911	31,523
Machinery and equipment	60,981	58,532
Construction in progress	3,304	1,213
	105,849	97,019
Less accumulated depreciation	58,409	56,365
Total property, plant and equipment	47,440	40,654
Goodwill, net	21,132	14,500
Deferred income taxes	9,152	9,090
Other noncurrent assets	3,084	3,345
Total noncurrent assets	80,808	67,589
	$183,368	$170,640

* Condensed from audited financial statements.

Quaker Chemical Corporation

Consolidated Balance Sheet
(dollars in thousands)

	June 30, 1998 (Unaudited)	December 31, 1997 *
Liabilities		
Current liabilities		
Short-term borrowings	$ 5,034	$ -
Accounts payable	21,837	22,871
Dividends payable	1,582	1,570
Accrued liabilities	19,550	20,824
Estimated taxes on income	3,836	2,494
Total current liabilities	51,839	47,759
Long-term debt	25,230	25,203
Deferred income taxes	3,622	3,752
Accrued postretirement benefits	8,951	8,934
Other noncurrent liabilities	5,809	5,825
Total noncurrent liabilities	43,612	43,714
Total liabilities	95,451	91,473
Minority interest in equity of subsidiaries	8,614	3,525
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	1,246	928
Retained earnings	83,951	80,749
Unearned compensation	(397)	(528)
Foreign currency translation adjustments	(1,178)	(208)
	93,286	90,605
Treasury stock, shares held at cost; 1998 - 868,452, 1997 - 943,552	(13,983)	(14,963)
Total shareholders' equity	79,303	75,642
	$183,368	$170,640

* Condensed from audited financial statements

Quaker Chemical Corporation

Consolidated Statement of Income
Six Months Ended June 30,

	1998	1997
	Unaudited (dollars in thousands except per share data)	
Net sales	$ 127,590	$ 118,855
Costs and expenses		
Cost of goods sold	70,675	67,157
Selling, administrative and general expenses	46,188	43,648
Gain on sale of European pulp and paper business		(2,621)
	116,863	108,184
Income from operations	10,727	10,671
Other income, net	539	982
Interest expense	(917)	(794)
Interest income	355	105
Income before taxes	10,704	10,964
Taxes on income	4,282	4,261
	6,422	6,703
Equity in net income of associated companies	502	620
Minority interest in net income of subsidiaries	(560)	(99)
Net income	$ 6,364	$ 7,224
Per share data:		
Net income - basic	$0.73	$0.84
Net income - diluted	$0.72	$0.84
Dividends declared	$0.36	$0.35
Based on weighted average number of shares outstanding:		
Basic	8,763,610	8,636,599
Diluted	8,842,466	8,656,933

Quaker Chemical Corporation

Consolidated Statement of Income
Three Months Ended June 30,

	Unaudited (dollars in thousands except per share data)	
	1998	1997
Net sales	$ 65,355	$ 60,312
Costs and expenses		
Cost of goods sold	36,177	33,981
Selling, administrative and general expenses	23,419	22,153
Gain on sale of European pulp and paper business		(2,621)
	59,596	53,513
Income from operations	5,759	6,799
Other income, net	248	630
Interest expense	(470)	(369)
Interest income	158	45
Income before taxes	5,695	7,105
Taxes on income	2,278	2,717
	3,417	4,388
Equity in net income of associated companies	273	333
Minority interest in net income of subsidiaries	(220)	(64)
Net income	$ 3,470	$ 4,657
Per share data:		
Net income - basic	$0.40	$0.54
Net income - diluted	$0.39	$0.54
Dividends declared	$0.18	$0.175
Based on weighted average number of shares outstanding:		
Basic	8,785,898	8,650,975
Diluted	8,849,511	8,685,166

