UNITED STATES
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, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-3970

HARSCO CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

23-1483991
(I.R.S. Employer Identification No.)

Camp Hill, Pennsylvania
(Address of principal executive offices)

17001-8888
(Zip Code)

Registrant's Telephone Number (717) 763-7064

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.
X YES NO

Title of Each Class	Outstanding Shares at June 30, 1994
Common Stock Par Value $1.25	25,136,299
Preferred Stock Purchase Rights	25,136,299

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	1994	1993	1994	1993
Revenues:				
Sales	$338,056	$354,623	$656,728	$700,427
Equity in net income of unconsolidated entities	20,796	694	35,824	1,593
Gain on sale of investment	-	-	5,867	8,971
Other revenues	247	449	4,348	894

Total revenues	359,099	355,766	702,767	711,885
Costs and expenses:				
Cost of sales	265,533	273,218	518,530	546,780
Selling, administrative and general expenses	52,835	43,212	100,495	82,828
Research and development	1,792	1,050	2,723	2,508
Provision for facilities discontinuance	302	823	319	686
Other, net	(910)	102	124	(165)
Total costs and expenses	319,552	318,405	622,191	632,637
Income before interest, taxes, minority interest and cumulative effect of accounting change	39,547	37,361	80,576	79,248
Interest income	1,375	2,250	2,856	4,193
Interest expense	(8,805)	(3,206)	(17,135)	(6,146)
Income before taxes, minority interest, and cumulative effect of accounting change	32,117	36,405	66,297	77,295
Provision for income taxes	14,036	14,172	28,972	30,960
Income before minority interest and cumulative effect of accounting change	18,081	22,233	37,325	46,335
Minority interest	534	(48)	1,150	(103)
Income before cumulative effect of accounting change	17,547	22,281	36,175	46,438
Cumulative effect of change in accounting for income taxes	-	-	-	6,802
Net income	$ 17,547	$ 22,281	$ 36,175	$ 53,240
Average shares of common stock outstanding	25,118	25,056	25,065	25,190
Earnings per common share:				
Income before cumulative effect of accounting change	$ 0.70	$ 0.89	$ 1.44	$ 1.84
Cumulative effect of change in accounting	-	-	-	0.27
Net income per share	$ 0.70	$ 0.89	$ 1.44	$ 2.11
Cash dividends declared per share	$ 0.35	$ 0.35	$ 0.70	$ 0.70

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands)	June 30 1994	December 31 1993
ASSETS		
Current assets:		
Cash and cash equivalents	$ 58,123	$ 58,740
Receivables	334,961	322,894
Inventories:		
Long-term contract costs	-	105,154
Less progress payment	-	(16,662)
	-	88,492

Finished goods	30,273	23,543
Work in process	33,136	25,612
Raw material and purchased parts	49,547	52,608
Stores and supplies	14,417	12,171
Total inventories	127,373	202,426
Other current assets	17,170	16,045
Total current assets	537,627	600,105
Property, plant and equipment, at cost	965,401	1,060,729
Allowance for depreciation	(531,007)	(569,074)
	434,394	491,655
Cost in excess of net assets of companies acquired, net	222,638	221,082
Insurance related assets	71,437	70,153
Other assets	82,796	44,617
Total Assets	$1,348,892	$1,427,612

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands)	June 30 1994	December 31 1993
LIABILITIES		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 41,834	$ 63,509
Accounts payable	69,238	98,021
Advances on long-term contracts	2,159	88,518
Accrued compensation	32,296	45,546
Other current liabilities	123,312	121,755
Total current liabilities	268,839	417,349
Long-term debt	415,134	364,869
Deferred income taxes	31,066	33,424
Insurance related liabilities	49,271	49,350
Other liabilities	35,420	39,536
	799,730	904,528
COMMITMENTS AND CONTINGENT LIABILITIES		
SHAREHOLDERS' EQUITY		
Common stock and additional paid-in capital	132,935	126,579
Cumulative adjustments for translation and pension liability	(14,352)	(16,166)
Retained earnings	621,743	603,158
Treasury stock	(191,164)	(190,487)
	549,162	523,084
Total liabilities and		

