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, 2004

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 1-3970

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

Delaware	23-1483991
(State of incorporation)	(I.R.S. Employer Identification No.)
Camp Hill, Pennsylvania	17001-8888
(Address of principal executive offices)	(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.
YES [X] NO [_]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
YES [X] NO [_]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2004
Common stock, par value $1.25 per share	41,140,727

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED JUNE 30 2004	2003	SIX MONTHS ENDED JUNE 30 2004	2003
REVENUES FROM CONTINUING OPERATIONS:				
Service sales	$ 440,700	$ 374,119	$ 846,607	$ 721,722
Product sales	176,877	162,341	327,243	302,640
TOTAL REVENUES	617,577	536,460	1,173,850	1,024,362
COSTS AND EXPENSES FROM CONTINUING OPERATIONS:				
Cost of services sold	326,594	272,486	631,386	534,223
Cost of products sold	141,284	131,356	265,480	245,293
Selling, general and administrative expenses	89,455	81,453	177,459	161,965
Research and development expenses	676	800	1,381	1,672
Other expenses	1,953	1,399	3,573	2,337

TOTAL COSTS AND EXPENSES	559,962	487,494	1,079,279	945,490
OPERATING INCOME FROM CONTINUING OPERATIONS	57,615	48,966	94,571	78,872
Equity in income of unconsolidated entities, net	74	99	172	261
Interest income	488	379	1,201	1,076
Interest expense	(10,038)	(10,259)	(20,320)	(20,526)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	48,139	39,185	75,624	59,683
Income tax expense	(14,942)	(12,135)	(23,469)	(18,485)
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	33,197	27,050	52,155	41,198
Minority interest in net income	(2,217)	(1,596)	(4,318)	(3,274)
INCOME FROM CONTINUING OPERATIONS	30,980	25,454	47,837	37,924
DISCONTINUED OPERATIONS:				
Income/(loss) from operations of discontinued business	(426)	3	(416)	(209)
Gain/(loss) on disposal of discontinued business	59	233	(88)	528
Income related to discontinued defense business	--	--	224	--
Income tax benefit (expense)	132	(85)	112	(115)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(235)	151	(168)	204
NET INCOME	$ 30,745	$ 25,605	$ 47,669	$ 38,128
Average shares of common stock outstanding	41,080	40,615	41,009	40,579
Basic earnings per common share:				
Continuing operations	$ 0.75	$ 0.63	$ 1.17	$ 0.93
Discontinued operations	(0.01)	--	--	0.01
BASIC EARNINGS PER COMMON SHARE	$ 0.75(a)	$ 0.63	$ 1.16(a)	$ 0.94
Diluted average shares of common stock outstanding	41,525	40,872	41,493	40,764
Diluted earnings per common share:				
Continuing operations	$ 0.75	$ 0.62	$ 1.15	$ 0.93
Discontinued operations	(0.01)	0.01	--	0.01
DILUTED EARNINGS PER COMMON SHARE	$ 0.74	$ 0.63	$ 1.15	$ 0.94
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 0.275	$ 0.2625	$ 0.55	$ 0.525

(a) Does not total due to rounding.

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(IN THOUSANDS)	JUNE 30 2004	DECEMBER 31 2003(a)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 71,534	$ 80,210
Accounts receivable, net	499,376	446,875
Inventories	216,378	190,221
Other current assets	49,371	47,045
TOTAL CURRENT ASSETS	836,659	764,351
Property, plant and equipment, net	869,159	866,332
Goodwill, net	409,164	407,846
Other assets	96,921	97,483
Assets held for sale	1,563	2,023
TOTAL ASSETS	$ 2,213,466	$ 2,138,035
LIABILITIES		
CURRENT LIABILITIES:		
Short-term borrowings	$ 16,452	$ 14,854
Current maturities of long-term debt	19,897	14,252
Accounts payable	199,385	188,430
Accrued compensation	47,416	46,034
Income taxes	43,489	45,116
Dividends payable	11,314	11,238
Other current liabilities	197,338	175,151
TOTAL CURRENT LIABILITIES	535,291	495,075
Long-term debt	593,972	584,425
Deferred income taxes	69,880	66,855
Insurance liabilities	48,709	47,897
Retirement plan liabilities	116,716	115,190
Other liabilities	49,782	50,707
Liabilities associated with assets held for sale	589	898
TOTAL LIABILITIES	1,414,939	1,361,047
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock	84,529	84,197
Additional paid-in capital	129,277	120,070
Accumulated other comprehensive expense	(182,672)	(169,427)
Retained earnings	1,370,864	1,345,787
Treasury stock	(603,471)	(603,639)
TOTAL SHAREHOLDERS' EQUITY	798,527	776,988
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,213,466	$ 2,138,035

(a) As permitted by the Financial Accounting Standards Board (FASB) Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," 2003 information has been reclassified for comparative purposes.

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(IN THOUSANDS)	SIX MONTHS ENDED JUNE 30 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 47,669	$ 38,128
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	88,401	80,773
Amortization	1,189	718
Equity in income of unconsolidated entities, net	(171)	(262)
Dividends or distributions from unconsolidated entities	544	1,335
Other, net	5,770	2,498
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:		
Accounts receivable	(56,854)	(36,460)
Inventories	(26,686)	335
Accounts payable	11,606	(10,880)
Net disbursements related to discontinued defense business	(154)	(434)
Other assets and liabilities	25,644	14,577
NET CASH PROVIDED BY OPERATING ACTIVITIES	96,958	90,328
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(99,156)	(62,789)
Purchase of businesses, net of cash acquired	(5,165)	(23,486)
Proceeds from sales of assets	2,748	12,957
NET CASH USED BY INVESTING ACTIVITIES	(101,573)	(73,318)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings, net	2,339	(10,968)
Current maturities and long-term debt:		
Additions	99,004	82,292
Reductions	(85,910)	(81,107)
Cash dividends paid on common stock	(22,518)	(21,286)
Common stock issued-options	7,975	4,047
Other financing activities	(2,596)	(3,552)
NET CASH USED BY FINANCING ACTIVITIES	(1,706)	(30,574)
Effect of exchange rate changes on cash	(2,355)	7,407
Net decrease in cash and cash equivalents	(8,676)	(6,157)
Cash and cash equivalents at beginning of period	80,210	70,132
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 71,534	$ 63,975

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30 2004	2003	SIX MONTHS ENDED JUNE 30 2004	2003
Net income	$ 30,745	$ 25,605	$ 47,669	$ 38,128
Other comprehensive income (expense):				
Foreign currency translation adjustments	(8,566)	28,442	(11,757)	33,098
Net losses on cash flow hedging instruments, net of deferred income taxes	--	(8)	(25)	(5)
Pension liability adjustments, net of deferred income taxes	1,494	(5,616)	(1,567)	17,074
Reclassification adjustment for loss on cash flow hedging instruments, net of deferred income taxes included in net income	--	--	104	--
Reclassification adjustment for loss on marketable securities, net of deferred income taxes included in net income	--	--	--	2
Other comprehensive income (expense)	(7,072)	22,818	(13,245)	50,169
TOTAL COMPREHENSIVE INCOME	$ 23,673	$ 48,423	$ 34,424	$ 88,297

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. OPINION OF MANAGEMENT

Financial information furnished herein, which is unaudited, in the opinion of management reflects all adjustments (all of which are of a normal recurring nature) that are necessary to present a fair statement of the interim period. This unaudited interim information should be read in conjunction with the Company's annual Form 10-K filing for the year ended December 31, 2003.

B. RECLASSIFICATIONS

Certain reclassifications have been made to prior years' amounts to conform with current year classifications. These reclassifications relate principally to segment information, which has been reclassified to conform to the current presentation as described in Note D, "Review of Operations by Segment." Additional reclassifications have been made between the property, plant and equipment accounts and the assets held for sale account to reflect assets currently classified as held for sale as permitted by SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

As a result of these reclassifications, certain 2003 amounts presented for comparative purposes will not individually agree with previously filed Forms 10-K or 10-Q.

C. OPTIONS FOR COMMON STOCK

The Company uses the intrinsic value method to account for options granted to employees for the purchase of common stock. No compensation expense is recognized on the grant date, since at that date, the option price equals the market price of the underlying common stock.

The Company's net income and net income per common share would have been reduced to the pro forma amounts indicated below if compensation cost for the Company's stock option plan had been determined based on the fair value at the grant date for awards in accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123).

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(IN THOUSANDS, EXCEPT PER SHARE)	2004	2003	2004	2003
Net income:				
As reported	$ 30,745	$ 25,605	$ 47,669	$ 38,128
Compensation expense (a)	--	(353)	(96)	(834)
Pro forma	$ 30,745	$ 25,252	$ 47,573	$ 37,294
Basic earnings per share:				
As reported	$ 0.75	$ 0.63	$ 1.16	$ 0.94
Pro forma	0.75	0.62	1.16	0.92
Diluted earnings per share:				
As reported	0.74	0.63	1.15	0.94
Pro forma	0.74	0.62	1.15	0.92

(a) Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects.

D. REVIEW OF OPERATIONS BY SEGMENT

In June 2004, the Company announced a new identity for its Gas and Fluid Control Segment and renamed the Gas and Fluid Control Segment to Gas Technologies. Additionally, the Other Infrastructure Products and Services ("all other")

Category has been renamed Engineered Products and Services ("all other") Category. Except as noted below, there have been no changes to the components of this Segment or Category.

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30, 2004 SALES (a)	THREE MONTHS ENDED JUNE 30, 2004 OPERATING INCOME (b)	THREE MONTHS ENDED JUNE 30, 2003 SALES (a)	THREE MONTHS ENDED JUNE 30, 2003 OPERATING INCOME (LOSS) (b)
Mill Services Segment	$ 242,249	$ 24,849	$ 203,770	$ 25,663
Access Services Segment	183,127	14,322	157,902	10,726
Gas Technologies Segment (c)	82,954	5,266	69,739	3,601
Segment Totals	508,330	44,437	431,411	39,990
Engineered Products & Services ("all other") Category (c)	109,247	13,177	105,049	9,613
General Corporate	--	1	--	(637)
Consolidated Totals	$ 617,577	$ 57,615	$ 536,460	$ 48,966

(IN THOUSANDS)	SIX MONTHS ENDED JUNE 30, 2004 SALES (a)	SIX MONTHS ENDED JUNE 30, 2004 OPERATING INCOME (LOSS) (b)	SIX MONTHS ENDED JUNE 30, 2003 SALES (a)	SIX MONTHS ENDED JUNE 30, 2003 OPERATING INCOME (b)
Mill Services Segment	$ 478,542	$ 50,099	$ 392,016	$ 42,393
Access Services Segment	340,934	17,722	305,306	15,353
Gas Technologies Segment (c)	160,516	8,354	137,932	6,928
Segment Totals	979,992	76,175	835,254	64,674
Engineered Products & Services ("all other") Category (c)	193,858	19,340	189,108	13,458
General Corporate	--	(944)	--	740
Consolidated Totals	$ 1,173,850	$ 94,571	$ 1,024,362	$ 78,872

(a) Sales from continuing operations.

(b) Operating income (loss) from continuing operations.

(c) Segment information for prior periods has been reclassified to conform with the current presentation. Due to management changes, effective January 1, 2004, the air-cooled heat exchangers business, which was previously classified in the Gas and Fluid Control Segment, is classified in the Engineered Products & Services ("all other") category.

RECONCILIATION OF SEGMENT OPERATING INCOME TO CONSOLIDATED INCOME BEFORE INCOME TAXES AND MINORITY INTEREST

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30 2004	THREE MONTHS ENDED JUNE 30 2003	SIX MONTHS ENDED JUNE 30 2004	SIX MONTHS ENDED JUNE 30 2003
Segment Operating Income	$ 44,437	$ 39,990	$ 76,175	$ 64,674
Engineered Products & Services ("all other") Category	13,177	9,613	19,340	13,458
General Corporate	1	(637)	(944)	740
Operating income from continuing operations	57,615	48,966	94,571	78,872
Equity in income of unconsolidated entities, net	74	99	172	261
Interest income	488	379	1,201	1,076
Interest expense	(10,038)	(10,259)	(20,320)	(20,526)
Income from continuing operations before income taxes and minority interest	$ 48,139	$ 39,185	$ 75,624	$ 59,683

E. ACCOUNTS RECEIVABLE AND INVENTORIES

Accounts receivable are net of an allowance for doubtful accounts of $21.6 million and $24.6 million at June 30, 2004 and December 31, 2003, respectively. The decrease in the allowance for doubtful accounts is due principally to the write-off of previously reserved accounts receivable. The provision for doubtful accounts was $2.5 million and $(0.2) million for the six months ended June 30, 2004 and 2003, respectively.

Inventories consists of:

(IN THOUSANDS)	JUNE 30 2004	DECEMBER 31 2003
Finished goods	$ 58,307	$ 59,739
Work-in-process	45,449	32,121
Raw materials and purchased parts	88,332	74,231
Stores and supplies	24,290	24,130
Total Inventory	$ 216,378	$ 190,221

Inventories increased $26.2 million due to the following factors: increased raw material prices (e.g., steel) across all of the Company's manufacturing operations; increases at Gas Technologies due to normal increases from seasonal low levels at the end of December 2003; and increased work-in-process inventories due to long-lead-time orders currently being manufactured at the railway track services and equipment business but not scheduled for delivery until mainly the fourth quarter of 2004 or later.

F. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

(IN THOUSANDS)	JUNE 30 2004	DECEMBER 31 2003 (a)
Land and improvements	$ 39,471	$ 39,554
Buildings and improvements	177,161	176,168
Machinery and equipment	1,795,778	1,803,867
Uncompleted construction	55,034	37,505
Gross property, plant and equipment	2,067,444	2,057,094
Less accumulated depreciation and facilities valuation allowance	(1,198,285)	(1,190,762)
Net property, plant and equipment	$ 869,159	$ 866,332

(a) As permitted by the Financial Accounting Standards Board (FASB) Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," 2003 information has been reclassified for comparative purposes.

G. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table reflects the changes in carrying amounts of goodwill for the six months ended June 30, 2004:

(IN THOUSANDS)	MILL SERVICES	ACCESS SERVICES	GAS TECHNOLOGIES	ENGINEERED PRODUCTS & SERVICES ("ALL OTHER") CATEGORY	CONSOLIDATED TOTALS
Balance as of December 31, 2003, net of accumulated amortization	$ 208,718	$ 154,298	$ 36,693	$ 8,137	$ 407,846
Goodwill acquired during year	--	1,474	--	--	1,474
Other (principally foreign currency translation)	(1,570)	1,414	--	--	(156)
BALANCE AS OF JUNE 30, 2004, NET OF ACCUMULATED AMORTIZATION	$ 207,148	$ 157,186	$ 36,693	$ 8,137	$ 409,164

Goodwill is net of accumulated amortization of $104.3 million and $105.2 million at June 30, 2004 and December 31, 2003, respectively.

Intangible assets, which are included principally in Other assets on the Condensed Consolidated Balance Sheet, totaled $10.7 million, net of accumulated amortization of $9.2 million at June 30, 2004 and $10.4 million, net of accumulated amortization of $8.4 million at December 31, 2003. The following chart reflects these intangible assets by major category.

(IN THOUSANDS)	JUNE 30, 2004 GROSS CARRYING AMOUNT	JUNE 30, 2004 ACCUMULATED AMORTIZATION	DECEMBER 31, 2003 GROSS CARRYING AMOUNT	DECEMBER 31, 2003 ACCUMULATED AMORTIZATION
Customer Relationships	$ 6,937	$ 361	$ 6,373	$ 196
Non-compete agreements	4,888	3,847	4,863	3,671
Patents	4,295	3,507	4,304	3,351
Other	3,798	1,515	3,313	1,197
Total	$ 19,918	$ 9,230	$ 18,853	$ 8,415

The increase in intangible assets is due principally to the acquisitions discussed in Note H, "Acquisitions and Dispositions." As part of these transactions, the Company acquired the following intangible assets (by major class) which are subject to amortization:

ACQUIRED INTANGIBLE ASSETS

(IN THOUSANDS)	GROSS CARRYING AMOUNT	RESIDUAL VALUE	WEIGHTED-AVERAGE AMORTIZATION PERIOD
Customer relationships	$ 584	None	5 years
Non-compete agreements	29	None	3 years
Other	471	None	6 years
Total	$ 1,084		

There were no research and development assets acquired and written off in 2004 or 2003.

Amortization expense for intangible assets was $0.8 million and $0.4 million for the six months ended June 30, 2004 and 2003, respectively. The following chart shows the estimated amortization expense for the next five fiscal years based on current intangible assets.

(IN THOUSANDS)	2004	2005	2006	2007	2008
Estimated Amortization Expense	$ 1,700	$ 1,500	$ 1,300	$ 1,100	$ 800

H. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

In April 2004, the Company's Access Services Segment acquired the Australian distributor, Raffia Contracting Pty, and Raffia's sister company, Tower International Pty. Both businesses are based in Sydney, New South Wales. Raffia Contracting is involved in the supply and erection of scaffolding, working with many of the major contractors in and around the state capital, while Tower International provides light access sales and rentals throughout the area. The combined businesses will be known as SGB Raffia. Additionally, in May 2004 the Company acquired a small business in Holland to expand its international mill services operations. The proforma impact of these acquisitions was not material.

DISPOSITIONS - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In management's ongoing strategic efforts to increase the Company's focus on core industrial services, certain manufacturing operations have been divested. Effective March 21, 2002, the Board of Directors authorized the sale of the Capitol Manufacturing business, a business unit of the Gas Technologies Segment. A significant portion of the Capitol Manufacturing business was sold on June 28, 2002. The Company continues to recognize income from inventory consigned to the buyer in accordance with the sale agreement and when all revenue recognition criteria have been met. This business has been included in discontinued operations and the assets and liabilities have been separately identified on the Balance Sheet as "held for sale" for all periods presented. There were no sales from discontinued operations for the six months ended June 30, 2004 and 2003 as the business was sold during 2002. The income (loss) from discontinued operations does not include any charges to reduce the book value of the business held for sale to its fair market value less cost to sell, since the fair value of the business exceeded the book value.

Throughout 2003 and 2004, management approved the sale of certain long-lived assets (primarily land and buildings) of the Access Services and Mill Services Segments. Accordingly, these assets have been separately identified on the Balance Sheet as "held for sale" for all periods presented.

The major classes of assets and liabilities "held for sale" included in the Condensed Consolidated Balance Sheet are as follows:

(IN THOUSANDS)	JUNE 30 2004	DECEMBER 31 2003
ASSETS		
Accounts receivable, net	$ 19	$ 411
Inventories	166	222
Other current assets	23	20
Property, plant and equipment, net	1,355	1,370
TOTAL ASSETS "HELD FOR SALE"	$ 1,563	$ 2,023
LIABILITIES		
Accounts payable	$ 14	$ 512
Other current liabilities	440	386
Other liabilities	135	--
TOTAL LIABILITIES ASSOCIATED WITH ASSETS "HELD FOR SALE"	$ 589	$ 898

I. COMMITMENTS AND CONTINGENCIES

FEDERAL EXCISE TAX AND OTHER MATTERS RELATED TO THE FIVE-TON TRUCK CONTRACT
In 1995, the Company, the United States Army ("Army"), and the United States Department of Justice concluded a settlement of Harsco's previously reported claims against the Army relating to Federal Excise Tax ("FET") arising under a completed 1986 contract for the sale of five-ton trucks to the Army. On September 27, 1995, the Army paid the Company $49 million in accordance with the settlement terms. The Company released the Army from any further liability for those claims, and the Department of Justice released the Company from a threatened action for damages and civil penalties based on an investigation conducted by the Department's Commercial Litigation Branch that had been pending for several years.

The settlement preserves the rights of the parties to assert claims and defenses under the Internal Revenue Code, and rights of the Army and the Company to claim certain amounts that may be owed by either party to reconcile possible underpayments or overpayments on the truck contract as part of the formal contract close-out process.

The settlement does not resolve the claim by the Internal Revenue Service ("IRS") that, contrary to the Company's position, certain cargo truck models sold by the Company should be considered to have gross vehicle weights in excess of the 33,000 pound threshold under FET law, are not entitled to an exemption from FET under any other theory, and therefore are taxable. In 1999, the IRS assessed an increase in FET of $30.4 million plus penalties and applicable interest currently estimated to be $12.4 million and $73.3 million, respectively, as of June 30, 2004. In October 1999, the Company posted an $80 million bond required as security by the IRS. This increase in FET takes into account offsetting credits of $9.2 million, based on a partial allowance of the Company's $31.9 million claim that certain truck components are exempt from FET. The IRS disallowed in full the Company's additional claim that it is entitled to the entire $52 million of FET (plus applicable interest estimated by the Company to be $62.5 million as of June 30, 2004) the Company has paid on the five-ton trucks, on the grounds that such trucks qualify for the FET exemption applicable to certain vehicles specially designed for the primary function of off-highway transportation. In August 2000, the Company filed legal action against the Government in the U.S. Court of Federal Claims challenging the assessment and seeking a refund of all FET that the Company has paid on five-ton trucks.

The settlement agreement with the Army preserved the Company's right to seek reimbursement of after-imposed tax from the Army in the event that the cargo trucks are determined to be taxable, but the agreement limited the reimbursement to a maximum of $21 million. Additionally, in an earlier contract modification, the Army accepted responsibility for $3.6 million of the potential tax, bringing its total potential responsibility up to $24.6 million. As of September 30, 2000, the

Army paid the Company this entire amount and the Company paid those funds to the IRS, subject to its pending refund claim plus applicable interest. Thus, the Company has satisfied a portion of the disputed tax assessment.

Even if the cargo trucks are ultimately held to be taxable, the Army's contribution of $24.6 million toward payment of the tax (but not interest or penalty, if any), would result in a net maximum liability for the Company of $5.8 million plus penalties and applicable interest estimated as of June 30, 2004, to be $12.4 million and $73.3 million, respectively. The Company believes it is unlikely that resolution of this matter will have a material adverse effect on the Company's financial position; however, it could have a material effect on quarterly or annual results of operations and cash flows.

As a result of developments in the case that occurred during the third and fourth quarters of 2003, the Company has adjusted an accrual related to this matter. These adjustments were included as income related to discontinued defense business on the Company's Consolidated Statements of Income for the three months ended September 30, 2003 and the three month period ended March 31, 2004. The Company's current expectation is that its future obligations for finalizing this matter will approximate $0.4 million.

The Company, by letter dated August 2, 2004, received formal notice that the Government had accepted a settlement proposal submitted by the Company. Pursuant to the settlement, the Company will receive a refund of an estimated $12 million to $13 million in taxes and interest. Payment of the refund is expected to be received in the next four to six weeks. No recognition has been given in the accompanying financial statements for the settlement.

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 Consolidated Balance Sheets at June 30, 2004 and December 31, 2003 include accruals of $3.2 million and $3.3 million, respectively, for environmental matters. The amounts charged against pre-tax income related to environmental matters totaled $1.0 million and $0.6 million for the first six months of 2004 and 2003, respectively.

The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. The Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse effect on its financial position, results of operations or cash flows.

In January 2002, the New Jersey Department of Environmental Protection ("NJDEP") issued Notices of Civil Administrative Penalty Assessment to the Company for violations of the New Jersey Air Pollution Control Act. The Notices allege that the Company operated a slag processing plant in violation of the emission permit for control of slag dust. The Agency assessed civil administrative penalties totaling approximately $311,000 and the Company filed an appeal with the Agency. In March 2003, NJDEP amended its assessment and reduced the proposed penalty to $146,000. This amended order has been appealed. The Company ceased operations at the plant in the fourth quarter of 2001 for unrelated reasons.

CUSTOMER RESTRUCTURING

On January 29, 2004, a customer of the Company announced that it had obtained an order to initiate a Court-supervised restructuring under Canada's Companies' Creditors Arrangement Act (the Act). The Company is actively monitoring this restructuring to determine the Company's potential loss exposure, if any. The Company's pre-petition net receivable balance with the customer as of June 30, 2004 was approximately $5.3 million. The Company intends to vigorously pursue collection of the entire receivable balance pursuant to our rights and obligations under the Act. The Company has been successful in collecting substantially all of the pre-petition receivable amounts in several similar non-Canadian cases where the customer has filed for bankruptcy court protection. Accordingly, no reserve has been recognized as of June 30, 2004.

OTHER

The Company has been named as one of many defendants (approximately 90 or more in most cases) in legal actions alleging personal injury from exposure to airborne asbestos over the past several decades. In their suits, the plaintiffs have named as defendants many manufacturers, distributors and installers of numerous types of equipment or products that allegedly contained asbestos.

The Company believes that the claims against it are without merit. The Company has never been a producer, manufacturer or processor of asbestos fibers. Any component within a Company product which may have contained asbestos would have been purchased from a supplier. Based on scientific and medical evidence, the Company believes that any asbestos exposure arising from normal use of any Company product never presented any harmful airborne asbestos exposure, and moreover, the type of asbestos contained in any component that was used in those products is protectively encapsulated in other materials and is not associated with the types of injuries alleged. Finally, in most of the depositions taken of plaintiffs to date in the litigation against the Company, plaintiffs have failed to identify any Company products as the source of their asbestos exposure.

The majority of the asbestos complaints have been filed in either New York or Mississippi. Almost all of the New York complaints contain a standard claim for damages of $20 million or $25 million against the approximately 90 defendants, regardless of the individual's alleged medical condition, and without identifying any Company product as the source of plaintiff's asbestos exposure. With respect to the Mississippi complaints, most contain a standard claim for an unstated amount of damages against the numerous defendants (typically 240 to 270), without identifying any Company product as the source of plaintiff's asbestos exposure.

The Company has not paid any amounts in settlement of these cases, with the exception of two settlements totaling less than $10,000 paid in 1998 from insurance proceeds. The Company's insurance carrier has paid all legal costs and expenses to date. The Company has liability insurance coverage available under various primary and excess policies that the Company believes will be available if necessary to substantially cover any liability that might ultimately be incurred on these claims.