Quaker Chemical Corporation

Consolidated Statement of Cash Flows
For the Six Months Ended June 30,

	Unaudited (dollars in thousands) 1998	1997
Cash flows from operating activities		
Net income	$ 6,364	$ 7,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,478	2,230
Amortization	1,153	1,000
Equity in net (income) loss of associated companies	(502)	(620)
Minority interest in earnings of subsidiaries	560	85
Deferred income taxes	(126)	(318)
Deferred compensation and other postretirement benefits	675	401
Gain on sale of European pulp and paper business		(2,621)
Net change in repositioning liabilities	(532)	(3,195)
Other, net	(377)	(638)
Increase (decrease) in cash from changes in current assets and liabilities net of acquisitions and divestitures:		
Accounts receivable	(3,721)	(3,396)
Inventories	(2,364)	217
Prepaid expenses and other current assets	(2,551)	(2,492)
Accounts payable and accrued liabilities	(721)	3,694
Estimated taxes on income	1,448	1,361
Net cash provided by operating activities	1,784	2,932
Cash flows from investing activities		
Dividends from associated companies	728	30
Investments in property, plant, equipment and other assets	(3,908)	(2,274)
Investments in and advances to associated companies	(471)	(228)
Companies acquired	(9,350)	
Other, net	(187)	(146)
Net cash used in investing activities	(13,188)	(2,618)
Cash flows from financing activities		
Net increase in short-term borrowings and notes payable	5,048	5,538
Repayment of long-term debt	-	(2,451)
Dividends paid	(3,162)	(3,039)
Treasury stock issued	346	497
Net cash provided by financing activities	2,232	545
Effect of exchange rate changes on cash	(317)	(1,982)
Net decrease in cash and cash equivalents	(9,489)	(1,123)
Cash and cash equivalents at beginning of period	18,416	8,525
Cash and cash equivalents at end of period	$ 8,927	$ 7,402
Supplemental cash flow information		
Cash paid during the quarter for:		
Income taxes	$ 175	$ 291
Interest	917	862

Quaker Chemical Corporation
Notes to Consolidated Financial Statements
(Amounts in Thousands)
(Unaudited)

Note 1

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 (see accompanying Management's Discussion and Analysis-Other Significant Items); 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.

Note 2 - Weighted Average Shares Outstanding

	Six Months Ended June 30		Three Months Ended June 30	
	Basic	Diluted	Basic	Diluted
1998	8,763,610	8,842,466	8,785,898	8,849,511
1997	8,636,599	8,656,933	8,650,975	8,685,166

The difference between basic and diluted weighted average shares outstanding results from the assumption that dilutive stock options outstanding were exercised.

Note 3 - Comprehensive Income

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130 - Reporting Comprehensive Income. SFAS No. 130 requires that the components of comprehensive income be reported in the financial statements. The following table summarizes comprehensive income for the six months ended June 30, 1998 and 1997:

	1998	1997
Net income	$6,364	$ 7,224
Foreign currency translation adjustments (net of tax)	(970)	(7,020)
Comprehensive income	$5,394	$ 204

Quaker Chemical Corporation
Notes To Consolidated Financial Statements
(Amounts In Thousands)
(Unaudited)

The following table summarizes comprehensive income for the three months ended June 30, 1998 and 1997:

	1998	1997
Net income	$3,470	$4,657
Foreign currency translation adjustments (net of tax)	568	(1,448)
Comprehensive income	$4,038	$3,209

Management's Discussion and Analysis of Financial Condition and Results of Operations
Liquidity and Capital Resources

Net cash flow provided by operating activities amounted to $1.8 million in the first half of 1998 compared to $2.9 million in the same period of 1997. The decrease was principally due to changes in working capital offset by the timing of payments related to the 1996 repositioning program.

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) decreased $14.5 million primarily as a result of cash required as part of the formation of a majority owned joint venture in Brazil, the acquisition of a small business in Italy, and changes in working capital. The current ratio decreased to 1.9 to 1 at June 30, 1998 as compared to 2.1 to 1 at December 31, 1997 due principally to the decrease in the Company's net cash position. On June 25, 1998, the formation of the above mentioned joint venture with Siderquimica Ltda. and acquisition were completed. In addition to the initial contribution, certain earn out provisions may require additional investments. The acquisition and the cash consideration the Company paid to obtain majority control of the joint venture resulted in approximately $6.5 million of goodwill which is being amortized over 20 years.

Operations
Comparison of Six Months 1998 with Six Months 1997

Consolidated net sales for the first half of 1998 increased by 7% over the first half of 1997. The increase in sales was the net result of a 10% increase in volume (steel, metalworking, and aircraft producer markets), a 1% increase due to pricing initiatives and sales mix, offset by a 4% decrease due to foreign currency translation rates.

Operating income improved 33% to $10.7 million as compared to $8.1 million (excluding the $2.6 million gain on the European pulp and paper business) in the same period of 1997. The improvement was mainly attributable to the higher level of sales and expanded gross margins. The Company's gross profit margin as a percentage of sales increased 1.1% primarily as a result of an improved sales mix and generally stable raw material costs. Selling, administrative and general expenses as a percentage of sales decreased 0.5% as compared to 1997 due to the upside operating leverage provided at the higher sales level.