shareholders equity	$1,348,892	$1,427,612

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Six Months Ended June 30 1994	1993
Cash flows from operating activities:		
Net income	$ 36,175	$ 53,240
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	44,314	28,794
Amortization	4,498	993
Cumulative effect of change in accounting principle	-	(6,802)
Gain on sale of investment	(5,867)	(8,971)
Change in equity of entities	(3,022)	(1,164)
Other, net	1,569	(18)
Changes in assets and liabilities, net of acquisition of a business and formation of a partnership:		
Notes and accounts receivables	(14,898)	53,360
Inventories	(11,216)	35,304
Accounts payable	946	(8,657)
Accrued long-term contract costs	-	602
Advances on long-term contracts	(7,100)	7,938
Other assets and liabilities	(17,276)	(5,641)
Net cash provided by operating activities	28,123	148,978
Cash flows from investing activities:		
Capital expenditures, net of disposals	(31,065)	(21,772)
Purchase of business	-	(2,100)
Proceeds from sale of investment	7,617	11,471
Other investing activities	(6,943)	(2)
Net cash (used) by investing activities	(30,391)	(12,403)
Cash flows from financing activities:		
Short-term borrowings, net	(20,545)	3,864
Current maturities and long-term debt		
Additions	87,765	(267)
Reductions	(54,160)	-
Cash dividends paid on common stock	(17,531)	(17,725)
Common stock issued-options	5,678	3,823
Common stock acquired for treasury	-	(36,322)
Other financing activities	215	-
Net cash provided (used) by financing activities	1,422	(46,627)
Effect of exchange rate changes on cash	229	(85)
Net increase (decrease) in cash and cash		

equivalents	(617)	89,863
Cash and cash equivalents at beginning of period	58,740	50,366
Cash and cash equivalents at end of period	$ 58,123	$ 140,229

See accompanying notes to consolidated financial statements.

REVIEW OF OPERATIONS BY GROUP
(Unaudited)

SALES (In Millions)	Three Months Ended June 30 1994	1993	Six Months Ended June 30 1994	1993
Metal Reclamation and Mill Services	$ 129.5	$ 43.1	$ 247.5	$ 82.3
Infrastructure, Construction and Transportation	103.5	82.1	194.9	150.2
Process Industry Products	105.0	93.0	214.3	188.6
Defense	-	136.4	-	279.3
Total	$ 338.0	$ 354.6	$ 656.7	$ 700.4

INCOME BEFORE TAX AND MINORITY INTEREST (In Millions)	Three Months Ended June 30 1994	1993	Six Months Ended June 30 1994	1993
Group operating profit:				
Metal Reclamation and Mill Services	$ 9.2	$ 6.9	$ 14.3	$ 12.0
Infrastructure, Construction and Transportation	3.9	6.2	6.5	8.0
Process Industry Products	8.9	7.8	20.0	14.7
Defense	-	21.1	-	41.1
Total group operating profit	22.0	42.0	40.8	75.8
Equity in income of unconsolidated entities	20.8	0.7	35.8	1.6
Gain on sale of investment	-	-	5.9	9.0
Unallocated expenses	(10.7)	(6.3)	(16.2)	(9.1)
Total pre-tax income	$ 32.1	$ 36.4	$ 66.3	$ 77.3

Effective January 1, 1994, Defense is no longer designated as a separate group. This is due to the formation of our joint venture, United Defense, L.P., in which Harsco has a 40% ownership, and the suspension of the five-ton truck production at midyear in 1993. Any truck sales in 1994 will be reflected under the Infrastructure, Construction and Transportation Group.

Includes equity in income of United Defense, L.P.

Cash payments for interest on all debt, net of amounts capitalized were $17,715,000 for the six months of 1994 and $6,178,000 for the six months of 1993. Cash payments for income taxes were $20,728,000 for the six months of 1994 and $34,468,000 for the six months of 1993.

Notes to Consolidated Financial Statements

Receivables:

As of June 30, 1994, Receivables include $62,415,000 of unbilled receivables representing the Company's claim against the U.S. Government for Federal Excise Taxes and related claims on the five-ton truck contract. See "Commitments and Contingencies" for additional disclosure on this claim.

Acquisition of MultiServ International, N.V. and Formation of Defense Business Partnership

On January 28, 1994, FMC Corporation ("FMC") and Harsco Corporation ("Harsco") announced completion of a series of agreements ("Agreements"), first announced in December 1992, to combine certain assets and liabilities of FMC's Defense Systems Group ("DSG") and Harsco's BMY-Combat Systems Division ("BMY-CS"). The effective date of the combination was January 1, 1994. The combined company, United Defense, L.P. ("UDLP"), operates as a limited partnership. FMC as the Managing General Partner has a 60 percent equity interest, and Harsco Defense Holding, Inc., a wholly owned subsidiary of Harsco Corporation, as the Limited Partner has a 40 percent equity interest.

MultiServ International, N.V. was acquired by Harsco Corporation on August 31, 1993. The acquisition of MultiServ has been accounted for by the purchase method of accounting, and operating results of this acquisition are included in the Company's Consolidated Financial Statements since the date of acquisition. The total consideration paid by the Company was approximately $384,000,000 and consisted of: (i) approximately $333,000,000 in cash, (ii) approximately $12,000,000 in Harsco Corporation Common Stock from treasury, and (iii) the assumption of certain project financing indebtedness of MultiServ in the amount of approximately $39,000,000. Approximately $8,000,000 in closing and acquisition costs were also incurred. The funds used by the Company to complete the acquisition consisted of approximately $83,000,000 from cash balances of Harsco, and approximately $250,000,000 borrowed from a financial institution.

