

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

January 30, 1998

(Date of Report, date of earliest event reported)

VALHI, INC.

(Exact name of Registrant as specified in its charter)

Delaware	1-5467	87-0110150
(State or other jurisdiction or incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5430 LBJ Freeway, Suite 1700, Dallas, TX	75240-2697
(Address of principal executive offices)	(Zip Code)

(972) 233-1700

(Registrant's telephone number, including area code)

Not applicable

(Former name or address, if changed since last report)

Item 2: Acquisition or Disposition of Assets

On January 30, 1998, the Company's 57%-owned subsidiary, NL Industries, Inc., completed the disposition of substantially all of the net assets of its rheological products specialty chemicals business unit conducted by Rheox, Inc. to Elementis plc, a U.K.-based corporation, for \$465 million cash consideration, including \$20 million attributable to a five-year covenant not to compete. NL used a portion of the net proceeds to repay and terminate Rheox's U.S bank indebtedness.

Item 7: Financial Statements, Pro Forma Financial Information
and Exhibits

(b) Pro forma financial information

Pro forma condensed consolidated financial statements of the Registrant, which present the pro forma effects of the transactions described in Item 2 above, assuming such transactions had occurred as of the dates set forth in the accompanying notes, are included herein as Exhibit 99.1.

(c) Exhibit

Item No.	Exhibit Index
99.1	Pro forma financial information of the Registrant.

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 hereunto duly authorized.

VALHI, INC.
(Registrant)

By: /s/ Bobby D. O'Brien

Bobby D. O'Brien
Vice President

Date: February 13, 1997

Exhibit 99.1

VALHI, INC. AND SUBSIDIARIES

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These pro forma condensed consolidated financial statements should be read in conjunction with the historical consolidated financial statements of Valhi, Inc. These pro forma condensed consolidated financial statements are not necessarily indicative of Valhi's consolidated financial position or results of operations as they may be in the future.

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VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

September 30, 1997
(Unaudited)

(In millions)

ASSETS	Valhi Historical	Pro forma adjustments			Pro forma
		I	II	III	
Current assets:					
Cash and cash equivalents	\$350.9	\$318.1	\$20.0	(\$125.3)	\$563.7
Accounts and notes receivable	201.4	(23.8)	-	-	177.6
Inventories	183.5	(18.6)	-	-	164.9
Prepaid expenses	7.1	(0.7)	-	-	6.4
Deferred income taxes	5.6	(0.5)	-	-	5.1
	748.5				
	274.5	20.0	(125.3)		917.7
Other assets:					
Marketable securities	343.0	-	-	-	343.0
Investment in joint ventures	194.7	(2.1)	-	-	192.6
Loans and notes receivable	90.4	-	-	-	90.4
Mining properties	31.4	(12.8)	-	-	18.6
Goodwill	249.0	(24.9)	-	-	224.1
Deferred income taxes	0.2	-	-	-	0.2
Other assets	54.2	(0.8)	-	-	53.4

	962.9	(40.6)	-	-	922.3
Property and equipment, net	559.1	(34.0)	-	-	525.1
	\$2,270.5	\$199.9	\$20.0	(\$125.3)	\$2,365.1

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VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

September 30, 1997
(Unaudited)

(In millions)

LIABILITIES AND STOCKHOLDERS' EQUITY	Valhi Historical	Pro forma adjustments			Pro forma
		I	II	III	
Current liabilities:					
Notes payable & current long-term debt	\$78.8	\$ -	\$ -	(\$15.1)	\$63.7
Accounts payable & accrued liabilities	204.4	(12.8)	4.0	-	195.6
Income taxes	9.2	-	-	-	9.2
Deferred income taxes	2.7	0.3	-	-	3.0
	295.1	(12.5)	4.0	(15.1)	271.5
Noncurrent liabilities:					
Long-term debt	1,096.8	-	-	(110.2)	986.6
Deferred income taxes	230.9	64.1	-	-	295.0
Other	262.4	(0.7)	16.0	-	277.7
	1,590.1	63.4	16.0	(110.2)	1,559.3
Minority interest	0.3	12.8	-	-	13.1
Stockholders' equity:					
Common stock and paid-in capital	39.4	-	-	-	39.4
Retained earnings	283.5	136.2	-	-	419.7
Adjustments:					
Marketable securities	153.2	-	-	-	153.2
Currency translation	(16.8)	-	-	-	(16.8)
Pension liabilities	(3.2)	-	-	-	(3.2)
Treasury stock	(71.1)	-	-	-	(71.1)
	385.0	136.2	-	-	521.2
	\$2,270.5	\$199.9	\$20.0	(\$125.3)	\$2,365.1

See accompanying notes to pro forma condensed consolidated balance sheet.