During the second quarter of 2004, there was a slight decrease in the total number of pending cases, with the number of New York cases decreasing and the number of Mississippi cases increasing by a smaller amount. Currently, there are approximately 36,400 pending asbestos personal injury claims filed against the Company. Approximately 26,200 of these cases were pending in the New York Supreme Court for various counties in New York State and approximately 9,600 of the cases were pending in state courts of various counties in Mississippi. The other claims totaling approximately 600 are filed in various counties in a number of state courts, and in U.S. Federal District Court for the Eastern District of Pennsylvania, and those complaints assert lesser amounts of damages than the New York cases or do not state any amount claimed.

As of June 30, 2004, the Company has obtained dismissal by stipulation, or summary judgment prior to trial, in all cases that have proceeded to trial. To date, the Company has been dismissed from approximately 4,000 suits.

In view of the persistence of asbestos litigation nationwide, which has not yet been sufficiently addressed either politically or legally, the Company expects to continue to receive additional claims. However, there were developments during the fourth quarter of 2002 that could have a favorable effect for the Company regarding the pending claims and the number of future claims filed in counties within New York City and in Mississippi state courts after 2002. On December 19, 2002, the New York Supreme Court responsible for managing all asbestos cases pending in the counties within New York City issued an Order which created a Deferred or Inactive Docket for all pending and future asbestos claims filed by plaintiffs who cannot demonstrate that they have a malignant condition or discernible physical impairment, and an Active Docket for plaintiffs who are able to show such medical conditions. The Court is reviewing cases for docketing based on their date of filing, with the older pending cases reviewed first. Cases designated as Active are then assigned to a "FIFO" trial group, which groups are scheduled for trial in the designated months of either February or August. For cases in which there has been a recent death or a diagnosis of cancer, the Court reviews such cases on an expedited basis and, if medically supported, such cases are transferred to an "In Extremis" trial group, which groups are scheduled for trial in the designated months of either May or November. As of June 30, 2004, the Company was listed as a defendant in 467 pending cases in New York that the Court has designated as Active and assigned to trial groups. To date, the Company has been dismissed as a defendant prior to trial in all New York cases that have proceeded to trial. The number of these dismissals is currently 1,017.

Also, in the fourth quarter of 2002, Mississippi enacted tort reform legislation that made various changes in the law favorable to the Company's defense and that will apply to all cases filed on or after January 1, 2003. The majority of the claims pending against the Company in Mississippi were filed in the fourth quarter of 2002, in advance of the effective date of this more restrictive legislation.

The Company intends to continue its practice of vigorously defending these cases as they are listed for trial and expects the insurance carriers to continue to pay the legal costs and expenses. Management believes that the outcome of these cases will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company is subject to various other claims and legal proceedings 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 material adverse effect on the financial position, results of operations or cash flows of the Company.

J. COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES

As described in Note 15, "Other (Income) and Expenses," to the Company's Form 10-K for the year ended December 31, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," (SFAS 146) on January 1, 2003. SFAS 146 addresses significant issues regarding the recognition, measurement and reporting of costs that are associated with exit and disposal activities. These activities include restructuring activities that were previously accounted for pursuant to the guidance that the Emerging Issues Task Force (EITF) had set forth in EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)," (EITF 94-3). The scope of SFAS 146 also includes (1) costs related to terminating a contract that is not a capital lease and (2) termination benefits that employees who are involuntarily terminated receive under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract.

Costs associated with exit or disposal activities are included as a component of Other expenses on the Company's Condensed Consolidated Statements of Income. This income statement classification principally includes impaired asset write-downs, employee termination benefit costs and costs to exit activities, offset by net gains on the disposal of non-core assets and is more fully described in Note 15, "Other (Income) and Expenses," to the Company's Form 10-K for the year ended December 31, 2003.

During the first six months of 2004 and 2003, the Company continued its strategy to streamline operations. This strategy principally included continued staff reductions in both administrative and operating positions. Under these reorganization actions, the Company and its management have established and approved specific plans of termination. During the six months ended June 30, 2004 and 2003, the Company initiated reorganization actions in several operations, including, but not limited to, certain operations located in the U.S., the U.K., Holland, Mexico and Germany (2003 only). There were no individually material reorganization actions initiated during the six months ended June 30, 2004 and 2003; however, the following table summarizes these actions in aggregate for the Company:

EMPLOYEE TERMINATION BENEFITS COSTS AND PAYMENTS

(IN THOUSANDS)	2004		
Original reorganization action period	FIRST QUARTER	SECOND QUARTER	YEAR-TO-DATE TOTAL
Employee termination benefits expense	$ 630	$ 1,571	$ 2,201
Payments:			
In 1st quarter of 2004	(235)	--	(235)
In 2nd quarter of 2004	(226)	(608)	(834)
Total payments:	(461)	(608)	(1,069)
Other:	--	41	41
Remaining payments as of June 30, 2004	$ 169	$ 1,004	$ 1,173

(IN THOUSANDS)	2003			
Original reorganization action period	FIRST QUARTER	SECOND QUARTER	SIX MONTHS ENDED JUNE 30	JULY 1 - DEC 31
Employee termination benefits expense	$ 1,590	$ 915	$ 2,505	$ 3,559
Payments:				
In 2003	(1,595)	(852)	(2,447)	(1,391)
In 2004	(38)	(5)	(43)	(1,286)
Total payments:	(1,633)	(857)	(2,490)	(2,677)
Other:	109	(38)	71	43
Remaining payments as of June 30, 2004	$ 66	$ 20	$ 86	$ 925

The total amount of costs expected to be incurred for the components of the streamlining initiatives which have met the criteria described in SFAS 146 and the costs incurred to date for the three months and the six months ended June 30, 2004 and 2003 by reportable segment were as follows:

EMPLOYEE TERMINATION BENEFITS COSTS BY SEGMENT

	THREE MONTHS ENDED JUNE 30, 2004		THREE MONTHS ENDED JUNE 30, 2003	
(IN THOUSANDS)	TOTAL COSTS EXPECTED TO BE INCURRED	COSTS INCURRED TO DATE	TOTAL COSTS EXPECTED TO BE INCURRED	COSTS INCURRED TO DATE
Mill Services Segment	$ 677	$ 677	$ 406	$ 406
Access Services Segment	506	506	164	164
Gas Technologies Segment(a)	45	45	77	77
Engineered Products & Services ("all other") Category(a)	343	343	125	125
Corporate	--	--	143	143
Total	$ 1,571	$ 1,571	$ 915	$ 915

(a) Segment information for prior periods has been reclassified to conform with the current presentation. Due to management changes, effective January 1, 2004, the air-cooled heat exchangers business is classified in the Engineered Products & Services ("all other") Category.

EMPLOYEE TERMINATION BENEFITS COSTS BY SEGMENT

	SIX MONTHS ENDED JUNE 30, 2004		SIX MONTHS ENDED JUNE 30, 2003	
(IN THOUSANDS)	TOTAL COSTS EXPECTED TO BE INCURRED	COSTS INCURRED TO DATE	TOTAL COSTS EXPECTED TO BE INCURRED	COSTS INCURRED TO DATE
Mill Services Segment	$ 885	$ 885	$ 1,401	$ 1,401
Access Services Segment	734	734	424	424
Gas Technologies Segment (a)	102	102	95	95
Engineered Products & Services ("all other") Category (a)	480	480	375	375
Corporate	--	--	210	210
Total	$ 2,201	$ 2,201	$ 2,505	$ 2,505

(a) Segment information for prior periods has been reclassified to conform with the current presentation. Due to management changes, effective January 1, 2004, the air-cooled heat exchangers business is classified in the Engineered Products & Services ("all other") Category.

The following table summarizes employee termination benefit costs and payments (associated with continuing operations) related to reorganization actions initiated prior to January 1, 2003 and accounted for under EITF 94-3:

(IN THOUSANDS)

Original reorganization action period	2002	2001
Employee termination benefits expense	$ 7,140	$ 10,135
Payments:		
In 2001	--	(6,142)
In 2002	(4,438)	(1,997)
In 2003	(2,627)	(2,215)
In 2004	(31)	--
Total payments:	(7,096)	(10,354)
Other:	42	253
Remaining payments as of June 30, 2004	$ 86	$ 34

K. RECONCILIATION OF BASIC AND DILUTED SHARES

(IN THOUSANDS, EXCEPT AMOUNTS PER SHARE)	THREE MONTHS ENDED JUNE 30 2004	THREE MONTHS ENDED JUNE 30 2003	SIX MONTHS ENDED JUNE 30 2004	SIX MONTHS ENDED JUNE 30 2003
Income from continuing operations	$ 30,980	$ 25,454	$ 47,837	$ 37,924
Average shares of common stock outstanding used to compute basic earnings per common share from continuing operations	41,080	40,615	41,009	40,579
Additional common shares to be issued assuming exercise of stock options, net of shares assumed reacquired	445	257	484	185
Shares used to compute dilutive effect of stock options	41,525	40,872	41,493	40,764
Basic earnings per common share from continuing operations	$ 0.75	$ 0.63	$ 1.17	$ 0.93
Diluted earnings per common share from continuing operations	$ 0.75	$ 0.62	$ 1.15	$ 0.93

Options to purchase 12,000 shares and 225,460 shares were outstanding at June 30, 2004 and 2003, respectively, but were not included in the computation of diluted earnings per share because the effect was antidilutive.

L. EMPLOYEE BENEFIT PLANS

PENSION EXPENSE FOR DEFINED BENEFIT PLANS

PENSION EXPENSE (INCOME)	THREE MONTHS ENDED JUNE 30 U. S. PLANS		INTERNATIONAL PLANS	
(IN THOUSANDS)	2004	2003	2004	2003
Defined benefit plans:				
Service cost	$ 653	$ 1,835	$ 2,367	$ 2,630
Interest cost	3,398	3,300	9,379	8,956
Expected return on plan assets	(4,490)	(3,940)	(9,828)	(9,682)
Recognized prior service costs	188	181	304	294
Recognized losses	745	1,102	3,294	2,720
Amortization of transition asset	(366)	(366)	(138)	(174)
Settlement/Curtailment loss	--	--	--	2
Defined benefit plans pension expense	$ 128	$ 2,112	$ 5,378	$ 4,746

DEFINED BENEFIT PENSION EXPENSE (INCOME)

	SIX MONTHS ENDED JUNE 30			
	U. S. PLANS		INTERNATIONAL PLANS	
(IN THOUSANDS)	2004	2003	2004	2003
Defined benefit plans:				
Service cost	$ 1,305	$ 3,670	$ 4,825	$ 5,334
Interest cost	6,796	6,600	18,901	16,918
Expected return on plan assets	(8,980)	(7,879)	(19,810)	(17,668)
Recognized prior service costs	377	363	617	557
Recognized losses	1,491	2,204	6,654	5,974
Amortization of transition asset	(733)	(733)	(275)	(325)
Settlement/Curtailment loss	--	--	--	3
Defined benefit plans pension expense	$ 256	$ 4,225	$ 10,912	$ 10,793

The defined benefit pension expense for the three months ended and six months ended June 30, 2004, decreased $1.4 million and $3.9 million from the three months ended and six months ended June 30, 2003, respectively. Increases in the defined contribution plans expense more than offset the decreases in the defined benefit pension plans expense for the same periods. This is principally due to pension plan changes resulting in accrued service no longer being granted for periods after December 31, 2003 for a majority of the U.S. defined benefit pension plans and certain international defined benefit pension plans. In place of these plans, the Company has established, effective January 1, 2004, defined contribution plans providing for the Company to contribute a specified matching amount for participating employees' contributions to the plan. Domestically, this match will be made on employee contributions up to four percent of their eligible compensation. Additionally, the Company may provide a discretionary contribution of up to two percent of compensation for eligible employees. Internationally, this match is up to six percent of eligible compensation with an additional two percent going towards insurance and administrative costs. The Company believes these new defined contribution plans will provide a more predictable and less volatile expense than existed under the defined benefit plans.

In the quarter ended June 30, 2004, the Company contributed $0.3 million and $5.6 million for the U.S. and international defined benefit pension plans, respectively. For the six months ended June 30, 2004, the Company contributed $0.5 million and $9.7 million for the U.S. and international defined benefit pension plans, respectively. The Company currently anticipates contributing an additional $1.2 million and $8.6 million for the U.S. and international plans, respectively, during the remainder of 2004. These are reductions from the estimates included in the Company's Form 10-K for the year-ended December 31, 2003 due to updated international estimates and the passage of the Pension Funding Equity Act of 2004 which impacted domestic plans.

During June 2004, the U.S. pension plans sold 350,000 shares of Harsco Corporation Common Stock at an average price of $44.48. The sale of Company shares was approved by the Company's Board of Directors to rebalance the investments in the U.S. pension fund and further diversify the plan assets. As of June 30, 2004, 382,640 shares of the Company's common stock with a fair market value of approximately $18 million are included in U.S. pension plan assets.