Pro forma information relative to United Defense, L.P. and MultiServ International, N.V. presented for the first six months of 1993, include adjustments to reflect additional expenses associated with the amortization of the created goodwill and the write-up of MultiServ fixed assets to fair market value. The pro forma results also include additional provisions for interest and debt expenses on the acquisition borrowings, the elimination of BMY-CS and accounting for the 40% ownership interest of Harsco in UDLP on the equity method of accounting.

The following represents the unaudited pro forma results of operations as if the combinations had occurred at the beginning of 1993:

(Unaudited) (In thousands, except per share amounts)	Pro Forma Six Months Ended June 30, 1993
Total Revenues	$ 727,468
Income before provision for income taxes, minority interest and, cumulative effect of accounting change	84,954
Provision for income taxes	37,931
Minority interest	390
Income before cumulative effect of accounting change	46,633
Cumulative effect of change in accounting for income taxes	6,802
Net income	$ 53,435
Average shares of common stock outstanding	25,490,180
Earnings per common share:	
Income before cumulative effect of accounting change	$ 1.83
Cumulative effect of change in accounting	.27
Net income per share	$ 2.10

The pro forma operating results are not necessarily indicative of what would have occurred had the combinations actually taken place on January 1, 1993, or of what they are expected to be in 1994. Also, no adjustments have been made to operations for the impact of certain anticipated operational and administrative efficiencies.

Commitments and Contingencies:

Federal Excise Tax and Other Matters Related to the Five-ton Truck Contract:

Subsequent to the award of the five-ton truck contract in 1986, the Federal Excise Tax (FET) law, which was due to expire on October 1, 1988, was extended. The Company and its legal counsel consider that the excise tax required to be paid by the extension of the law constitutes an after-imposed tax and therefore is subject to recovery by a price adjustment. In January 1993, the Armed Services Board of Contract Appeals decided in favor of the Company's position, ruling that Harsco is entitled to a price adjustment to the contract to reimburse FET paid on vehicles that were to be delivered after October 1, 1988. The Government filed a motion requesting the Armed Services Board of Contract Appeals to reopen the proceedings to admit additional evidence or alternatively to reconsider its decision. On February 25, 1994, the Armed Services Board of Contract Appeals denied the Government's motions. In June 1994, the Government appealed these decisions to the Court of Appeals for the Federal Circuit. In addition, the Government might renew the motions in the Armed Services Board of Contract Appeals based upon the results of the continuing investigation described below.

As previously reported, the Company had already anticipated prevailing on its claims and recorded as an account receivable the amount of the FET it has paid on these vehicles of approximately $47 million, and the related claim arising from changes in shipment destinations of approximately $15 million. The January 1993 decision only rules upon the Company's claim for reimbursement of the taxes paid without establishing the specific amount of the reimbursement. Subject to the Company prevailing against the Government's appeal and any future Government motions, the decision will send the case back to the government contracting officer to determine the proper amount of the price adjustment consistent with the ruling. Under applicable law, interest also accrues on the amount owed. Although the January 1993 decision does not directly deal with the claim for $15 million on the related destination change issue, the Company believes that the ruling resolves the key factual issues in that claim in favor of Harsco as well. The Company continues to anticipate favorable resolution with respect to both claims. Final resolution of the issues in favor of the Company would not result in the recording of additional income other than any interest received, but would have a positive cash flow effect. To the extent that any portion of the FET and related claims is not recovered, additional losses on the contract will have to be recognized which could have a material effect on quarterly or annual operating results.

The Commercial Litigation Branch of the Department of Justice is continuing to conduct an investigation with respect to the facts underlying the Company's claim for reimbursement of Federal Excise Tax payments and in addition is examining the way the Company charged the Army for sales of certain cargo truck models for which the Company did not pay Federal Excise Tax based upon an exemption in the law. If the Government files a civil action against the Company as a result of the civil investigation, it may seek various remedies including forfeiture by the Company of its claims for reimbursement of FET and related claims, treble damages, and civil penalties.