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VALHI, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

Note 1 - Basis of presentation:

The Pro Forma Condensed Consolidated Balance Sheet assumes the following transactions, more fully described in Item 2 of this Current Report on Form 8-K dated February 13, 1998, occurred on September 30, 1997:

- I - NL sells substantially all of the net assets of its rheological products specialty chemicals business unit conducted by Rheox for \$445 million cash consideration.
- II - NL agrees not to compete with the purchaser in the rheological products business for five years for \$20 million consideration.
- III - Rheox repays and terminates its U.S. bank indebtedness.

Note 2 - Pro forma adjustments:

- I - Reflect the sale of substantially all of Rheox's net assets as follows:

	Amount

	(In millions)
Aggregate cash consideration, net of estimated fees and expenses	\$435.0

Carrying value of assets sold and liabilities assumed:	
Cash and equivalents	6.9
Receivables	23.8
Inventories	18.6
Prepaid expenses	0.7
Investment in joint ventures	2.1
Mining properties	12.8
Goodwill	24.9
Other assets	0.8
Net property, plant and equipment	34.0
Accounts payable & accrued liabilities	(12.8)
Other noncurrent liabilities	(0.7)

	111.1

Pre-tax gain	323.9

Income tax expense:	
Current income taxes	110.0
Deferred income taxes	64.9

	174.9

Minority interest in NL's earnings	12.8

Net-of-tax gain	\$136.2
	=====

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VALHI, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
(Unaudited)

The Company's actual net-of-tax gain on disposal of business unit will differ from the amount shown above due to, among other things, (i) differences in the carrying value of assets sold and liabilities assumed and (b) differences in the provision for income taxes applicable to the gain resulting from differences in tax law limitations in the period the gain actually occurs.

The net-of-tax gain on the disposal of business unit differs from the

amount separately reported by NL due to amortization of purchase accounting basis differences made in conjunction with the Company's acquisitions of its interest in NL. In addition, at September 30, 1997, NL's separate financial statements reflect a stockholders' deficit of approximately \$229 million. Until such time as NL separately reports positive stockholders' equity, all undistributed income or loss of NL accrues to the Company for financial reporting purposes. If the disposal of business unit had occurred at September 30, 1997, NL's net-of-tax gain would have resulted in NL reporting positive stockholders' equity. Accordingly, a portion of NL's net-of-tax gain on disposal would not accrue to the Company for financial reporting purposes but instead would be reported as minority interest in NL's earnings.

NL is not a member of the consolidated U.S. federal income tax group of which Valhi is a member, and consequently the Company provides incremental income taxes related to NL's earnings. Accordingly, the provision for income taxes shown above includes a provision for the Company's incremental income taxes related to NL's gain.

II - Reflect NL's agreement not to compete with the purchaser. The \$20 million consideration will be deferred and amortized over the five-year non-compete period.

III- Reflect Rheox's repayment of its U.S. bank indebtedness.

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VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 1996

(Unaudited)

(In millions, except per share data)

	Valhi Historical	Pro forma adjustments		Pro forma
		I	II	
Revenues and other income:				
Net sales	\$1,074.8	(\$134.9) (a)	\$ -	\$939.9
Other, net	41.9	- (a)	4.0	45.9
	1,116.7	(134.9)	4.0	985.8
Costs and expenses:				
Cost of goods sold	808.2	(70.6) (a)	-	737.6
Selling, general and administrative	205.5	(27.2) (a)	-	178.3
Interest	98.5	(3.0) (a)	-	95.5
	1,112.2	(100.8)	-	1,011.4
Income (loss) of consolidated companies before income taxes	4.5	(34.1)	4.0	(25.6)
Equity in Amalgamated Sugar Company	10.0	-	-	10.0
Equity in Waste Control Specialists	(6.4)	-	-	(6.4)
Income (loss) before income taxes and				

minority interest	8.1	(34.1)	4.0	(22.0)
Provision for income taxes (benefit)	1.1	(13.0) (a) (7.4) (b) 5.3 (d)	0.8	(13.2)
Minority interest in income (loss)	6.9	(15.2) (c)	1.8	(6.5)
	-----	-----	-----	-----
Income (loss) from continuing operations	\$0.1	(\$3.8)	\$1.4	(\$2.3)
	=====	=====	=====	=====
Basic earnings (loss) from continuing operations per share	\$ -			(\$0.02)
	=====			=====
Weighted average common shares outstanding	114.6			114.6
	=====			=====

See accompanying notes to pro forma condensed consolidated statements of operations.