POSTRETIREMENT BENEFITS

POSTRETIREMENT BENEFITS EXPENSE (INCOME)

	THREE MONTHS ENDED JUNE 30	
(IN THOUSANDS)	2004	2003
Service cost	$ 3	$ 3
Interest cost	91	137
Recognized prior service costs	8	8
Recognized losses	7	29
Settlement/Curtailment gain	(1,502)	(816)
Postretirement benefits income	$ (1,393)	$ (639)

The income of $1.4 million and $0.6 million for the three months ended June 30, 2004 and 2003, respectively was due principally to the termination of certain postretirement health care plans.

POSTRETIREMENT BENEFITS EXPENSE (INCOME) (IN THOUSANDS)	SIX MONTHS ENDED JUNE 30 2004	2003
Service cost	$ 6	$ 15
Interest cost	198	324
Recognized prior service costs	16	16
Recognized losses	22	44
Settlement/Curtailment gain	(2,238)	(4,898)
Postretirement benefits income	$ (1,996)	$ (4,499)

The income of $2.0 million for 2004 was due principally to the termination of certain postretirement health care plans. The income of $4.5 million for 2003 was due principally to the termination of certain postretirement life insurance plans and a postretirement health care plan.

In accordance with the provisions of Financial Accounting Standards Board Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP FAS 106-2), the Company has deferred any re-measurement of its postretirement health care benefit obligation until December 31, 2004 since the impact is expected to be immaterial. For a detailed disclosure of the Company's pension and postretirement benefit plans, see Note 8, "Employee Benefit Plans," to the Company's Form 10-K for the year ended December 31, 2003.

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

The following management's discussion and analysis describes the principal factors affecting the Company's results of operations and liquidity. This discussion should be read in conjunction with the accompanying unaudited financial statements as well as the Company's annual Form 10-K for the year ended December 31, 2003 which included additional information about the Company's critical accounting policies, contractual obligations, practices and the transactions that support the financial results and provided a more comprehensive summary of the Company's outlook, trends and strategies for 2004 and beyond.

FORWARD-LOOKING STATEMENTS

The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include statements about our management confidence and strategies for performance; expectations for new and existing products, technologies, and opportunities; and expectations regarding growth, sales, cash flows, earnings and Economic Value Added (EVA(R)). These statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe," or other comparable terms.

Factors which could cause results to differ include, but are not limited to, those discussed in Part I, Item 3 "Quantitative and Qualitative Disclosures About Market Risk." The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements.

EXECUTIVE OVERVIEW

The Company's second quarter 2004 revenues were a record $617.6 million. This is an increase of $81.1 million or 15% over the second quarter of 2003. Income from continuing operations was $31.0 million for the second quarter 2004 compared with $25.5 million in the second quarter of 2003, an increase of 22%. Diluted earnings per share from continuing operations were a record $0.75 in the second quarter of 2004 compared with $0.62 for the second quarter of 2003, a 21% increase.

Revenues for the first six months of 2004 were a record $1,173.9 million. This is an increase of $149.5 million or 15% over the first six months of 2003. Income from continuing operations was $47.8 million for the first six months of 2004 compared with $37.9 million in the first six months of 2003, an increase of 26%. Diluted earnings per share from continuing operations were $1.15 in the first six months of 2004 compared with $0.93 for the first six months of 2003, a 24% increase.

The second quarter and first six months of 2004 results were led by the Mill Services Segment. This Segment achieved quarter-over-quarter revenue growth of $38.5 million or 19%, and accounted for 39% of the Company's revenues. Despite slightly lower operating income in the second quarter of 2004 when compared with the second quarter of 2003, this Segment still provided 43% of the Company's operating income for the second quarter of 2004. In comparison with the first six months of 2003, this Segment achieved period-over-period revenue growth of $86.5 million or 22%, and accounted for 41% of the Company's revenues and 53% of the operating income for the first six months of 2004.

The Access Services Segment contributed revenue increases of $25.2 million or 16% for the second quarter and $35.6 million or 12% for the first six months of 2004, compared with the corresponding 2003 periods. The Gas Technologies Segment contributed revenue increases of $13.2 million or 19% for the second quarter and $22.6 million or 16% for the first six months of 2004, compared with the corresponding 2003 periods. The increase in the Access Services Segment was driven by the international operations as the U.S. operations continue to experience a lingering softness in the non-residential construction market. The revenue increases in the Gas Technologies Segment appear to indicate that the manufacturing recession experienced by this Segment over the last several years has bottomed out.

Also contributing to the positive performance in both the second quarter and first six months of 2004, in the "All Other" Category, was a turnaround to profitability of the industrial grating business. The roofing granules and abrasives business and the boiler and process equipment business also contributed higher income and margins compared with the second quarter and first six months of 2003. The railway track services and equipment business performed below last year's results, reflecting the timing of product deliveries to its international customers. A large portion of this business' backlog is expected to be shipped during the fourth quarter of 2004, which will represent the strongest quarter of the year for the railway track services and equipment business. There is a risk that some orders could slip into the first quarter of 2005.

The positive effect of foreign currency translation increased second quarter 2004 consolidated revenues by $20.2 million and pre-tax income by $1.3 million when compared with the second quarter of 2003.

REVENUES BY REGION

(DOLLARS IN MILLIONS)	TOTAL REVENUES THREE MONTHS ENDED JUNE 30 2004	2003	PERCENTAGE GROWTH FROM 2003 TO 2004 VOLUME	CURRENCY	TOTAL
U.S.	$ 257.7	$ 229.8	12.1%	0.0%	12.1%
Europe	255.1	221.4	7.2	8.0	15.2
Asia - Pacific	30.6	20.9	40.4	6.0	46.4
Latin America	28.8	26.0	15.6	(4.8)	10.8
Other	45.4	38.4	11.7	6.5	18.2
Total	$ 617.6	$ 536.5	11.3%	3.8%	15.1%

The positive effect of foreign currency translation increased consolidated revenues for the first six months of 2004 by $58.7 million and pre-tax income by $2.9 million when compared with the first six months of 2003.

REVENUES BY REGION

(DOLLARS IN MILLIONS)	TOTAL REVENUES SIX MONTHS ENDED JUNE 30 2004	2003	PERCENTAGE GROWTH FROM 2003 TO 2004 VOLUME	CURRENCY	TOTAL
U.S	$ 485.0	$ 433.6	11.9%	0.0%	11.9%
Europe	489.2	428.0	3.3	11.0	14.3
Asia - Pacific	56.4	41.1	26.7	10.5	37.2
Latin America	55.9	47.7	16.7	0.5	17.2
Other	87.4	74.0	8.4	9.7	18.1
Total	$ 1,173.9	$ 1,024.4	8.9%	5.7%	14.6%

2004 HIGHLIGHTS

The following significant items impacted the Company overall during the second quarter and first six months of 2004 in comparison with the second quarter and first six months of 2003, respectively:

Company Wide:

- Higher fuel, commodity and other material costs, particularly steel, increased the Company's operating costs during the second quarter and first six months of 2004. These increased costs were generally offset by increased revenues. To the extent that such costs cannot be passed to customers in the future, operating income may be adversely affected.
- During the second quarter and first six months of 2004, the Company was favorably affected by pre-tax benefits of $1.5 million and $2.2 million, respectively, from the termination of certain postretirement benefit plans. This compares with pre-tax benefits of $0.8 million and $4.9 million during the second quarter and first six months of 2003, respectively, for similar plan terminations.
- Defined benefit pension expense for the second quarter and first six months of 2004 decreased approximately $1.4 million and $3.9 million from the second quarter and first six months of 2003, respectively. During the second quarter and first six months of 2004, there were offsetting increases of approximately $2.0 million and $4.6 million, respectively, in defined contribution plan expenses related to the new defined contribution plans that commenced January 1, 2004. During 2003, the Company restructured its pension plans to make them more predictable and affordable. This is more fully discussed under Part I, Item 1, Footnote L labeled "Employee Benefit Plans."
- Other than the impact on revenues, and included in the impact on pre-tax income effect as discussed above, the effect of positive foreign currency translation in the second quarter and first six months of 2004 resulted in a pre-tax increase to interest expense of $0.6 million and $1.5 million, respectively, compared with the corresponding 2003 periods.

Mill Services Segment:

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(IN MILLIONS)	2004	2003	2004	2003
Revenues	$ 242.2	$ 203.8	$ 478.5	$ 392.0
Operating income	24.8	25.7	50.1	42.4

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES (IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues - 2003	$ 203.8	$ 392.0
Continued strong volume and new business	16.5	29.0
The acquisition of the industrial services unit of C. J. Langenfelder and Sons, Inc. in June 2003	11.8	24.4
The benefit of positive foreign currency translation	10.2	32.7
Other	(0.1)	0.4
Revenues - 2004	$ 242.2	$ 478.5

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30:

- Continued strong volume and new business increased operating income in the second quarter and first six months of 2004 by $1.0 million and $6.5 million, respectively, when compared with the same 2003 periods.
- The benefit of positive foreign currency translation in the second quarter and first six months of 2004 resulted in increased operating income of $1.6 million and $4.2 million, respectively, compared with the second quarter and first six months of 2003, respectively.
- During the second quarter and first six months of 2003, the Segment was favorably affected by pre-tax benefits of $1.7 million and $1.8 million, respectively, from the reversal of bad debt expense, and $0.8 million and $1.4

million, respectively, from the termination of certain postretirement benefit plans. During the second quarter and first six months of 2004 no such benefits occurred, negatively impacting the operating margin on a comparative basis.

- During the second quarter, and to a lesser extent, the first six months of 2004, the Segment's operating income was negatively impacted by increased maintenance and repair costs; higher start-up costs for new contracts; and increased general and administrative costs (including Sarbanes-Oxley Section 404 related costs).

Access Services Segment:

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30 2004	THREE MONTHS ENDED JUNE 30 2003	SIX MONTHS ENDED JUNE 30 2004	SIX MONTHS ENDED JUNE 30 2003
Revenues	$ 183.1	$ 157.9	$ 340.9	$ 305.3
Operating income	14.3	10.7	17.7	15.4

ACCESS SERVICES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES (IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues - 2003	$ 157.9	$ 305.3
Net increased volume	13.0	8.9
The benefit of positive foreign currency translation	9.6	24.2
Acquisitions (principally SGB Raffia in Australia)	2.4	2.7
Other	0.2	(0.2)
Revenues - 2004	$ 183.1	$ 340.9

ACCESS SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30:

- In the second quarter and first six months of 2004, the Segment was positively impacted by the strength of the formwork business, particularly in the Middle East and United Kingdom. Also, margins on the international powered-access equipment rentals improved due to cost restructuring actions implemented during 2003.
- In the second quarter and first six months of 2004, there was a continued slowdown in the U.S. non-residential construction markets. This slowdown had a negative effect on volume (particularly equipment rental) which caused overall margins in the U.S. to decline. Equipment rentals, particularly in the construction sector, provide the highest margins for this Segment. The decline in margins in the U.S. was more than offset by improvements internationally.
- During both the second quarter and first six months of 2004, the Segment was favorably affected by pre-tax income of $1.3 million from the termination of certain postretirement benefit plans. This compared with a pre-tax benefit of $0.5 million from the termination of similar plans in the first six months of 2003 (first quarter).
- During the first six months of 2003, the Segment was favorably affected by pre-tax income of $1.7 million from the sale of non-core assets. During the first six months of 2004, no such benefits occurred.
- The benefit of positive foreign currency translation in the first six months of 2004 resulted in increased operating income of $0.7 million, compared with the first six months of 2003.

Gas Technologies Segment:

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(IN MILLIONS)	2004	2003(a)	2004	2003(a)
Revenues	$ 83.0	$ 69.7	$ 160.5	$ 137.9
Operating income	5.3	3.6	8.4	6.9

(a) Segment information for prior periods has been reclassified to conform with the current presentation. Due to management changes, effective January 1, 2004, the air-cooled heat exchangers business is classified in the Engineered Products & Services ("all other") Category.

GAS TECHNOLOGIES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES (IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues - 2003	$ 69.7	$ 137.9
Increased demand for propane tanks	8.2	18.8
Increased demand for cryogenics equipment and high-pressure cylinders	8.2	11.3
The benefit of positive foreign currency translation	0.3	0.9
Increased competition and decreased demand for certain valves and composite-wrapped cylinders	(3.4)	(8.5)
Other	-	0.1
Revenues - 2004	$ 83.0	$ 160.5

GAS TECHNOLOGIES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30:

- Operating income increased in both the second quarter and first six months of 2004 compared with the same periods of 2003, due mainly to increased demand for propane tanks.
- The increased demand for propane tanks as well as high-pressure cylinders was partially driven by customers accelerating purchases in anticipation of future price increases. The impact of this accelerated customer purchasing may result in decreased sales in future quarters of 2004.
- Although steel costs increased during the second quarter and first six months of 2004, the costs were generally offset by increased revenues. To the extent that such costs cannot be passed to customers in the future, operating income may be adversely affected.
- Increased competition and decreased demand for certain valves and composite-wrapped cylinders negatively impacted operating income for both the second quarter and first six months of 2004 compared with the same periods of 2003.
- During the first six months of 2003, the Segment was favorably affected by a pre-tax benefit of $0.6 million from the termination of certain postretirement benefit plans. During the first six months of 2004, no such benefit occurred.
- The benefit of positive foreign currency translation in the second quarter and first six months of 2004 resulted in decreased operating income of $0.1 million and $0.2 million, respectively, compared with the second quarter and first six months of 2003, respectively.