In a related matter, the Internal Revenue Service is reviewing Harsco's position that certain cargo truck models are not taxable due to a provision in the tax law that exempts trucks having a gross vehicle weight of 33,000 pounds or less, and has tentatively concluded that they appear to be taxable. If the Internal Revenue Service asserts that tax is due on these vehicles, the total claim could be $42 million plus interest and penalty, if any. The Company plans to vigorously contest any such tax deficiency. Although there is risk of an adverse outcome, the Company and its counsel believe that these trucks are not taxable. Even if they are held to be taxable, the Company and its counsel believe the Government would be obligated to reimburse the Company for the majority of the tax because it would constitute an after-imposed tax that would be subject to the ruling of the Armed Services Board of Contract Appeals discussed above, resulting in a net maximum liability for Harsco of $16 million plus interest and penalty, if any.

The Company has also filed other claims relating to the five-ton truck contract totalling in excess of $55 million plus interest, with respect to contract changes, inadequate technical data package, and delays and disruptions. The Company continues to explore resolution of these claims through negotiation. No recognition of any possible recovery on these claims is reflected in the accompanying financial statements.

M9 Armored Combat Earthmover Claim:

The Company and its legal counsel are of the opinion that the U.S. Government did not exercise option three under the M9 Armored Combat Earthmover (ACE) contract in a timely manner, with the result that the unit price for options three, four and five are subject to renegotiation. Claims reflecting the Company's position have been filed with respect to all options purported to be exercised, totalling in excess of $60 million plus interest. No recognition has been given in the accompanying financial statements for any recovery on these claims. The Company is awaiting a decision on its Motion for Summary Judgment relating to the late option exercise that is now pending before the Armed Services Board of Contract Appeals.

In addition, the Company negotiated a settlement with the U. S. Government of a smaller outstanding claim concerning this contract which provides for payment of $3.8 million by the U.S. Government to Harsco. The Company recognized that amount as revenue in the First Quarter of this year and payment has since been received.

Government Furnished Equipment Overcharge Claim:

The Company filed a claim in the Armed Services Board of Contract Appeals asserting that the United States Government has overcharged Harsco in the sale of government furnished equipment on various contracts, all of which have been completed. The Company has advised the Government that the overpayment on these contracts is approximately $24 million. The Government disputes the Company's position, but the parties are exploring the possibility of settling this case and similar issues relating to other completed contracts that are not included in the litigation.

Other Litigation:

On March 13, 1992, the U.S. Government filed a counterclaim against the Company in a civil suit alleging violations of the False Claims Act and breach of a contract to supply M109A2 Self-Propelled Howitzers. The counterclaim was filed in the United States Claims Court along with the Government's answer to the Company's claim of approximately $5 million against the Government for costs incurred on this contract relating to the same issue. The Government claims breach of contract damages of $7.3 million and in addition seeks treble that amount under the False Claims Act plus unquantified civil penalties which the Company estimates to be approximately $3.3 million. The Company and its counsel believe it is unlikely Harsco will incur any material liability as a result of these claims.

Iran's Ministry of Defense has initiated arbitration procedures against the Company under the rules of the International Chamber of Commerce for damages allegedly resulting from breach of various contracts executed by the Company and the Ministry of Defense between 1970 and 1978. The contracts were terminated in 1978 and 1979 during the period of civil unrest in Iran that preceded the Iranian revolution. Iran has asserted a claim under one contract for repayment of a $7.5 million advance payment it made to the Company, plus interest at 12% through June 27, 1991 in the amount of $25.3 million. Iran has also asserted a claim for damages under other contracts for $32.1 million plus interest. The Company intends to assert various defenses and also has filed counterclaims against Iran for damages in excess of $7.5 million which it sustained as a result of Iran's breach of contract, plus interest. The Company's management and its counsel believe that it is unlikely Harsco will incur any material liability as a result of these claims.

In June 1994, the shareholder of the Ferrari Group, a Belgium holding company involved in steel mill services and other activities, filed a legal action in Belgium against Heckett MultiServ, S.A. and S.E.A.E., subsidiaries of MultiServ International N.V. (a subsidiary of Harsco Corporation). The action alleges that these two subsidiaries breached contracts arising from letters of intent signed in 1992 and 1993 concerning the possible acquisition of the Ferrari Group, claiming that the subsidiaries were obligated to proceed with the acquisition and failed to do so. The action seeks damages of 504 million Belgian Francs (approximately U.S. $16 million). The Company intends to vigorously defend against the action and believes that based on conditions contained in the letters of intent and other defenses it will prevail.

Environmental:

The Company is involved in a number of environmental remediation investigations and clean-ups and, along with other companies, has been identified as a "potentially responsible party" for certain waste disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability, and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The liability for future remediation costs is evaluated on a quarterly basis and it is the opinion of management that any liability over the amounts accrued will not have a materially adverse effect on the Company's financial position or results of operations.

Other:

The Company is subject to various other claims, legal proceedings and investigations covering a wide range of matters that arose in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a materially adverse effect on the financial position or results of operations of the Company.

