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 September 30, 1994

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 October 31, 1994	8,932,375

This report contains a total of 12 pages.

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 September 30, 1994 and December 31, 1993

Consolidated statement of income for the nine months ended September 30, 1994 and 1993

Consolidated statement of income for the three months ended September 30, 1994 and 1993

Consolidated statement of cash flows for the nine months ended September 30, 1994 and 1993

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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.

QUAKER CHEMICAL CORPORATION

CONSOLIDATED BALANCE SHEET

	(DOLLARS IN THOUSANDS)	
	SEPT 30, 1994	DEC 31, 1993
	(UNAUDITED)	*
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	$ 12,356	$ 19,293

SHORT-TERM INVESTMENTS		1,000
ACCOUNTS RECEIVABLE	41,586	37,108
INVENTORIES		
WORK IN PROCESS AND FINISHED GOODS	9,962	9,278
RAW MATERIALS AND SUPPLIES	9,063	8,269
DEFERRED TAXES	3,713	2,857
OTHER CURRENT ASSETS	8,082	6,582
TOTAL CURRENT ASSETS	84,762	84,387
INVESTMENTS IN ASSOCIATED COMPANIES, AT EQUITY	10,332	6,224
PROPERTY, PLANT AND EQUIPMENT		
LAND	6,709	6,440
BUILDINGS AND IMPROVEMENTS	36,059	35,590
MACHINERY AND EQUIPMENT	64,996	63,066
CONSTRUCTION IN PROGRESS	4,407	1,980
	112,171	107,076
LESS ACCUMULATED DEPRECIATION	56,187	50,525
	55,984	56,551
EXCESS OF COST OVER NET ASSETS OF ACQUIRED COMPANIES, NET	12,120	14,472
DEFERRED TAXES	4,818	4,788
OTHER NONCURRENT ASSETS	3,765	4,563
	20,703	23,823
	$ 171,781	$ 170,985

*CONDENSED FROM AUDITED FINANCIAL STATEMENTS.

QUAKER CHEMICAL CORPORATION

CONSOLIDATED BALANCE SHEET

	(DOLLARS IN THOUSANDS)	
	SEPT 30, 1994 (UNAUDITED)	DEC 31, 1993 *
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
SHORT-TERM BORROWINGS AND CURRENT PORTION OF LONG-TERM DEBT AND CAPITAL LEASE	$ 7,200	$ 4,953
ACCOUNTS PAYABLE	18,392	18,117
DIVIDENDS PAYABLE	1,390	1,432

ACCRUED LIABILITIES	15,378	17,727
ESTIMATED TAXES ON INCOME	581	413
TOTAL CURRENT LIABILITIES	42,941	42,642
LONG-TERM DEBT AND CAPITAL LEASE	12,304	16,095
DEFERRED TAXES ON INCOME	3,185	3,043
ACCRUED POSTRETIREMENT BENEFITS	9,193	8,968
OTHER NONCURRENT LIABILITIES	6,736	6,840
TOTAL NONCURRENT LIABILITIES	31,418	34,946
	74,359	77,588
MINORITY INTEREST IN EQUITY OF SUBSIDIARIES	2,509	2,014
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	620	529
RETAINED EARNINGS	86,028	83,498
EQUITY ADJUSTMENT FROM FOREIGN CURRENCY TRANSLATION	9,503	3,577
	105,815	97,268
TREASURY STOCK, SHARES HELD AT COST; 1994 - 695,795, 1993 - 446,160	(10,902)	(5,885)
	94,913	91,383
	$ 171,781	$ 170,985

*CONDENSED FROM AUDITED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF INCOME

FOR NINE MONTHS ENDED SEPTEMBER 30,

	UNAUDITED (DOLLARS IN THOUSANDS EXCEPT PER SHARE FIGURES)	
	1994	1993
INCOME		
NET SALES	$ 142,557	$ 148,145
OTHER INCOME, NET	1,294	752
	143,851	148,897
COSTS AND EXPENSES		
COST OF GOODS SOLD	80,352	85,693