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VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Nine months ended September 30, 1997
(Unaudited)

(In millions, except per share data)

	Valhi Historical	Pro forma adjustments		Pro forma
		I	II	
	-----	-----	-----	-----
Revenues and other income:				
Net sales	\$820.7	(\$111.3) (a)	\$ -	\$709.4
Other, net	60.0	-	3.0	63.0
	-----	-----	-----	-----
	880.7	(111.3)	3.0	772.4
	-----	-----	-----	-----
Costs and expenses:				
Cost of goods sold	618.1	(55.7) (a)	-	562.4
Selling, general and administrative	175.4	(22.8) (a)	-	152.6
Interest	91.4	(8.7) (a)	-	82.7
	-----	-----	-----	-----
	884.9	(87.2)	-	797.7
	-----	-----	-----	-----
Loss of consolidated companies before income taxes	(4.2)	(24.1)	3.0	(25.3)
Equity in Waste Control Specialists	(8.9)	-	-	(8.9)
	-----	-----	-----	-----
Loss before income taxes and minority interest	(13.1)	(24.1)	3.0	(34.2)
Provision for income taxes (benefit)	(1.1)	(9.3) (a) (5.2) (b) 7.9 (d)	0.6	(7.1)
Minority interest in losses	-	(22.5) (c)	1.3	(21.2)
	-----	-----	-----	-----
Income (loss) from continuing operations	(\$12.0)	\$5.0	\$1.1	(\$5.9)
	=====	=====	=====	=====
Basic loss from continuing operations per share	(\$0.10)			(\$0.05)
	=====			=====
Weighted average common shares outstanding	115.0			115.0
	=====			=====

See accompanying notes to pro forma condensed consolidated statements of operations.

VALHI, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

Note 1 - Basis of presentation:

The Pro Forma Condensed Consolidated Statement of Operations assumes the disposition of NL's rheological products specialty chemicals business unit, more fully described in Item 2 of this Current Report on Form 8-K dated February 13, 1998, occurred as of the beginning of 1996.

Note 2 - Pro forma adjustments:

I - Pro forma adjustments to eliminate the results of NL's rheological products specialty chemicals business unit from the Company's consolidated historical results:

- (a) Eliminate the results of operations of NL's rheological products specialty chemicals business unit conducted by Rheox included in Valhi's consolidated statement of operations.

Such results of operations differ from the amounts separately reported by NL due to amortization of purchase accounting basis differences made in conjunction with the Company's acquisitions of its interest in NL.

- (b) Adjust the Company's incremental income taxes for pro forma adjustment (a).

NL is not a member of the consolidated U.S. federal income tax group of which Valhi is a member, and consequently the Company provides incremental income taxes related to NL's earnings.

- (c) Recognize minority interest in the remaining NL results of operations.

During 1996 and the first nine months of 1997, NL's separate financial statements reflected a stockholders' deficit, and all of NL's undistributed income or loss accrued to the Company for financial reporting purposes. If the disposal of business unit had occurred at the beginning of 1996, NL's net-of-tax gain on disposal would have resulted in NL reporting positive stockholders' equity throughout 1996 and the first nine months of 1997, on a pro forma basis, and consequently the Company would have reported minority interest in NL's remaining losses.

- (d) Adjust the Company's incremental income taxes for pro forma adjustment (c).

Valhi will account for the disposition of NL's rheological products specialty chemicals business unit as the disposal of a business unit. Valhi will report a gain on disposal of such business unit in the first quarter of 1998. The accompanying unaudited pro forma condensed consolidated statements of operations presented herein do not reflect any pro forma adjustment for such gain in accordance with the requirements of Article 11 of Regulation S-X.

- II - Record amortization of the deferred revenue related to NL's covenant not to compete, the related minority interest in such earnings and the Company's provision for incremental income taxes related to such earnings.