OPINION OF MANAGEMENT:

Financial information furnished herein, which is unaudited, reflects in the opinion of management all adjustments (all of which are of a recurring nature) that are necessary to present a fair statement of the interim periods.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION
OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Financial Condition

Cash provided by operating activities was $28.1 million in the first six months of 1994, reflecting, among other things, a $30.9 million distribution of earnings from United Defense, L.P., a $14.9 million increase in accounts receivable and an $11.2 million increase in inventories. Included in receivables is $62.4 million for amounts expended, or income not received, related to the Federal Excise Tax (FET) and related claims for the completed five-ton truck contract. Final resolution of the FET and related claims in favor of the Company would not result in the recording of additional income other than any interest received, but would have a positive cash flow effect. To the extent that any portion of the FET and related claims is not recovered, additional losses on the contract will have to be recognized, but there would be little impact on cash outflows.

Cash flow for investing activities included capital expenditures of $35.6 million and $7.6 million of proceeds from the sale of the remaining shares of an equity investment. Investment activity also included the cash contribution of $5.2 million for a portion of the initial capitalization of United Defense, L.P. and a $1.7 million minority-interest purchase in a metal reclamation and mill services business. Cash flow for financing activities included a net increase in long-term debt of $30.3 million, a $17.2 million reduction of short-term debt, and $17.5 million of cash dividends paid on common stock. Cash and cash equivalents decreased $.6 million to $58.1 million at June 30, 1994.

In conjunction with the formation of United Defense, L.P., in which Harsco holds a 40% equity interest, the Company recognized a non-cash contribution of $24.4 million of net assets related to the BMY-Combat Systems Division of Harsco Corporation. As mentioned above, the Company also contributed cash of $5.2 million to United Defense, L.P. During the first six months for the partnership, the Company received a $30.9 million distribution of earnings from United Defense, L.P. The agreement stipulates, among other things, that cash distributions of earnings will be made at certain minimum amounts of income in the quarter subsequent to the quarter in which income is earned. However, a special distribution, as allowed by the agreement, was received during the second quarter, due to the strong cash position of the Limited Partnership.

Other matters, which could significantly affect cash flows in the future are discussed in the 1993 Annual Report to Shareholders under Note 10, "Commitments and Contingencies" and in Part 1, Item 1 of this Form 10Q. During the first quarter, the Company negotiated a settlement with the U. S. Government of a small portion of the outstanding issues concerning the M9 Armored Combat Earthmover (ACE) contract referred to in Note 10. Under this settlement, the Government paid the Company $3.8 million. The Company's claim in excess of $60 million against the Government on this contract for untimely exercise of contract options has not yet been resolved.

Harsco continues to maintain a good financial position, with net working capital of $268.8 million, up from the $182.8 million at December 31, 1993, principally due to the conversion of $30.2 million of short-term debt to long-term debt and the contribution of certain current assets and liabilities to the formation of United Defense, L.P. Current assets amounted to $537.6 million, and current liabilities were $268.8 million, resulting in a current ratio of 2.0 to 1, higher than the 1.4 to 1 at year-end 1993. With total debt at $457.0 million and equity at $549.2 million at June 30, 1994, the total debt as a percent of capital was 45.4%, which is slightly higher than the 45.0% at December 31, 1993.

The stock price range during the first six months was $46 3/8 - 39 3/4. Harsco's book value per share at June 30, 1994 was $21.85, compared with $20.95 at year-end 1993. The Company's annualized return on equity for the first six months of 1994 was 13.2%, compared with 17.3% for the year 1993. The return on assets was 11.8%, compared with the 13.4% for the year 1993.

The Company has available through a syndicate of banks a $150 million, 364-day revolving line-of-credit and a $150 million, multi-currency, five-year term line of credit. During the second quarter, the Company successfully negotiated with the banks to re-syndicate and amend this facility, to extend maturity, update pricing for favorable bank market dynamics, make certain technical adjustments to the documents and allow more flexibility to borrow in additional European currencies. As of June 30, 1994, $106.9 million was outstanding under this syndicated credit facility. Harsco's outstanding notes are rated A by Standard & Poor's and Baa1 by Moody's.

As indicated by the above, the Company's financial position and debt capacity should enable it to meet its current and future requirements. As additional resources are needed, Harsco should be able to obtain funds at competitive costs.