Engineered Products & Services ("all other") Category:

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(IN MILLIONS)	2004	2003(a)	2004	2003(a)
Revenues	$ 109.2	$ 105.0	$ 193.9	$ 189.1
Operating income	13.2	9.6	19.3	13.5

(a) Segment information for prior periods has been reclassified to conform with the current presentation. Due to management changes, effective January 1, 2004, the air-cooled heat exchangers business is classified in the Engineered Products & Services ("all other") Category.

ENGINEERED PRODUCTS & SERVICES ("ALL OTHER") CATEGORY - SIGNIFICANT IMPACTS ON REVENUES (IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues - 2003	$ 105.0	$ 189.1
Industrial grating products business	6.0	8.5
Air-cooled heat exchangers business	2.7	5.3
Boiler and process equipment business	1.4	3.1
Roofing granules and abrasives business	1.4	1.2
The benefit of positive foreign currency translation	0.1	0.9
Railway track services and equipment business	(7.4)	(14.2)
Revenues - 2004	$ 109.2	$ 193.9

ENGINEERED PRODUCTS & SERVICES ("ALL OTHER") CATEGORY - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30:

- Operating income for the industrial grating products business increased during the second quarter and first six months of 2004 due to: increased prices; a focus on larger orders; reduced low-margin fabrication orders; and internal restructuring and cost reductions. This is in comparison with an operating loss in the second quarter and first six months of 2003 which included $2.1 million and $2.2 million, respectively, in additional expense from reorganization costs and an asset write-down.
- Continued and consistent profitable results from the roofing granules and abrasives business and the boiler and process equipment business were attained in the second quarter and first six months of 2004.
- Decreased second quarter and first six months of 2004 operating income in the railway track services and equipment business were due principally to the timing of international sales during 2004. Sales are expected to increase as the year progresses, especially in the fourth quarter of 2004. Should unexpected events delay shipment and/or acceptance of orders scheduled for the fourth quarter, these revenues may not be recognized until the first quarter of 2005.
- During the first six months of 2003, this Category was favorably affected by a pre-tax benefit of $1.1 million from the termination of certain postretirement benefit plans. This compares with a $0.7 million pre-tax benefit during the first six months of 2004 for similar plan terminations.
- The benefit of positive foreign currency translation in the second quarter and first six months of 2004 resulted in increased operating income of $0.6 million and $0.7 million, respectively, when compared with the second quarter and first six months of 2003.

OUTLOOK, TRENDS AND STRATEGIES

Looking to the remainder of 2004 and beyond, the following significant items, trends and strategies are expected to affect the Company:

Company Wide:

- A continued focus on expanding the higher-margin industrial services businesses, with a particular emphasis on growing the Mill Services Segment through the provision of additional services to existing customers, new contracts and strategic acquisitions.
- Continued focus on improving Economic Value Added (EVA(R)).
- A target of $280 million in cash provided by operating activities for 2004, which would be a record.
- Higher fuel, transportation and material costs, particularly steel, could increase the Company's operating costs and reduce profitability to the extent that such costs cannot be passed to customers.
- As discussed in Note I, "Commitments and Contingencies," in Part I, Item 1, Financial Statements, the Company has received formal notice that the U.S. Government has accepted a proposed settlement of the FET case. As a result, the Company expects to receive approximately $12 million to $13 million pre-tax during the third quarter or early fourth quarter of 2004. This settlement will have a positive effect on income from discontinued operations, net income and earnings per share in the third quarter of 2004. Cash flows will be positively affected in the third or fourth quarter of 2004.
- Cost reductions and Six-Sigma continuous process improvement initiatives across the Company should further enhance margins. This includes improved supply chain management and additional outsourcing in the manufacturing businesses.
- An increase in general and administrative expenses is expected related to external audit fees and internal costs for compliance with the Sarbanes-Oxley Act of 2002, particularly Section 404.

Mill Services Segment:

- Global steel demand and production is forecasted to remain strong in 2004, and bidding activity for new mill services contracts and add-on services is strong.
- Increases in steel prices and worldwide demand could provide increased production volumes and additional opportunities for mill services contracts.
- The risk remains that certain Mill Services customers may file for bankruptcy protection in the future which could have an adverse effect on the Company's income and cash flows.

Access Services Segment:

- The outlook for U.S. non-residential construction spending is not expected to improve significantly until 2005. The benefits of this will likely affect mid-to-late 2005 results.
- There is continued concern over the competitive environment in the United States. International competitors have invested heavily in the U.S. access services market, substantially increasing the supply of certain types of rental equipment.

Gas Technologies Segment:

- An overall net improvement in this Segment is expected to be led by the propane tank, cryogenics and cylinders product lines.
- Increases in steel prices and worldwide demand for steel could have an adverse effect on raw material costs, and this Segment's ability to obtain the necessary raw materials.
- Continued weak market conditions for LPG valves and increased brass costs (a key valve component) are expected to impact this Segment. This weakness is expected to be offset by increased demand related to the introduction of new valves during 2004, increased market share, new markets for the LPG valve and improved pricing. However, if the current market conditions persist through the second half of 2004 and beyond, and if the business is unable to execute its strategy, the valuation of this business could be negatively impacted.

Engineered Products & Services ("all other") Category:

- A continued positive outlook is anticipated for railway track services and equipment sales as demand for products and services is expected to grow throughout the world. However, due to long lead times, the benefits of the increased orders will gradually affect the second half of 2004, principally the fourth quarter, and beyond.
- The industrial grating business is expected to sustain continued profitability for 2004.
- Increases in steel prices and worldwide demand for steel could have an adverse effect on raw material costs, and the ability to obtain the necessary raw materials for most businesses in this Category.

o Consistent, profitable results are expected from the roofing granules and abrasives business, the boiler and process equipment business and the air-cooled heat exchangers business.

RESULTS OF OPERATIONS

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(DOLLARS ARE IN MILLIONS, EXCEPT PER SHARE)	2004	2003	2004	2003
Revenues from continuing operations	$ 617.6	$ 536.5	$ 1,173.9	$ 1,024.4
Cost of services and products sold	467.9	403.8	896.9	779.5
Selling, general and administrative expenses	89.5	81.5	177.5	162.0
Other expenses	2.0	1.4	3.6	2.3
Operating income from continuing operations	57.6	49.0	94.6	78.9
Income tax expense	14.9	12.1	23.5	18.5
Income from continuing operations	31.0	25.5	47.8	37.9
Income (loss) from discontinued operations	(0.2)	0.2	(0.2)	0.2
Net income	30.7	25.6	47.7	38.1
Diluted earnings per common share	0.74	0.63	1.15	0.94

COMPARATIVE ANALYSIS OF CONSOLIDATED RESULTS

REVENUES

Second Quarter 2004 vs. Second Quarter 2003

Record revenues were recorded for the second quarter of 2004, up $81.1 million or 15% from the second quarter of 2003. This increase was attributable to the following significant items:

IN MILLIONS	CHANGE IN REVENUES SECOND QUARTER 2004 VS. SECOND QUARTER 2003
$ 20.2	Effect of positive foreign currency translation.
16.4	Net increased volume, new contracts and sales price changes in the Mill Services Segment.
14.2	Net effect of business acquisitions resulted in increased revenues of $11.8 and $2.4 million in the Mill Services and Access Services Segments, respectively.
13.0	Net increased revenues in the Gas Technologies Segment due principally to improving market conditions and selling price increases, partially offset by decreased demand for liquid propane gas (LPG) valves in the patio grill market and composite-wrapped cylinders.
12.9	Net increased revenues in the Access Services Segment due principally to the strength of the international formwork business, particularly in the Middle East and United Kingdom.
6.0	Increased revenues of the industrial grating products business due to a focus on larger orders and increased prices.
2.7	Increased revenues of the air-cooled heat exchangers business due to improving natural gas prices.
(7.4)	Net decreased revenues in the railway track services and equipment business due principally to decreased rail equipment sales.
3.1	Other (minor changes across the various units not already mentioned).
$ 81.1	Total Change in Revenues - Second Quarter 2004 vs. Second Quarter 2003

Six Months of 2004 vs. Six Months of 2003

Record revenues were recorded for the first six months of 2004, up $149.5 million or 15% from the first six months of 2003. This increase was attributable to the following significant items:

IN MILLIONS	CHANGE IN REVENUES SIX MONTHS OF 2004 VS. SIX MONTHS OF 2003
$ 58.7	Effect of positive foreign currency translation.
29.4	Net increased volume, new contracts and sales price changes in the Mill Services Segment.
26.9	Net effect of business acquisitions resulted in increased revenues of $24.2 and $2.7 million in the Mill Services and Access Services Segments, respectively.
21.7	Net increased revenues in the Gas Technologies Segment due principally to improving market conditions; selling price increases; and customers accelerating purchases in anticipation of future price increases for the propane, cylinders and cryogenics businesses, partially offset by decreased demand for liquid propane gas (LPG) valves in the patio grill market and composite-wrapped cylinders.
8.7	Net increased revenues in the Access Services Segment due to the strength of the international formwork business, particularly in the Middle East and United Kingdom, partially offset by continued slowdown in the U.S. non-residential construction markets.
8.5	Increased revenues of the industrial grating products business due to increased demand, customers accelerating purchases in anticipation of future price increases and a focus on larger orders.
5.3	Increased revenues of the air-cooled heat exchangers business due to increased volume as a result of improving natural gas prices.
3.1	Increased revenues of the boiler and process equipment business due to increased volume across all product lines.
(14.2)	Net decreased revenues in the railway track services and equipment business due principally to decreased rail equipment sales.
1.4	Other (minor changes across the various units not already mentioned).
$ 149.5	Total Change in Revenues - Six Months of 2004 vs. Six Months of 2003

COST OF SERVICES AND PRODUCTS SOLD

Second Quarter 2004 vs. Second Quarter 2003

Cost of services and products sold for the second quarter of 2004 increased $64.0 million or 16% from the second quarter of 2003, slightly above the 15% increase in revenues. This increase was attributable to the following significant items:

IN MILLIONS	CHANGE IN COST OF SERVICES AND PRODUCTS SOLD SECOND QUARTER 2004 VS. SECOND QUARTER 2003
$ 34.0	Increased costs due to increased revenues (exclusive of the effect of foreign currency translation and business acquisitions). This includes increased steel and commodity costs since the Company was generally able to recover these costs with increased revenues.
14.8	Effect of positive foreign currency translation.
12.8	Effect of business acquisitions.
0.5	Increased costs on a comparative basis due to income generated by the termination of a postretirement benefit plan in the second quarter of 2003 that did not recur in the second quarter of 2004.
1.9	Other (due to product mix and minor changes across the various units not already mentioned).
$ 64.0	Total Change in Cost of Services and Products Sold - Second Quarter 2004 vs. Second Quarter 2003

Six Months of 2004 vs. Six Months of 2003

Cost of services and products sold for the first six months of 2004 increased $117.4 million or 15% from the first six months of 2003, consistent with the 15% increase in revenues. This increase was attributable to the following significant items:

IN MILLIONS	CHANGE IN COST OF SERVICES AND PRODUCTS SOLD SIX MONTHS OF 2004 VS. SIX MONTHS OF 2003
$ 48.7	Increased costs due to increased revenues (exclusive of the effect of foreign currency translation and business acquisitions). This includes increased steel and commodity costs since the Company was generally able to recover these costs with increased revenues.
43.9	Effect of positive foreign currency translation.
24.7	Effect of business acquisitions.
3.3	Increased costs on a comparative basis due to income generated by the termination of a postretirement benefit plan in the first six months of 2003 that did not recur in the first six months of 2004.
(3.2)	Other (due to stringent cost controls, process improvements, reorganization actions, product mix and minor changes across the various units not already mentioned).
$ 117.4	Total Change in Cost of Services and Products Sold - Six Months of 2004 vs. Six Months of 2003

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Second Quarter 2004 vs. Second Quarter 2003

Selling, general and administrative (SG&A) expenses for the second quarter of 2004 increased $8.0 million or 10% from the second quarter of 2003, less than the 15% increase in revenues. The lower relative increase in SG&A expenses (10%) as compared with revenues (15%) was due to stringent cost controls, process improvements and reorganization actions. The increase in SG&A expenses was attributable to the following significant items:

IN MILLIONS	CHANGE IN SELLING, GENERAL AND ADMINISTRATIVE EXPENSES SECOND QUARTER 2004 VS. SECOND QUARTER 2003
$ 3.5	Effect of positive foreign currency translation.
1.6	Reversal of a provision for uncollectible accounts receivable in the second quarter of 2003 that did not recur in the second quarter of 2004.
1.1	Increased professional fees due to higher external auditor fees (related to Sarbanes-Oxley Section 404) and increased consulting and legal expenses.
1.0	Increased pension expense.
0.5	Effect of business acquisitions.
(1.0)	Decreased costs on a comparative basis due to $0.3 million in income generated by the termination of a postretirement benefit plan in the second quarter of 2003 compared with $1.3 million in the second quarter of 2004.
1.3	Other.
$ 8.0	Total Change in Selling, General and Administrative Expenses - Second Quarter 2004 vs. Second Quarter 2003