The decrease in other income was due to the absence of unusually high favorable transactional exchange gains in 1997. Minority interest increased as a result of improved performances by the Company's consolidated joint ventures in China and Australia and earnings from the Company's consolidated joint venture in India which was formed in the fourth quarter of 1997. Basic earnings per share of $.73 were 14% higher than the prior year (excluding the gain on the sale of the European pulp and paper business) despite a negative foreign currency translation impact of approximately $.05 per share due to the strengthening of the dollar, primarily against the Dutch guilder.

Comparison of Second Quarter 1998 with Second Quarter 1997

Consolidated net sales for the second quarter of 1998 increased by 8% over the first half of 1997. The increase in sales was the net result of a 9% increase in volume (steel, metalworking, and aircraft producer markets), a 2% increase due to pricing initiatives and sales mix, offset by a 3% decrease due to foreign currency translation rates.

The reasons for changes in operating margin percentages, other income, and equity in net income of associated companies in the second quarter 1998 versus the second quarter 1997 are basically the same as those previously mentioned for the comparative six-month periods. Basic earnings per share of $.40 were 18% higher than the prior year (excluding the gain on the sale of the European pulp and paper business) despite a negative foreign currency translation impact of approximately $.02 per share due to the strengthening of the dollar, primarily against the Dutch guilder.

Other Significant Items:

The Company is actively engaged in assessing and solving its Year 2000 problem. Historically, certain computer programs have been written using two digits rather than four digits to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. The Company has completed an assessment of its key systems (both IT and non-IT systems) and expects to have these compliant on a timely basis. Expenditures (historical and future) to be incurred in addressing any Year 2000 problems in the Company's systems are not expected to be material and are currently estimated to be approximately $750 thousand. Furthermore, the Company is also actively seeking from its third-party providers written assurances that each will be Year 2000 compliant on a timely basis. To date, the Company has received affirmative responses from a majority of its third-party providers and will pursue additional responses from its material third-party providers who have failed to respond to the initial enquiry. In addition, the Company will also be seeking similar assurance as to Year 2000 compliance from its key customers.

During 1997 the Financial Accounting Standards Board ("FASB") issued SFAS No. 131 - Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 is effective in 1998. The Company is currently assessing the impact this new standard will have on its financial statements. SFAS No. 131 requires the disclosure of segment information utilizing the approach that the Company uses to manage its internal organization. Also, SFAS No. 131 requires the reporting of segment information on a condensed basis for interim periods beginning in 1999.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities." This Statement establishes accounting and reporting standards for derivative instruments and hedging activities. The standard is effective January 1, 2000. It is not expected that the adoption of this standard will have a material impact on the Company's financial condition.

Forward Looking and Cautionary Statements

Except for the historical information and discussions contained herein, statements contained in this Form 10-Q may constitute 'forward looking statements' within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those projected in such statements. Such risks and uncertainties include, but are not limited to, significant increase in raw material costs, worldwide economic and political conditions, and foreign currency fluctuations that may affect worldwide results of operations. Furthermore, the Company is subject to the same business cycles as those experienced by those manufacturers and their customers (the majority of which are automobile, appliance, or durable good manufactures or in the construction industry).

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The 1998 Annual Meeting of the Company's shareholders was held on May 6, 1998. At the Meeting, management's nominees, Joseph B. Anderson, Jr., Patricia C. Barron, Edwin J. Delattre, and Ronald J. Naples were elected as Class III Directors. Voting (expressed in number of votes) was as follows: Joseph B. Anderson, Jr., 31,013,558 votes for, Patricia C. Barron, 31,112,946 votes for, Edwin J. Delattre, 31,016,458 votes for, and Ronald J. Naples, 31,096,669 votes for.

At the Meeting, the shareholders ratified the appointment of Price Waterhouse LLP as the Company's independent accountants to examine and report on its financial statements for the year ending December 31, 1998 by a vote of 31,043,080 votes for to 119,098 votes against.

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

(a) Exhibits.
Exhibit 27-Financial Data Schedule

(b) Reports on Form 8-K.
No reports on Form 8-K were filed during the quarter for which this report is filed.

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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, Controller, Treasurer and Principal Financial and Chief Accounting Officer

Date: August 14, 1998

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