RESULTS OF OPERATIONS

Second Quarter of 1994 Compared
with Second Quarter of 1993

Second quarter revenues of $359.1 million were slightly higher than last year's comparable period. Higher sales were reported in each of our three operating groups, however, the Company's total sales of $338.1 million were 5% lower than the same period last year, due to the substantial absence of military vehicle sales in 1994, which was partially offset by sales from MultiServ International, N.V., acquired in August 1993 and, to a lesser extent, by sales from the new product line of school buses brought to market during the third quarter of 1993. Higher sales were reported for most product classes, particularly for scaffolding, shoring and forming equipment, process equipment and railway maintenance equipment. Five-ton truck sales during the second quarter of 1993 were $43.9 million, before production was suspended in June that year. During the second quarter of 1994, production was restarted and operated briefly, completing $3.1 million of sales orders for customers. Also included under revenues is Harsco's $20.2 million share of the income from its investment in United Defense, L.P., a joint venture formed effective January 1, 1994, in which the Company has a 40% interest.

Cost of sales decreased, principally due to lower volume. Selling expense increased, due to higher sales commissions, and administrative expense increased as a result of the inclusion of acquired companies and, to a lesser extent, $2.5 million pre-tax charge for termination costs.

Income before taxes and minority interest was down 11.8% from the comparable period last year, due primarily to significantly higher interest expense from debt incurred principally in conjunction with the acquisition and operations of MultiServ. On a comparative basis, income before interest increased, as higher earnings in the second quarter of 1994 were recorded for scaffolding, shoring and forming equipment, metal reclamation with the inclusion of the MultiServ acquisition, and pipe fittings. School buses operated unprofitably due to the low volume of initial production currently experienced by this product line. Additionally, a $2.0 million provision for legal matters was recorded.

Net income of $17.5 million was down 21% from the comparable period in 1993. The effective income tax rate before minority interest for the second quarter of 1994 was 43.7%, versus 38.9% in 1993. The higher income tax rate was due to losses sustained in certain foreign operations, in large part from new project start-up costs, for which there is no tax benefit and the nondeductibility of certain acquisition costs.

Sales of the Metal Reclamation and Mill Services Group, at $129.5 million, were significantly above 1993's second quarter, due to the acquisition of MultiServ International, N.V. Sales for the Infrastructure, Construction and Transportation Group, at $103.5 million, were substantially ahead of last year's similar period, reflecting greater demand for all product classes with the exception of grating, which was even with last year and is yet to see the anticipated improvement in market conditions. Sales for the Process Industry Products Group, at $105.0 million, were well ahead of the prior year's second quarter, as each Division posted higher volume.

Operating profit for the Metal Reclamation and Mill Services Group was $9.2 million, reflecting the acquisition of MultiServ International, N.V. Performance was adversely affected by the ongoing rationalization of the steel industry, as well as by weak economic conditions in certain countries in Europe, currency devaluations and hyper-inflation in Brazil, start-up costs for new contracts, and termination costs. The Infrastructure, Construction and Transportation Group posted an operating profit of $3.9 million, well below 1993's second quarter. The significant improvement of the scaffolding, shoring and forming equipment product line was diminished by a charge for legal matters and a $3.6 million operating loss for school buses. Operating profit for the Process Industry Products Group, at $8.9 million, exceeded the prior year's and reflected improved performance for all product classes.

RESULTS OF OPERATIONS

First Six Months of 1994 Compared
with First Six Months of 1993

Revenues for the first six months were $702.8 million, slightly below last year's comparable period. While the decrease was primarily due to the substantial absence from sales of military vehicles in 1994, sales for all three operating groups were substantially ahead of the prior year's first six months.

Sales increased in 1994 for each of our three operating groups due to acquisitions in 1993, principally MultiServ International, N.V., in August 1993, and higher sales from railway maintenance equipment, scaffolding, shoring and forming equipment, process equipment, gas control and containment equipment, metal reclamation and mill services and pipe fittings. Revenues in 1994 include Harsco's $34.6 million share of the income from its equity investment in United Defense, L.P., as well as $3.8 million of revenues resulting from the negotiated settlement with the U.S. Government.

Cost of sales decreased, principally due to lower volume. Selling and administrative expenses increased, principally as a result of the inclusion of acquired companies. Also contributing to the increase was a $2.5 million pre-tax charge, for termination costs, and higher sales commissions. On a comparative basis, administrative expenses in 1993 were reduced by the collection of $2.8 million of previously reserved bad debts related to divested operations.

Income before taxes and minority interest was down 14% from the comparable period last year, despite overall increased operating profits in 1994 for the three operating groups. The decrease reflects significantly higher interest expense, due to the debt incurred principally in conjunction with the acquisition and operations of MultiServ International, N.V. Additionally, operating losses of $6.7 million were recorded in 1994 for school buses during the low volume of initial production associated with this new business, as compared to income recorded for military trucks in last year's first six months, for which production was suspended in June 1993. Also contributing to the decrease in profits was the lower gain from the sale of the remaining shares of an equity investment, termination costs, provision for legal matters, and the adverse impact of foreign currency devaluations and hyper-inflation in Brazil. On a comparative basis, scaffolding, shoring and forming equipment recorded income in 1994 as compared with an operating loss in 1993. Additionally, higher earnings in the first six months of 1994 were recorded for railway maintenance equipment, gas control and containment equipment, pipe fittings and process equipment. Favorably impacting the 1994 six months results was $3.8 million of income, resulting from the negotiated settlement for revenues due from the U.S. Government for contract specification changes made during production of military tracked vehicles. Income from equity in United Defense, L. P. approximated operating profits in 1993 from military tracked vehicles.