Six Months of 2004 vs. Six Months of 2003

Selling, general and administrative (SG&A) expenses for the first six months of 2004 increased $15.5 million or 10% from the first six months of 2003, less than the 15% increase in revenues. The lower relative increase in SG&A expenses (10%) as compared with revenues (15%) was due to stringent cost controls, process improvements and reorganization actions. The increase in SG&A expenses was attributable to the following significant items:

IN MILLIONS	CHANGE IN SELLING, GENERAL AND ADMINISTRATIVE EXPENSES SIX MONTHS OF 2004 VS. SIX MONTHS OF 2003
$ 9.8	Effect of positive foreign currency translation.
2.8	Reversal of a provision for uncollectible accounts receivable in the second quarter of 2003 that did not recur in the first six months of 2004 and increased provisions for certain uncollectible accounts receivable during the first six months of 2004.
1.4	Increased pension expense.
1.4	Increased professional fees due to higher external auditor fees (related to Sarbanes-Oxley Section 404) and increased consulting and legal expenses.
0.6	Effect of business acquisitions.
(1.0)	Decreased insurance expense.
(0.5)	Decreased costs on a comparative basis due to $1.6 million in income generated by the termination of a postretirement benefit plan in the first six months of 2003 compared with $2.1 million in the first six months of 2004.
1.0	Other.
$ 15.5	Total Change in Selling, General and Administrative Expenses - Six Months of 2004 vs. Six Months of 2003

OTHER EXPENSES

This income statement classification includes impaired asset write-downs, employee termination benefit costs and costs to exit activities, offset by net gains on the disposal of non-core assets. During the first six months of 2004, the Company continued its strategy to streamline operations. This strategy included continued headcount reductions in both administrative and operating positions. These actions resulted in net Other expenses of $2.0 million and $3.6 million in the second quarter and first six months of 2004, respectively, compared with $1.4 million and $2.3 million in the comparable 2003 periods.

Second Quarter 2004 vs. Second Quarter 2003

Other expenses for the second quarter of 2004 increased $0.6 million or 40% from the second quarter of 2003. This increase was attributable to the following significant items:

IN MILLIONS	CHANGE IN OTHER EXPENSES SECOND QUARTER 2004 VS. SECOND QUARTER 2003
$ 0.7	Increase in employee termination benefit costs.
0.5	Decrease in net gains on disposals of non-core assets. This decline was attributable to $0.5 million in net gains that were realized in the second quarter of 2003 from the sale of non-core assets within the Mill Services and Access Services Segments that were not repeated in the second quarter of 2004.
(0.6)	Decrease in other expenses.
$ 0.6	Total Change in Other Expenses - Second Quarter 2004 vs. Second Quarter 2003

Six Months of 2004 vs. Six Months of 2003

Other expenses for the first six months of 2004 increased $1.2 million or 53% from the first six months of 2003. This increase was attributable to the following significant items:

IN MILLIONS	CHANGE IN OTHER EXPENSES SIX MONTHS OF 2004 VS. SIX MONTHS OF 2003
$ 2.0	Decrease in net gains on disposals of non-core assets. This decline was attributable to $2.0 million in net gains that were realized in the first six months of 2003 from the sale of non-core assets within the Access Services and Mill Services Segment that were not repeated in the first six months of 2004.
(0.4)	Decrease in costs to exit activities.
(0.3)	Decrease in employee termination benefit costs.
(0.1)	Other due to rounding.
$ 1.2	Total Change in Other Expenses - Six Months of 2004 vs. Six Months of 2003

For additional information on employee termination benefits, see Note J, "Costs Associated with Exit or Disposal Activities," in Part I, Item 1, Financial Statements.

INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

Second Quarter 2004 vs. Second Quarter 2003

The increase in the second quarter of 2004 of $2.8 million or 23% in income tax expense from continuing operations was due to increased earnings from continuing operations for the reasons mentioned above. The effective tax rate relating to continuing operations for both the second quarter of 2004 and 2003 was 31%.

Six Months of 2004 vs. Six Months of 2003

The increase in the first six months of 2004 of $5.0 million or 27% in income tax expense from continuing operations was due to increased earnings from continuing operations for the reasons mentioned above. The effective tax rate relating to continuing operations for both the first six months of 2004 and 2003 was 31%.

INCOME FROM CONTINUING OPERATIONS

Second Quarter 2004 vs. Second Quarter 2003

Income from continuing operations in the second quarter of 2004 was $5.5 million or 22% above the second quarter of 2003. This increase results from increased revenues, stringent cost controls, process improvements and reorganization actions that contained general and administrative expenses growth to a 10% increase while revenue increased 15%.

Six Months of 2004 vs. Six Months of 2003

Income from continuing operations in the first six months of 2004 was $9.9 million or 26% above the first six months of 2003. This increase results from increased revenues, stringent cost controls, process improvements and reorganization actions that contained general and administrative expenses growth to a 10% increase while revenue increased 15%.

NET INCOME AND EARNINGS PER SHARE

Second Quarter 2004 vs. Second Quarter 2003

Net income of $30.7 million and diluted earnings per share of $0.74 in the second quarter of 2004 exceeded the second quarter of 2003 by $5.1 million and $0.11, respectively, due to increased income from continuing operations for the reasons described above.

Six Months of 2004 vs. Six Months of 2003
- ---
Net income of $47.7 million and diluted earnings per share of $1.15 in the first six months of 2004 exceeded the first six months of 2003 by $9.5 million and $0.21, respectively, due to increased income from continuing operations for the reasons described above.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW
The Company's principal sources of liquidity are cash from operations and short-term borrowings under its various credit agreements, augmented periodically by cash proceeds from asset sales. Principal borrowings for working capital requirements are commercial paper. During 2003, record net cash provided by operating activities of $262.8 million enabled the Company to make substantial payments on its outstanding debt. During the first six months of 2004, cash flows from operations of $97.0 million were 7% higher than in the first six months of 2003. Due to record capital investments of $99.2 million for the first six months of the year and the seasonal aspect of the Company's cash flows in the first half of the year, the Company's net cash borrowings increased $15.4 million in the first six months of 2004.

The Company's management reaffirms its previously stated strategic objectives for 2004 that include generating a record $280 million in cash from operations, augmented by targeted asset sales. The Company's strategy is to redeploy excess or discretionary cash to grow primarily the mill services business and to further reduce debt. In 2004, the Company has targeted approximately $125 million for growth capital investments and acquisitions and approximately $40 million for debt reduction.

As of June 30, 2004, the Company had approximately $92 million of debt that can be paid prior to maturity. The balance of the debt, principally the (pound)200 million notes and the $150 million notes, cannot be paid until maturity in 2010 and 2013, respectively. The Company also plans to continue paying dividends to shareholders.

The Company has a U.S.-based revolving credit facility in the amount of $350 million through a syndicate of banks that is divided into two parts, a $131.3 million portion that matures on August 12, 2004 and $218.8 million portion that matures on September 29, 2005. The Company is in the process of replacing both parts with a new $350 million facility that will mature in August 2007. This transaction is expected to be completed on or before August 12, 2004.

SOURCES AND USES OF CASH
The primary drivers of the Company's cash flow from operations are the Company's sales and income, particularly in the services businesses. The Company's long-term mill services contracts provide predictable cash flows for several years into the future. Additionally, returns on capital investments made in prior years, for which no cash is currently required, are a significant source of operating cash. Depreciation related to these investments is a non-cash charge. The Company also continues to maintain working capital at a manageable level.

Major uses of cash include payroll costs and related benefits; raw material purchases for the manufacturing businesses; income tax payments; interest payments; insurance premiums and payments of self-insured casualty losses; and facility rental payments. Other primary uses of cash include capital investments, principally in the industrial services businesses; debt payments; and dividend payments.

RESOURCES AVAILABLE FOR CASH REQUIREMENTS - The Company has various credit facilities and commercial paper programs available for use throughout the world. The following chart illustrates the amounts outstanding on credit facilities and commercial paper programs and available credit at June 30, 2004.

SUMMARY OF CREDIT FACILITIES AS OF JUNE 30, 2004

(IN MILLIONS)	FACILITY LIMIT	OUTSTANDING BALANCE	AVAILABLE CREDIT
U.S. commercial paper program	$ 350.0	$ 35.7	$ 314.3
Euro commercial paper program	120.8	18.1	102.7
Revolving credit facility (a)	350.0	--	350.0
Bilateral credit facility (b)	25.0	1.6	23.4
TOTALS AT JUNE 30, 2004	$ 845.8	$ 55.4	$ 790.4(c)

(a) U.S.-based Program
(b) International-based Program
(c) Although the Company has significant available credit, it is the Company's policy to limit aggregate commercial paper and credit facility borrowings at any one time to a maximum of $375 million.

CREDIT RATINGS AND OUTLOOK - The following table summarizes the Company's debt ratings at June 30, 2004:

	LONG-TERM NOTES	U.S.-BASED COMMERCIAL PAPER	OUTLOOK
Standard & Poor's (S&P)	A-	A-2	Stable
Moody's	A3	P-2	Stable
Fitch (a)	A-	F-2	Stable

(a) The Company's (pound)200 million notes are not rated by Fitch.

The euro commercial paper market does not require commercial paper to be rated; accordingly, the Company's euro-based commercial paper program has not been rated. In July 2004, Fitch reaffirmed its A- and F-2 ratings for the Company's long-term notes and U.S. commercial paper, respectively, and its stable outlook. S&P and Moody's reaffirmed their stable outlooks for the Company in the third quarter of 2003. A downgrade to the Company's credit rating would probably increase the costs to the Company to borrow funds. An improvement in the Company's credit rating would probably decrease the costs to the Company to borrow funds.

WORKING CAPITAL POSITION - Changes in the Company's working capital are reflected in the following table:

(DOLLARS ARE IN MILLIONS)	JUNE 30 2004	DECEMBER 31 2003	INCREASE
Current Assets	$ 836.7	$ 764.4	$ 72.3
Less: Current Liabilities	535.3	495.1	40.2
Working Capital	$ 301.4	$ 269.3	$ 32.1
Current Ratio	1.6:1	1.5:1	

Working capital increased 12% in the first six months of 2004 due principally to the following factors.

o Receivables increased $52.5 million due principally to increased sales and timing of cash receipts in the Access Services and Mill Services Segments.

o Inventories increased $26.2 million due to the following factors: increased raw material prices (e.g., steel) across all of the Company's manufacturing operations; increases at Gas Technologies due to normal increases from seasonal low levels at the end of December 2003; and increased work-in-process inventories due to long-lead-time orders currently being manufactured at railway track services and equipment business but not scheduled for delivery until mainly the fourth quarter of 2004 or later.

- Other current liabilities increased $22.2 million including a $12.9 million increase in accrued interest principally on the 200 million British pound sterling notes (which is paid annually in October) and increases to accrued taxes, accrued short-term retirement plan liabilities and short-term insurance accruals.

- Accounts payable increased $11.0 million due principally to increased inventory levels at the railway track services and equipment business and the timing of payments in the Access Services Segment.

CERTAINTY OF CASH FLOWS - The certainty of the Company's future cash flows is strengthened by the long-term nature of the Company's mill services contracts. At June 30, 2004, the Company's mill services contracts had estimated future revenues of $3.1 billion. Of that amount, approximately $400 million is projected for the remainder of 2004 and approximately 68% is expected to be recognized by December 31, 2007. In addition, the Company had an order backlog of $196.5 million for its manufacturing businesses and railway track services at June 30, 2004. This compares with $186.2 million at December 31, 2003. The increase from December 31, 2003 is due to new orders for track maintenance equipment and increased orders in the Gas Technologies Segment, principally in the cryogenic equipment and high pressure gas cylinder product lines. The railway track services and equipment business backlog includes a portion that is long-term which will not be realized until 2005 or later due to the long lead time necessary to build certain pieces of equipment and the long-term nature of certain service contracts. The total increase in backlog was partially offset by a decrease in the railway track services backlog due to the timing of contract signings.

The types of products and services that the Company provides are not subject to rapid technological change. This increases the stability of related cash flows. Additionally, each of the Company's businesses is among the top three companies (relative to sales) in the industries the Company serves. Due to these factors, the Company is confident in its future ability to generate positive cash flows from operations.