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	51,882	55,185
REPOSITIONING CHARGES		3,500
	132,234	144,378
INCOME FROM OPERATIONS	11,617	4,519
INTEREST EXPENSE	(1,107)	(1,082)
INTEREST INCOME	346	1,008
INCOME BEFORE TAXES	10,856	4,445
TAXES ON INCOME	4,332	2,088
	6,524	2,357
EQUITY IN NET INCOME OF ASSOCIATED COMPANIES	555	952
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	(286)	(304)
NET INCOME	$ 6,793	$ 3,005
PER SHARE:		
NET INCOME	$0.74	$0.33
DIVIDENDS	$0.46	$0.45
BASED ON WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	9,229,236	9,209,929

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF INCOME

THREE MONTHS ENDED SEPTEMBER 30,

	UNAUDITED (DOLLARS IN THOUSANDS EXCEPT PER SHARE FIGURES)	
	1994	1993
INCOME		
NET SALES	$ 50,117	$ 48,441
OTHER INCOME, NET	355	201
	50,472	48,642
COSTS AND EXPENSES		
COST OF GOODS SOLD	28,220	27,986
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	18,143	19,363
REPOSITIONING CHARGES	--	--
	46,363	47,349

INCOME FROM OPERATIONS	4,109	1,293
INTEREST EXPENSE	(373)	(353)
INTEREST INCOME	50	192
INCOME BEFORE TAXES	3,786	1,132
TAXES ON INCOME	1,539	557
	2,247	575
EQUITY IN NET INCOME OF ASSOCIATED COMPANIES	231	248
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	(125)	(93)
NET INCOME	$ 2,353	$ 730
PER SHARE:		
NET INCOME	$0.26	$0.08
DIVIDENDS	$0.31	$0.30
BASED ON WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	9,182,098	9,221,520

QUAKER CHEMICAL CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR NINE MONTHS ENDED SEPTEMBER 30,

	UNAUDITED (DOLLARS IN THOUSANDS)	
	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES	$ 3,783	$ 8,368
CASH FLOWS FROM INVESTING ACTIVITIES		
SHORT-TERM INVESTMENTS	1,000	(365)
DIVIDENDS FROM ASSOCIATED COMPANIES	927	457
INVESTMENTS IN AND ADVANCES TO ASSOCIATED COMPANIES	(4,325)	
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(5,134)	(6,374)
PROCEEDS FROM SALE OF SUBSIDIARY	7,045	
PROCEEDS FROM THE SALE OF PATENT, PRODUCTION TECHNOLOGY AND OTHER RELATED NONCURRENT ASSETS		6,500
COMPANIES ACQUIRED EXCLUDING CASH		(11,099)
OTHER	776	(1,301)
NET CASH USED IN INVESTING ACTIVITIES	289	(12,182)

CASH FLOWS FROM FINANCING ACTIVITIES		
SHORT-TERM DEBT INCURRED	6,995	2,059
CAPITAL LEASE INCURRED		878
REPAYMENT OF SHORT-TERM DEBT	(4,872)	(2,637)
REPAYMENT OF LONG-TERM DEBT	(3,582)	(1,667)
REPAYMENT OF CAPITAL LEASE	(264)	(764)
DIVIDENDS PAID	(4,305)	(4,142)
TREASURY STOCK ISSUED (ACQUIRED)	(4,926)	743
OTHER		(17)
NET CASH PROVIDED FROM FINANCING ACTIVITIES	(10,954)	(5,547)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(55)	1,095
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,937)	(8,266)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF PERIOD	19,293	24,373
END OF PERIOD	$ 12,356	$ 16,107
CASH PAID FOR:		
INCOME TAXES	$ 4,937	$ 4,289
INTEREST	1,350	1,279

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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 September 30, 1994 was 2.0 to 1, the same as at December 31, 1993, 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 $10.2 million during the first nine months of 1994. This decline was due primarily to a cash investment and advances of approximately $4.3 million in a joint venture, cash outlays of about $2.1 million related to the company's 1993 repositioning program, increased short-term borrowings to finance the replacement of maturing long-term obligations with short-term debt, and increases in non-cash (primarily accounts receivable) working capital. Working capital remained virtually unchanged from year-end 1993 due to the offsetting impacts of the aforementioned changes in net cash and non-cash working capital.