Net income of $36.2 million was down 32% from the comparable period in 1993, the highest six months ever. First-half results for 1994 were materially affected by an after-tax gain of $3.5 million ($.14 per share) on the sale of the remaining shares of an equity investment, which the Company purchased several years ago. The first-half results for 1993, the highest six-month period ever, were materially assisted by the favorable effect of an accounting change of $6.8 million ($.27 per share), as well as by an after-tax gain of $5.4 million ($.21 per share) on the partial sale of an equity investment. The effective income tax rate before minority interest for 1994 was 43.7%, versus 40.1% in 1993. The higher income tax rate was due to losses sustained in certain foreign operations, in large part from new project start-up costs, for which there is no tax benefit and the nondeductibility of certain acquisition costs.

Sales of the Metal Reclamation and Mill Services Group, at $247.5 million, were significantly greater than 1993's first six months, due to the acquisition of MultiServ International, N.V. Sales for the Infrastructure, Construction and Transportation Group, at $194.9 million, were substantially ahead of last year's similar period, reflecting greater demand for all product classes. Sales for the Process Industry Products Group, at $214.3 million, were well ahead of the prior year's six months, as each Division posted higher volume.

Operating profit for the Metal Reclamation and Mill Services Group was a disappointing $14.3 million, up only 20% from 1993's first six months in spite of the acquisition of MultiServ International, N.V. Performance was adversely affected by the ongoing rationalization of the steel industry as well as weak economic conditions in certain countries in Europe, the adverse impact of foreign currency devaluations and hyper-inflation in Brazil, and the ongoing expensing of start-up costs for new contracts. Also unfavorably impacting results for 1994 was a pre-tax $2.5 million charge for termination costs. The Infrastructure, Construction and Transportation Group posted an operating profit of $6.5 million which was below 1993's first six months, despite most product classes posting significantly improved results, with the exception of the new product line of school buses, where the Company experienced an operating loss ($6.7 million), and grating. Operating profit for the Process Industry Products Group, at $20.0 million, was up 36% over the prior year's first six months and reflected improved performance for all product classes.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information on legal proceedings is included above under Part I, Item 1., the section labeled "Commitments and Contingencies."

ITEM 5. OTHER INFORMATION

a.) On April 29, 1994, Harsco Corporation announced that Taylor-Wharton Gas Equipment Division's Headquarter's will be relocated to Camp Hill, Pennsylvania from Plant City, Florida.

b.) On June 22, 1994, Harsco Corporation announced that the Company completed an amendment and resyndication of the $300 million credit facility which was originally entered into October 1993, relating to the acquisition of MultiServ International, N.V.

This amended agreement will reduce costs through lower interest expense and fees, will provide financial flexibility and eliminate certain financial covenants, and will serve as a backup for the potential issuance of commercial paper. The structure of the revolving credit agreement includes a $150 million, 364-day committed facility in US dollars only and a $150 million, five-year committed facility in US dollars and Eurocurrencies.

c.) On June 28, 1994, Harsco Corporation announced that the Board of Directors declared a quarterly cash dividend of 35 cents per share, payable August 15, 1994, to shareholders of record on July 15, 1994.

d.) On July 7, 1994, Harsco Corporation announced a management reorganization of its Heckett MultiServ Division as a part of the Company's ongoing program to integrate with its Heckett Division the MultiServ International N.V. metal reclamation and mill service operations acquired last year. Under the new structure, the Heckett MultiServ Division will be organized into two geographic regions, each managed by a regional President reporting to Harsco Senior Vice President and Chief Operating Officer, William D. Etzweiler. Geoffrey D. H. Butler, previously the

Managing Director of London based Heckett MultiServ-East will serve as President of Heckett MultiServ Division East, adding Europe to his existing areas of responsibility which include Africa, Asia and Australia. Senior Vice President of North America of the Heckett MultiServ Division, Richard E. Chapla, is assuming responsibility for North and South American operations as President of the Butler Pennsylvania based Heckett MultiServ Division-West. Adrian H. H. Bowden who led the Heckett MultiServ Division as President and Chief Operating Officer has departed the Company by mutual agreement to assist the reorganization effort.