CASH FLOW SUMMARY

The Company's cash flows from operating, investing and financing activities, as reflected in the Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

SUMMARIZED CASH FLOW INFORMATION

	SIX MONTHS ENDED JUNE 30	
(IN MILLIONS)	2004	2003
Cash provided by (used in):		
Operating activities	$ 97.0	$ 90.3
Investing activities	(101.6)	(73.3)
Financing activities	(1.7)	(30.6)
Effect of exchange rate changes on cash	(2.4)	7.4
Net change in cash and cash equivalents	$ (8.7)	$ (6.2)

CASH FROM OPERATING ACTIVITIES - Cash provided by operating activities in the first six months of 2004 was $97.0 million, an increase of $6.7 million from the first six months of 2003. Increased net income was the primary reason for the increase in cash from operations. This was partially offset by the net use of cash due to the changes in assets and liabilities, net of acquisitions. An increased use of cash from the change in receivables was due to the timing of receipts on increased sales volume across all three reportable segments. An increased use of cash for inventories was due to increased work-in-process inventories for the railway track services and equipment business to meet current long-lead-time orders; new international Access Services projects; and the effects of higher steel prices on the manufacturing businesses. The increased use of cash for inventories was partially offset by a corresponding source of cash for accounts payable due principally to the timing of payments for inventory purchases.

CASH USED IN INVESTING ACTIVITIES - Capital investments of $99.2 million for the first six months of 2004 were a record for the first six months of a year. This was an increase of $36.4 million over the first six months of 2003. Overall, approximately 40% of the 2004 investments were for projects intended to increase future revenues. Investments were made predominantly in the industrial services businesses with 58% in the Mill Services Segment and 22% in the Access Services Segment. A decrease in cash paid for the purchases of businesses was due principally to the acquisition of the mill services unit of C.J. Langenfelder and Son, Inc. in June 2003. In the first six months of 2004, cash paid for acquired businesses was $18.3 million less than the same period of 2003. A decrease in proceeds from sales of assets in the first six months of 2004 was due principally to three significant sales of U.K. properties in the first quarter of 2003 which did not recur in 2004. Throughout the remainder of 2004, the Company plans to continue to invest in high-return projects, principally in the industrial services businesses, and make targeted asset sales.

CASH USED IN FINANCING ACTIVITIES - The following table summarizes the Company's debt and capital positions at June 30, 2004 and December 31, 2003.

(DOLLARS ARE IN MILLIONS)	JUNE 30 2004	DECEMBER 31 2003
Notes Payable and Current Maturities	$ 36.3	$ 29.1
Long-term Debt	594.0	584.4
Total Debt	630.3	613.5
Total Equity	798.5	777.0
Total Capital	$ 1,428.8	$ 1,390.5
Total Debt to Total Capital	44.1%	44.1%

The Company's debt as a percent of total capital as of June 30, 2004 remained the same as at December 31, 2003. Increased debt due to the Company's increased capital investments was offset by increased equity due principally to increased retained earnings.

DEBT COVENANTS

The Company's credit facilities and certain notes payable agreements contain covenants requiring a minimum net worth of $475 million and a maximum debt to capital ratio of 60%. Based on balances at June 30, 2004, the Company could increase borrowings by approximately $567 million and still be within its debt covenants. Alternatively, keeping all other factors constant, the Company's equity could decrease by approximately $324 million and the Company would still be within its covenants.

CASH AND VALUE-BASED MANAGEMENT

In 2004, the Company plans to continue with its strategy of selective investing for strategic purposes. The goal of this strategy is to improve the Company's Economic Value Added (EVA(R)) under the program that commenced January 1, 2002. Under this program, the Company evaluates strategic investments based upon the investment's economic profit. EVA equals after-tax operating profits less a charge for the use of the capital employed to create those profits (only the service cost portion of defined benefit pension expense is included for EVA purposes). Therefore, value is created when a project or initiative produces a return above the cost of capital. In the first six months of 2004, seven of the Company's nine divisions improved their EVA from the comparable 2003 period.

Through the use of EVA, the Company targets its capital investments where management expects they will create the greatest value. In the first six months of 2004, the Company made approximately 58% of its capital investments in the Mill Services Segment. The investments in this Segment continued to show positive results as the Mill Services Segment generated a significant portion of the Company's cash from operations in the first six months of 2004. In 2004, the Company is again targeting the industrial services businesses for the majority of its capital investments.

The Company is committed to continue paying dividends to shareholders. The Company has increased the dividend rate for ten consecutive years, and in May 2004, the Company paid its 216th consecutive quarterly cash dividend. The Company also plans to continue paying down debt to the extent possible. The Company also has authorization to repurchase up to 1,000,000 of its shares through January 31, 2005.

The Company's financial position and debt capacity should enable it to meet current and future requirements. As additional resources are needed, the Company should be able to obtain funds readily and at competitive costs. The Company is well-positioned and intends to continue investing strategically in high-return projects, reducing debt and paying cash dividends as a means to enhance stockholder value.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK.

In the normal course of business, the Company is routinely subjected to a variety of risks. In addition to the market risk associated with interest rate and currency movements on outstanding debt and non-U.S. dollar-denominated assets and liabilities, other examples of risk include collectibility of receivables, volatility of the financial markets and their effect on pension plans, and global economic and political conditions.

CYCLICAL INDUSTRY AND ECONOMIC CONDITIONS MAY ADVERSELY AFFECT THE COMPANY'S BUSINESS.

The Company's businesses are vulnerable to general economic slowdowns and cyclical conditions in the industries served. In particular,

- The Company's mill services business may be adversely affected by slowdowns in steel mill production, excess capacity, consolidation or bankruptcy of steel producers, or a reversal or slowing of current outsourcing trends in the steel industry;
- The Company's access services business may be adversely affected by slowdowns in non-residential construction and annual industrial and building maintenance cycles;
- The Company's gas technologies business may be adversely affected by reduced industrial production, and lower demand for industrial gases, slowdowns in demand for medical cylinders, valves and consumer barbecue grills, or lower demand for natural gas vehicles;
- The industrial grating business may be adversely affected by slowdowns in non-residential construction and industrial production;
- The railway track maintenance business may be adversely affected by developments in the railroad industry that lead to lower capital spending or reduced maintenance spending; and
- The industrial abrasives and roofing granules business may be adversely affected by slower home resales or economic conditions that slow the rate of residential roof replacement, or by slowdowns in the industrial and infrastructure refurbishment industries.

THE COMPANY'S DEFINED BENEFIT PENSION EXPENSE IS DIRECTLY AFFECTED BY THE EQUITY AND BOND MARKETS AND A DOWNWARD TREND IN THOSE MARKETS COULD ADVERSELY AFFECT THE COMPANY'S FUTURE EARNINGS.

In addition to the economic issues that directly affect the Company's business, changes in the performance of equity and bond markets, particularly in the United Kingdom and the United States, impact actuarial assumptions used in determining annual pension expense, pension liabilities and the valuation of the assets in the Company's defined benefit pension plans. The downturn in financial markets during 2000, 2001 and 2002 negatively impacted the Company's pension expense and the accounting for pension assets and liabilities. This resulted in an increase in pre-tax defined benefit pension expense from continuing operations of approximately $20 million for calendar year 2002 compared with 2001 and $17.7 million for calendar year 2003 compared with 2002. Should another downward trend in capital markets begin, future unfunded obligations and pension expense would likely increase. This could result in an additional reduction to shareholders' equity and increase the Company's statutory funding requirements. If the financial markets improve, it would most likely have a positive impact on the Company's pension expense and the accounting for pension assets and liabilities. This could result in an increase to shareholders' equity and a decrease in the Company's statutory funding requirements.

In response to dealing with the adverse market conditions, during 2002 and 2003 the Company conducted a comprehensive global review of its pension plans in order to formulate a plan to make its long-term pension costs more predictable and affordable. The Company implemented design changes for most of these plans during 2003. The principal change involved converting future pension benefits for many of the Company's non-union employees in both the U.K. and U.S. from defined benefit plans to defined contribution plans as of January 1, 2004. This conversion is expected to make the Company's pension expense more predictable and affordable and less sensitive to changes in the financial markets.

THE COMPANY'S GLOBAL PRESENCE SUBJECTS IT TO A VARIETY OF RISKS ARISING FROM DOING BUSINESS INTERNATIONALLY.

The Company operates in over 400 locations in over 40 countries, including the United States. The Company's global footprint exposes it to a variety of risks that may adversely affect results of operations, cash flows or financial position. These include the following:

- periodic economic downturns in the countries in which the Company does business;
- fluctuations in currency exchange rates;
- customs matters and changes in trade policy or tariff regulations;
- imposition of or increases in currency exchange controls and hard currency shortages;
- changes in regulatory requirements in the countries in which the Company does business;
- higher tax rates and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and "double taxation ";
- longer payment cycles and difficulty in collecting accounts receivable;
- complications in complying with a variety of foreign laws and regulations;
- political, economic and social instability, civil unrest and armed hostilities in the countries in which the Company does business;
- inflation rates in the countries in which the Company does business;
- laws in various foreign jurisdictions that limit the right and ability of foreign subsidiaries to pay dividends and remit earnings to affiliated companies unless specified conditions are met; and,
- uncertainties arising from local business practices, cultural considerations and international political and trade tensions.

If the Company is unable to successfully manage the risks associated with its global business, the Company's financial condition, cash flows and results of operations may suffer.

The Company has operations in several countries in the Middle East, including Bahrain, Egypt, Saudi Arabia, United Arab Emirates and Qatar, which are geographically close to Iraq and other countries with a continued high risk of armed hostilities. During the first six months of 2004 and 2003, these countries contributed approximately $10.9 million and $7.9 million, respectively, to the Company's operating income. Additionally, the Company has operations in and sales to countries that have encountered outbreaks of communicable diseases (e.g., Severe Acute Respiratory Syndrome (SARS) and Acquired Immune Deficiency Syndrome (AIDS)). Should these outbreaks worsen or spread to other countries, the Company may be negatively impacted through reduced sales to and within these countries and other countries affected by such diseases.

EXCHANGE RATE FLUCTUATIONS MAY ADVERSELY AFFECT THE COMPANY'S BUSINESS.

Fluctuations in foreign exchange rates between the U.S. dollar and the approximately 35 other currencies in which the Company conducts business may adversely affect the Company's operating income and income from continuing operations in any given fiscal period. Approximately 59% and 58% of the Company's sales and approximately 68% and 64% of the Company's operating income from continuing operations for the six months ended June 30, 2004 and 2003, respectively, were derived from operations outside the United States. Given the structure of the Company's revenues and expenses, an increase in the value of the U.S. dollar relative to the foreign currencies in which the Company earns its revenues generally has a negative impact on operating income, whereas a decrease in the value of the U.S. dollar tends to have the opposite effect. The Company's principal foreign currency exposures are to the British pound sterling and the euro.

Compared with the corresponding period in 2003, the average values of major currencies changed as follows in relation to the U.S. dollar during 2004, impacting the Company's sales and income:

- British pound sterling — Strengthened by 11%
- euro — Strengthened by 9%
- South African rand — Strengthened by 16%
- Brazilian real — Strengthened by 7%
- Australian dollar — Strengthened by 15%

The Company's foreign currency exposures increase the risk of income statement, balance sheet and cash flow volatility. If the above currencies change materially in relation to the U.S. dollar, the Company's financial position, results of operations, or cash flows may be materially affected.

To illustrate the effect of foreign currency exchange rate changes in certain key markets of the Company, in the first six months of 2004, revenues would have been approximately 5% or $58.7 million less and income from continuing operations would have been approximately 6% or $2.9 million less if the average exchange rates for the first six months of 2003 were utilized. In a similar comparison for the first six months of 2003 revenues would have decreased approximately 6% or $62.2 million while income from continuing operations would have been approximately 7% or $2.7 million less if the average exchange rates for the first six months of 2003 would have remained the same as the first six months of 2002. In the first six months of 2004, the U.S. dollar weakened against the British pound sterling while strengthening against the euro, compared with rates at December 31, 2003. If the U.S. dollar weakens in relation to the euro and British pound sterling, the Company would expect to see a positive impact on future sales and net income as a result of foreign currency translation.

Currency changes result in assets and liabilities denominated in local currencies being translated into U.S. dollars at different amounts than at the prior period end. These currency changes resulted in decreased net assets of $11.7 million and increased net assets of $33.1 million, at June 30, 2004 and 2003, respectively, when compared with December 31, 2003 and 2002, respectively.

The Company seeks to reduce exposures to foreign currency transaction fluctuations through the use of forward exchange contracts. At June 30, 2004, the notional amount of these contracts was $75.9 million, and all will mature in the third and fourth quarters of 2004. The Company does not hold or issue financial instruments for trading purposes, and it is the Company's policy to prohibit the use of derivatives for speculative purposes.

Although the Company engages in forward exchange contracts and other hedging strategies to mitigate foreign exchange risk, hedging strategies may not be successful or may fail to offset the risk.

In addition, competitive conditions in the Company's manufacturing businesses may limit the Company's ability to increase product price in the face of adverse currency movements. Products manufactured in the United States for the domestic and export markets may be affected by the value of the U.S. dollar relative to other currencies. Any long-term strengthening of the U.S. dollar could depress demand for these products and reduce sales and may cause translation losses due to the revaluation of accounts payable, accounts receivable and other asset and liability accounts. Conversely, any long-term weakening of the U.S. dollar could improve demand for these products and increase sales and may cause translation gains due to the revaluation of accounts payable, accounts receivable and other asset and liability accounts.