Pursuant to the plans identified in the company's 1993 repositioning program, the sale of certain of the company's businesses and assets were recently completed. On September 30, 1994, and November 7, 1994, respectively, the company consummated the sales of the businesses which comprised its wholly-owned subsidiary, Quaker Construction Products, Incorporated (QCP). On September 30, 1994, the coatings and waterproofing business of QCP was sold to Carlisle Coatings & Waterproofing, Incorporated, a subsidiary of Carlisle Corporation for approximately $8.2 million, $7.0 million of which was received at settlement. On November 7, 1994, the flooring business of QCP was sold to Thoro System Products, Incorporated, a subsidiary of Harris Chemical Group, Incorporated for approximately $2.8 million. In addition, the company sold its Pomona, California manufacturing facility, which had ceased production in 1993, for approximately $1.0 million on October 1, 1994. The transactions are not expected to have a material impact on the company's operating results.

During the second and third quarters of 1994, the company repurchased a total of 304,000 outstanding shares of common stock for approximately $5.4 million as part of the previously announced share repurchase program. The share repurchases were funded primarily with the above noted business and asset sale proceeds.

Comparison of Nine Months 1994 with Nine Months 1993
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Net sales for the first nine months of 1994 decreased $5.6 million (4%) while income from operations, before repositioning charges, improved $3.6 million (45%) versus the first nine months of 1993. The decrease in sales was the net result of a 3% increase in volume offset by a decline of 2% from price and sales mix and a 5% decrease associated with the net result of acquisitions and divestitures.

Operating margins as a percentage of sales improved in the first nine months of 1994 when compared to the corresponding period in 1993 as increased core market volume, improved sales mix, and cost savings associated with the company's 1993 repositioning program offset the negative leverage effect of fixed costs on reduced sales volume. The after-tax financial benefit generated in the first nine months of 1994 due to the 1993 repositioning program was approximately $.05 per share in each quarter. Other income rose primarily as a result of increased royalty income. Interest income declined due to lower cash holdings by the company. The effective tax rate in the first nine months of 1994 decreased 7% when compared to the first nine months of 1993 due in large part to the negative influence on the prior year rate of non-deductible expenses related to both goodwill and a second quarter repositioning charge. The decrease in equity in net income from associated companies was primarily due to business development investments in a joint venture and lower earnings from the company's Japanese affiliate which is being hampered by sluggish demand in the Japanese steel industry. The negative influence of currency translation on first nine months 1994 net income was $.01 per share.

Operating conditions in the United States appear to be sustainable at the present pace into 1995. In Europe, there are encouraging signals as the region's automotive production rates show signs of sustained improvement, and steel production increases primarily to meet both local demand and export demand from the United States and Asia Pacific regions. However, raw material price increases have become evident in both the U.S. and Europe mainly on the larger commodities. Programs have been initiated to offset these increases in the fourth quarter and early next year. However, there may be some lag in the short-term in passing on the increases due to the longer term nature of some existing contracts and ongoing pricing pressures exerted by some major customer groups. Further improvement in operating results during 1994 is dependent on the sustainability of the positive economic trends in Europe, on minimizing the impact of recent raw material price increases, and on accelerating the effectiveness of the company's service activities in the United States.

Comparison of Third Quarter 1994 with Third Quarter 1993
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Consolidated net sales for the third quarter of 1994 increased $1.7 million (3%) while comparative income from operations improved $2.8 million (218%) versus the third quarter of 1993. The increase in sales was primarily due to positive improvements related to volume and currency translation of 11% and 3%, respectively, partially offset by an 8% decrease associated with the net result of acquisitions and divestitures and a decline of 3% from price and product mix.

The operating margin improvement in the third quarter of 1994 over 1993 resulted from increased volume (particularly in Europe), more favorable sales mix, and cost savings associated with the company's 1993 repositioning program. The reasons for the changes in Other Income and Interest Income are basically the same as the nine-month period. The change in effective tax rate in the third quarter 1994 versus 1993 is mainly a result of the combination of non-deductible expenses and low level of sales in 1993.

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.

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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)

RICHARD J. FAGAN

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

Date: November 11, 1994

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