In view of the new responsibilities being assumed by Mr. Etzweiler for the Heckett MultiServ Division, four Harsco divisions are being reassigned from him to Barrett W. Taussig, who is also a Senior Vice President and Chief Operating Officer. Under this realignment, Mr. Etzweiler will retain responsibility for the Company's Process Industry Products group which includes the Capitol Manufacturing, Patterson-Kelley, Sherwood and Taylor-Wharton Gas Equipment Divisions. Mr. Taussig, who is responsible for the Corporation's 40% limited partnership interest in United Defense, L.P. and the BMY-Wheeled Vehicles Division will retain those assignments and in addition oversee the other divisions in the Infrastructure Construction and Transportation Group consisting of Fairmont Tamper, IKG Industries, Patent Construction Systems and Reed Minerals.

ITEM 6. EXHIBITS

The following exhibits are attached:

a.) Exhibit No. 11. Computation of Fully Diluted Net Income Per Common Share.

b.) Exhibit No. 12. Computation of Ratios of Earnings to Fixed Charges.

c.) There have been no reports filed on Form 8-K during the second quarter ending June 30, 1994.

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 thereunto duly authorized.

HARSCO CORPORATION
(Registrant)

DATE August 11, 199 /S/Leonard A. Campanaro
Leonard A. Campanaro
Senior Vice President and
Chief Financial Officer

DATE August 11, 199 /S/Salvatore D. Fazzolari
Salvatore D. Fazzolari
Vice President and Controller

Part I
Exhibit 11

HARSCO CORPORATION
COMPUTATION OF FULLY DILUTED NET INCOME PER COMMON SHARE
(dollars in thousands except per share)

	3 MONTHS ENDED JUNE 30 1994	1993	6 MONTHS ENDED JUNE 30 1994	1993
Income before cumulative effect of accounting change	$ 17,547	$ 22,281	$ 36,175	$ 46,438
Cumulative effect of a change in accounting for income taxes	-	-	-	6,802
Net income	$ 17,547	$ 22,281	$ 36,175	$ 53,240
Average shares of common stock outstanding used to compute primary earnings per common share	25,118,244	25,056,040	25,065,274	25,189,883
Additional common shares to be issued assuming exercise of stock options, net of shares assumed reacquired	82,849	123,801	100,304	139,629
Shares used to compute dilutive effect of stock options	25,201,093	25,179,841	25,165,578	25,329,512
Fully diluted income per share before cumulative effect of accounting change	$ 0.70	$ 0.88	$ 1.44	$ 1.83
Fully diluted income per share of cumulative effect of change in accounting for income taxes	-	-	-	0.27
Fully diluted net income per common share	$ 0.70	$ 0.88	$ 1.44	$ 2.10
Income per share before cumulative effect of accounting change	$ 0.70	$ 0.88	$ 1.44	$ 1.84
Income per share of cumulative effect of change in accounting for income taxes	-	-	-	0.27
Net income per common share	$ 0.70	$ 0.89	$ 1.44	$ 2.11

Part I
Exhibit 12

HARSCO CORPORATION
Computation of Ratios of Earnings to Fixed Charges
(In Thousands of Dollars)

	YEARS ENDED DECEMBER 31					
	1989	1990	1991	1992	1993	Six Months Ended 6-30-94
Consolidated Earnings:						
Pre-tax income from continuing operations	$ 22,173	$115,587	$119,647	$140,576	$137,151	$ 65,147
Add fixed charges computed below	20,693	21,864	23,544	22,425	23,879	19,025
Net adjustments for equity companies	(483)	(532)	(439)	(454)	(363)	(15,744)
Net adjustments for capitalized interest	(215)	(255)	(469)	(134)	(172)	(192)
Consolidated Earnings Available for Fixed Charges	$ 42,168	$136,664	$142,283	$162,413	$160,495	$ 68,236
Consolidated Fixed Charges:						
Interest expense per financial statements	$ 16,412	$ 17,506	$ 18,925	$ 18,882	$ 19,974	$ 17,135
Interest expense capitalized	287	345	574	355	332	224
Portion of rentals (1/3 representing an interest factor	3,994	4,013	4,045	3,188	3,573	1,666
Interest expense for equity companies whose debt is guaranteed	-	-	-	-	-	-
Consolidated Fixed Charges	$ 20,693	$ 21,864	$ 23,544	$ 22,425	$ 23,879	$ 19,025
Consolidated Ratio of Earnings to Fixed Charges	2.04	6.25	6.04	7.24	6.72	3.59

1992 excludes the cumulative effect of change in accounting method for postretirement benefits other than pensions.

Includes amortization of debt discount and expense.

No fixed charges were associated with debt of less than fifty percent owned companies guaranteed by Harsco during the five year period 1989 through 1993 and during the first six months of 1994.