NEGATIVE ECONOMIC CONDITIONS MAY ADVERSELY AFFECT THE ABILITY OF THE COMPANY'S CUSTOMERS TO MEET THEIR OBLIGATIONS TO THE COMPANY ON A TIMELY BASIS AND AFFECT THE VALUATION OF THE COMPANY'S ASSETS.

If a downturn in the economy occurs, it may adversely affect the ability of the Company's customers to meet their obligations to the Company on a timely basis and could result in additional bankruptcy filings by them. If customers are unable to meet their obligations on a timely basis, it could adversely impact the realizability of receivables, the valuation of inventories and the valuation of long-lived assets across the Company's businesses, as well as negatively affect the forecasts used in performing the Company's goodwill impairment testing under SFAS No. 142, "Goodwill and Other Intangible Assets." If management determines that goodwill or assets are impaired or that inventories or receivables cannot be realized at projected rates, the Company will be required to record a write-down in the period of determination, which will reduce net income for that period.

A NEGATIVE OUTCOME ON PERSONAL INJURY CLAIMS AGAINST THE COMPANY MAY ADVERSELY AFFECT RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The Company has been named as one of many defendants (approximately 90 or more in most cases) in legal actions alleging personal injury from exposure to airborne asbestos. In their suits, the plaintiffs have named as defendants many manufacturers, distributors and repairers of numerous types of equipment or products that may involve asbestos. Most of these complaints contain a standard claim for damages of $20 million or more against the named defendants. The Company has not paid any amounts in settlement of these cases, with the exception of two settlements totaling less than $10,000 paid by the insurance carrier prior to 1998. However, if the Company was found to be liable in any of these actions and the liability was to exceed the Company's insurance coverage, results of operations, cash flows and financial condition could be adversely affected. For more information concerning these litigations, see Note I, "Commitments and Contingencies," in Part 1, Item 1, Financial Statements.

THE COMPANY MAY LOSE CUSTOMERS OR BE REQUIRED TO REDUCE PRICES AS A RESULT OF COMPETITION.

The industries in which the Company operates are highly competitive. The Company's manufacturing businesses compete with companies that manufacture similar products both internationally and domestically. Certain international competitors export their products into the United States and sell them at lower prices due to lower labor costs and government subsidies for exports. Such prices may limit the prices the Company can charge for its products and services. Additionally, unfavorable foreign exchange rates can adversely impact the Company's ability to match the prices charged by foreign competitors. If the Company is unable to match the prices charged by foreign competitors, it may lose customers. The Company's strategy to overcome this competition includes Six Sigma continuous process improvement and cost reduction programs, international customer focus and the diversification, streamlining and consolidation of operations.

INCREASES IN ENERGY PRICES COULD INCREASE THE COMPANY'S OPERATING COSTS AND REDUCE ITS PROFITABILITY.

Worldwide political and economic conditions, among other factors, may result in an increase in the volatility of energy costs, both on a macro basis and for the Company specifically. Historically, direct energy costs have approximated between 2.5% to 3.5% of the Company's revenues. During the first six months of 2004, the Company's direct energy costs have been tracking at the upper end of this historical range. To the extent that such costs cannot be passed on to customers, operating income and results of operations may be adversely affected.

INCREASES OR DECREASES IN PURCHASE PRICES OR AVAILABILITY OF STEEL OR OTHER MATERIALS AND COMMODITIES MAY AFFECT THE COMPANY'S PROFITABILITY.

The profitability of the Company's manufactured products are affected by changing purchase prices of steel and other materials and commodities. In the first six months of 2004, the price paid for steel and certain other commodities has increased significantly. If steel or other material costs associated with the Company's manufactured products continue to increase and the costs cannot be passed on to the Company's customers, then operating income will be adversely affected. Additionally, decreased availability of steel or other materials could affect the Company's ability to produce manufactured products in a timely manner. If the Company encounters difficulty in obtaining the necessary raw materials for its manufactured products, then revenues, operating income and cash flows will be adversely affected.

THE COMPANY IS SUBJECT TO VARIOUS ENVIRONMENTAL LAWS AND THE SUCCESS OF EXISTING OR FUTURE ENVIRONMENTAL CLAIMS AGAINST IT COULD ADVERSELY AFFECT THE COMPANY'S RESULTS OF OPERATIONS AND CASH FLOWS.

The Company's operations are subject to various federal, state, local and foreign laws, regulations and ordinances relating to the protection of health, safety and the environment, including those governing discharges to air and water, handling and disposal practices for solid and hazardous wastes, the cleaning up of contaminated sites and the maintenance of a safe work place. These laws impose penalties, fines and other sanctions for non-compliance and liability for response costs, property damages and personal injury resulting from past and current spills, disposals or other releases of, or exposure to, hazardous materials. The Company could incur substantial costs as a result of non-compliance with or liability for cleanup or other costs or damages under these laws. The Company may be subject to more stringent environmental laws in the future, and compliance with more stringent environmental requirements may require the Company to make material expenditures or subject it to liabilities that the Company currently does not anticipate.

The Company is currently 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 under the federal "Superfund" law. At several sites, the Company is currently conducting environmental remediation, and it is probable that the Company will agree to make payments toward funding certain other of these remediation activities. It also is possible that some of these matters will be decided unfavorably to the Company and that other sites requiring remediation will be identified. Each of these matters is subject to various uncertainties and 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 Company has evaluated its potential liability and the consolidated balance sheet at June 30, 2004 and December 31, 2003 includes an accrual of $3.2 million and $3.3 million, respectively, for environmental matters. The amounts charged against pre-tax earnings related to environmental matters totaled $1.0 million and $0.6 million for the six months ended June 30, 2004 and 2003, respectively. The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may be greater than the estimates, given inherent uncertainties in evaluating environmental exposures.

RESTRICTIONS IMPOSED BY THE COMPANY'S CREDIT FACILITIES AND OUTSTANDING NOTES MAY LIMIT THE COMPANY'S ABILITY TO OBTAIN ADDITIONAL FINANCING OR TO PURSUE BUSINESS OPPORTUNITIES.

The Company's credit facilities and certain notes payable agreements contain covenants requiring a minimum net worth of $475 million and a maximum debt to capital ratio of 60%. These covenants limit the amount of debt the Company may incur, which could limit its ability to obtain additional financing or to pursue business opportunities. In addition, the Company's ability to comply with these ratios may be affected by events beyond its control. A breach of any of these covenants or the inability to comply with the required financial ratios could result in a default under these credit facilities. In the event of any default under these credit facilities, the lenders under those facilities could elect to declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be due and payable, which would cause an event of default under the notes. This could in turn trigger an event of default under the cross-default provisions of the Company's other outstanding indebtedness. At June 30, 2004, the Company was in compliance with these covenants and $365.6 million in indebtedness containing these covenants was outstanding.

HIGHER THAN EXPECTED CLAIMS UNDER INSURANCE POLICIES, UNDER WHICH THE COMPANY RETAINS A PORTION OF RISK, COULD ADVERSELY AFFECT RESULTS OF OPERATIONS AND CASH FLOWS.

The Company retains a significant portion of the risk for property, workers' compensation, automobile, general and product liability losses. Reserves have been recorded which reflect the undiscounted estimated liabilities for ultimate losses including claims incurred but not reported. Inherent in these estimates are assumptions that are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. At June 30, 2004 and December 31, 2003, the Company had recorded liabilities of $72.1 million and $69.3 million, respectively, related to both asserted and unasserted insurance claims. If actual claims are higher than those projected by management, an increase to the Company's insurance reserves may be required and would be recorded as a charge to income in the period the need for the change was determined. Conversely, if actual claims are lower than those projected by management, a decrease to the Company's insurance reserves may be required and would be recorded as a reduction to expense in the period the need for the change was determined.

THE SEASONALITY OF THE COMPANY'S BUSINESS MAY CAUSE ITS QUARTERLY RESULTS TO FLUCTUATE.

The Company has historically generated the majority of its cash flows in the third and fourth quarters (periods ending September 30 and December 31). This is a direct result of traditionally higher sales and income during the second and third quarters (periods ending June 30 and September 30) of the year, as the Company's business tends to follow seasonal patterns. Contrary to this historical pattern, the Company projects fourth quarter 2004 sales and income to be higher than historical standards. This is principally due to the timing of certain rail equipment sales and expanded mill services activities. If the Company is unable to successfully manage the cash flow and other effects of seasonality on the business, its results of operations may suffer.

THE COMPANY'S CASH FLOWS AND EARNINGS ARE SUBJECT TO CHANGES IN INTEREST RATES.

The Company's total debt as of June 30, 2004 was $630.3 million. Of this amount, approximately 14% had variable rates of interest and 86% had fixed rates of interest. The weighted average interest rate of total debt was approximately 6.0%. At current debt levels, a one-percentage increase/decrease in variable interest rates would increase/decrease interest expense by approximately $0.9 million per year.

The future financial impact on the Company associated with the above risks cannot be estimated.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures as of June 30, 2004. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective. There have been no significant changes in internal controls, or in factors that could significantly affect internal controls, subsequent to the date of their evaluation.

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

(e). Issuer Purchases of Equity Securities

PERIOD	(a) TOTAL NUMBER OF SHARES PURCHASED	(b) AVERAGE PRICE PAID PER SHARE	(c) TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(d) MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
January 1, 2004 - January 31, 2004	-	-	-	1,000,000
February 1, 2004 - February 29, 2004	-	-	-	1,000,000
March 1, 2004 - March 31, 2004	-	-	-	1,000,000
April 1, 2004 - April 30, 2004	-	-	-	1,000,000
May 1, 2004 - May 31, 2004	-	-	-	1,000,000
June 1, 2004 - June 30, 2004	-	-	-	1,000,000
Total	-	-	-	

The Company's share repurchase program was extended by Board of Directors in January 2004. This was announced to the public on March 11, 2004 as part of the Company's Annual Report on Form 10-K. The program authorizes the repurchase of up to 1,000,000 shares of the Company's common stock and expires January 31, 2005.

ITEM 5. OTHER INFORMATION

DIVIDEND INFORMATION

On June 22, 2004, the Board of Directors declared a quarterly cash dividend of 27.50 cents per share, payable August 16, 2004, to shareholders of record on July 15, 2004.

10b5-1 Plan

The Chief Financial Officer (CFO) of the Company plans to adopt in the Third Quarter of 2004, a personal trading plan, as part of a long-term strategy for asset diversification and liquidity, in accordance with the Securities and Exchange Commission's Rule 10b5-1. Under the proposed plan, the CFO will exercise, under pre-arranged terms, up to 40,000 options in open market transactions, some of which are set to expire in the next seventeen months. The 40,000 options represent approximately 30% of his total holdings. The proposed trading plan will expire in February 2005.

Rule 10b5-1 allows officers and directors, at a time when they are not in possession of material nonpublic information, to adopt written plans to sell shares on a regular basis under pre-arranged terms, regardless of any subsequent nonpublic information they may receive. Exercises of stock options by the CFO pursuant to the terms of the plan will be disclosed publicly through Form 144 and Form 4 filings with the Securities and Exchange Commission.

ITEM 6(a). EXHIBITS

Listing of Exhibits filed with Form 10-Q:

Exhibit Number	Data Required	Location
31 (a)	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit
31 (b)	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit
32 (a)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit
32 (b)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit

ITEM 6(b). REPORTS ON FORM 8-K

During the second quarter 2004 (and thereafter to the date hereof), the Company furnished to the Commission the following reports on Form 8-K under Item 12:

(1) A Form 8-K dated April 22, 2004, furnishing a copy of the press release announcing the Company's first quarter 2004 earnings;

(2) A Form 8-K dated July 27, 2004, furnishing a copy of the press release announcing the Company's second quarter 2004 earnings;

During the second quarter 2004 (and thereafter to the date hereof), the Company furnished to the Commission the following reports on Form 8-K under Item 5:

(1) A Form 8-K dated July 29, 2004, furnishing a copy of the press release announcing that Kathy G. Eddy has been named to the Company's Board of Directors effective August 1, 2004.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES

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 6, 2004	/S/ Salvatore D. Fazzolari
	Salvatore D. Fazzolari Senior Vice President, Chief Financial Officer and Treasurer
DATE August 6, 2004	/S/ Stephen J. Schnoor
	Stephen J. Schnoor Vice President and Controller

EXHIBIT 31(a)

CERTIFICATIONS

I, Derek C. Hathaway, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harsco Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 6, 2004

/s/ Derek C. Hathaway

Derek C. Hathaway
Chief Executive Officer

EXHIBIT 31(b)

CERTIFICATIONS

I, Salvatore D. Fazzolari, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harsco Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 6, 2004

/s/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Chief Financial Officer

EXHIBIT 32(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Derek C. Hathaway, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Derek C. Hathaway

Derek C. Hathaway
Chief Executive Officer

August 6, 2004

A signed original of this written statement required by Section 906 has been provided to Harsco Corporation and will be retained by Harsco Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Salvatore D. Fazzolari, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Chief Financial Officer

August 6, 2004

A signed original of this written statement required by Section 906 has been provided to Harsco Corporation and will be retained by Harsco Corporation and furnished to the Securities and Exchange Commission or its staff upon request.